

LEAVING A LEGACY & ESTATE PLANNING

Sample Article

Estate planning is the process of accumulating and managing your assets during your lifetime and disposing of those assets, as you direct, at your death. Our ministry at the Catholic Community Foundation is to provide assistance to individuals who are interested in pursuing the possibility of making a gift to their parish, school, or ministry as part of their estate plan. This could be a current gift, a life income gift, or a gift at death.

Thoughts about charitable gifting at year-end.

As the end of the year approaches, our thoughts turn to planning for the next year. These plans should include a thoughtful review of our current situations.

Unfortunately, many of the current financial matters affecting many of us are still being debated by our legislature. Those of us with investments in the stock market are still wondering when things will change and ideally return to better days. It is hard to watch your net worth drop every time the stock market closes.

Even though many things are uncertain, for 2002 there are things we know. The lower income tax rates established in July 2001 remain the same. The amount that can be set aside tax-free for retirement savings increased in 2002. The federal estate tax exempted amount was raised to \$1,000,000 in 2002. As of this writing, Congress is still struggling with the idea of a complete repeal of the federal estate tax.

We also know that charitable gifts continue to be fully deductible. Gifts of cash may be deducted from federal income tax in an amount up to 50% of your adjusted gross income. Gifts of appreciated stocks, mutual funds, and certain other assets are deductible up to 30% of your adjusted gross income. Donations in excess of these maximum amounts may be used to reduce taxes in up to five future years.

If you make charitable gifts, you may wish to look at the timing of your gifts to maximize tax savings. Only gifts completed by December 31st will help reduce your taxes on your April 15th tax bill.

If you are one of those who have stock that has actually increased in value since you have owned it, a charitable gift of the stock may be an attractive option. That gift would not only be deductible from income tax at its full