

# Catholic

THE CATHOLIC PLANNED GIVING OFFICE — DIOCESE OF LINCOLN

# PLANNER

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## Couple Increases Income With Charitable Trust

### A Charitable Solution to Farmland Ownership

*(The following story is about an actual couple living in Lincoln who have chosen to remain anonymous.)*

Jack and Diane recently donated farmland they owned into a charitable remainder unitrust, creating a wonderful charitable gift for them and for Catholic causes they love. They owned their farm for approximately 20 years. The farm provided them with rental income each year. But Jack and Diane were experiencing increased medical costs. They needed to increase their annual income. They looked at the possibility of creating a charitable trust with the farmland.

Jack and Diane determined that they had a low cost basis in the land. Selling it would yield a large amount of capital gains taxes. They were charitably motivated to support several Catholic parishes and schools. A charitable trust could provide several benefits:

First, it would allow Jack and Diane to sell the land, tax-free. Second, they would be able to reinvest the proceeds from the sale of the land and earn a higher rate of return, thereby increasing their income. Third, the donation of the farmland to the trust would earn them a large tax deduction. Finally, after their death, the trust would distribute to six different Catholic organizations providing a wonderful legacy gift in their name.

Catholic education had always been important to Jack and Diane. They also had a strong desire to support the education of seminarians studying for the priesthood for the Diocese. And they had a couple parishes they wanted to make gifts to. A charitable trust offered them the flexibility of naming multiple charitable beneficiaries so that they did not have to choose just one.

Jack and Diane selected a 7% annual payout from the trust. They were thrilled to see the trust would provide 4 TIMES the annual income they currently were receiving from the farm rental income. They were also excited to learn that all the investment activity within the trust was tax-free.

After reviewing the trust details, Jack and Diane decided to donate the farmland. They have the peace of mind knowing they accomplished an estate-planning goal. More importantly, they made an irrevocable gift that will one day benefit six different Catholic organizations, including their local parish school's endowment, the Pius X Foundation and the Catholic Foundation of the Diocese of Lincoln to support the education of seminarians. Jack and Diane were very pleased that the charitable trust could solve their income and estate planning needs, and benefit the Catholic organizations they loved.

## Are You Ready for A Vacation?

*Planning a vacation is exciting. Experiencing it is even more exciting. Before you leave there are important things to remember – stop the newspaper, arrange for yard care, turn the hot water heater to its vacation setting, adjust the blinds, set up the security lighting and alarm systems, be sure transportation is arranged, pack the right clothes and so on.*

Before leaving home there is one more thing you should not forget: Is your will or living trust ready for a vacation? If you can check off each item on this estate planning checklist, you really are ready for a time away from home.

1. I have a will or living trust.
2. My immediate survivors know where to find my will or trust.
3. My executor and alternate executors are still capable and qualified to serve.
4. I have appointed qualified guardians and alternate guardians for my minor children.
5. My executor knows how to find the information necessary to settle my estate.
6. My attorney has recently reviewed my will or trust to ensure its compliance with tax changes.
7. My survivors' financial needs have been reviewed and addressed.
8. My minor children's financial benefits will be provided for in a trust.
9. My survivors know key people they could consult in decision-making situations.
10. I have made my specific charitable wishes and bequests known.

Giving your will or trust this check up is an excellent annual practice – even if your vacation doesn't involve travel this year. With changes in legislation, health and personal situation you want to make sure that your planning adequately reflects your desires. Appropriate attention to these issues today can help avoid stress, heartache, and unnecessary expense so that you can experience an enjoyable and relaxing vacation.

### **ESTATE PLANNING**

#### **Definitions You Need to Know**

##### **Gross Estate**

Your gross estate includes all cash, personal property and real property that you own at your death.

##### **Estate Tax**

The federal estate tax is assessed on your taxable estate when you pass away. Estates over \$2 million may be subject to an estate tax of as much as 45% in 2007.

##### **Marital Deduction**

The Tax Code currently permits you to make unlimited gifts to a spouse during life or at death without paying gift tax.

##### **Annual Exclusion**

You can gift up to \$12,000 (or \$24,000 if married) per person per year without paying gift tax.

##### **Lifetime Exemption**

You can make up to \$1 million in accumulated gifts during your lifetime, tax free.

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## 5 Reasons to Make a Gift From Your IRA in 2007

Last fall Congress passed the Pension Protection Act 2006 and President Bush signed the act into law. This new law created a wonderful charitable and estate planning opportunity for persons age 70½ and older. If you meet that age requirement you can make tax-free donations directly from your IRA to your parish, Catholic school or Catholic organization. But the law expires at the end of this year so there is a limited time to take advantage of this opportunity.



*Many individuals are directing their IRA gift to their Catholic school. Many Catholic schools have endowment funds that allow your gift to be a permanent investment in Catholic education. Contact our office to learn more.*

### TOP 5 REASONS TO MAKE A GIFT FROM YOUR IRA IN 2007

#### 1) YOUR GIFT IS TAX FREE

Normally when a person withdraws money from her IRA she is required to pay income taxes. But under this new law if you make a gift from your IRA, ZERO taxes are taken out. You get to direct all your money where you want it.

#### 2) YOUR GIFT COUNTS TOWARD YOUR IRA'S MINIMUM REQUIRED DISTRIBUTION

When you reach age 70 ½ and older, you are required to take a minimum amount out of your IRA each year. Many people do not need or want their mandatory distribution amounts. It just creates income they do not need and a tax liability they do not want. Since you need to take the money out anyway, why not take it out tax-free and give it to your parish or Catholic school?

#### 3) IT IS A SIMPLE WAY TO MAKE A GIFT

You make the gift by contacting your IRA plan administrator and instruct them to make the gift. Your administrator cuts a check and mails it directly to your parish or Catholic school. Our office has a sample instruction letter that you can give to your IRA administrator. We also encourage you to contact your parish or Catholic school to inform them about your gift so that it is not lost.

#### 4) YOU CAN USE YOUR GIFT TO PAY OFF A PLEDGE

Many individuals made gifts to a parish or Catholic school campaign. This new law provides an opportunity to complete your pledge in 2008. You can maximize your IRA asset and take care of your pledge all at once.

#### 5) YOU SUPPORT YOUR PARISH OR CATHOLIC SCHOOL

This is really the first reason to give from your IRA; to support the work of Jesus Christ through his Holy Catholic Church. Whether you give for your annual parish tithe, your school's endowment fund, or a special project at your parish, this new law is only available this year. Take advantage of it now, to maximize the charitable giving potential of your IRA.

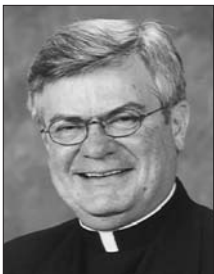
Contact our office  
for more information and  
for sample forms to give  
your IRA administrator.

RETURN SERVICE REQUESTED

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## A Word from Father Barr - Stewardship As a Way of Life

*Very Rev. Liam M. Barr, V.F. is the Director of Stewardship and Development for the Diocese of Lincoln and pastor of St. Joseph Parish.*



The Stewardship Pastoral letter of the American Bishops reflect the core of the Easter message of the earliest Christian community: "We have seen the Lord" (John 20:25.) Stewardship always begins with the personal experience of the Risen Christ in our midst and in our hearts. It is and always will be a vocation to discipleship. Following Jesus, the Risen Lord, as a disciple, entails a personal response, and this call can result in a positive impact upon our parishes as well as our Diocesan family.

In August of 2003, I began my pastoral ministry at St. Joseph Parish in Lincoln. The journey of the last 4 years of stewardship at

St. Joseph has been truly graced and blessed. No, we haven't got it right all the time, but that has never stopped us from continuing to try! Our parish is one in which many people are involved in many different apostolates. When I arrived in 2003, I observed and experienced a great vibrancy in the life of the parish, so therefore, in speaking of Stewardship as a way of life, it became a matter of acknowledging the stewardship already happening in so many areas of parish life.

I can tell you after four and one half years; Stewardship, as a way of life, is of the essence of our parish. I would go so far as to say you can't really understand what we are attempting to do here at St. Joseph in our mission of evangelization, unless you accept us as a thoroughly stewardship parish, not perfect—still trying!

It is the People of God of the parish that give flesh and blood to the concept of Stewardship, as a way of life. It is in the lives of the people that I am inspired by the giftedness and generosity of so many.

One of the aspects of Stewardship as a way of life, is how we handle the many gifts that God gives us and how we share them. Planning for our future, whether it be our retirement or after the Lord has called us home, is an important expression of how well we steward the resources God gives us. There is much that can be done with planned giving in our lives that help the good work that we have begun to continue even beyond our earthly span. I invite you to be in touch with Michael Henkenius, who is the Catholic Planned Giving Director, for information and assistance in this regard.

I encourage each of you to become real stewards in your own parish. You are probably doing it already. It is a wonderful way to live out the reality of being a follower of Jesus Christ in a very real incarnational way.