

## **Pledge and Financial Committee Frequently Asked Questions:**

**(Please consult your attorney or accountant before making a substantial gift)**

### **What are the ways of giving to St. Mary's Building Fund?**

#### **Cash Gifts**

Cash gifts are deductible in the year the gift is made, limited to 50% of your adjusted gross income. Excess amounts can be carried forward for five years.

#### **Pledges**

Extending payment over a period of five years may enable you to make a more substantial contribution, and to design a plan that best fits your needs. We ask that you consider giving your first pledge in 2007 and your second pledge in January 2008. This will allow us to meet our goal of 50% of the project cost prior to beginning construction. Pledge contributions are deductible when paid.

#### **In-Kind Gifts**

A charitable deduction may be available for the fair market value of in-kind gifts of goods or services used in the capital project. Contact Greg Schreck.

#### **Real Estate**

Gifts of appreciated real estate qualifying as long-term capital gain property, may provide a charitable deduction for the full market value of the property, limited to 30% of your adjusted gross income, with any excess carried forward for up to five tax years. For short-lived capital gain property, the deduction is limited to the property's tax basis or cost. An appraisal and Phase I Environmental Study will be required.

#### **Securities**

When you contribute stocks, bonds, or other securities, you are allowed a charitable deduction based on whether the securities qualify as long-term or short-term capital gain property. For long-term securities, the deduction would be the fair market value on the date of the gift, limited to 30% of your adjusted gross income in that year. Any excess can be carried forward for five tax years. For short-term securities, the deduction would be the tax basis or cost, limited to 50% of your adjusted gross income. In addition, the church can accept direct transfer of securities into its brokerage account (preferred) or properly endorsed certificates.

#### **Charitable Remainder Trust**

This type of trust enables you to continue to receive income from property that you fund as a charitable gift. Property may include cash, securities, or other property. You will receive regular income payments for a term of years, or for life, with the remainder interest paid to the church at the end of the term or at your death. You will receive an immediate charitable tax deduction equal to the present value of the remainder interest.

#### **Charitable Remainder Unitrust**

You will receive as income a fixed percentage of the fair market value of the trust assets, calculated on an annual basis, for life or for a fixed term up to 20 years. Additional contributions may be made after the trust is established.

#### **Charitable Remainder Annuity Trust**

You will receive as income a fixed percentage of the initial contribution of the trust assets for life or for a fixed term up to 20 years.

#### **Charitable Lead Trust**

This type of trust allows you to save taxes, and benefits both your family and the church. An income interest in the trust is paid to the church for a specified number of years, after which the remainder interest reverts to a non-charitable beneficiary designated by you. Substantial estate tax savings may result.

#### **Real Property with Retained Life Interest**

You may give your personal residence or farmland to the church, yet retain lifetime use of the property for yourself and your spouse. This is an irrevocable gift, and results in immediate charitable deduction equal to the fair market value of the church's remainder interest, subject to a 30% limit.

#### **Bequest**

You may include a provision in your will leaving a gift to the church. This is one of the most common forms of deferred giving, and will result in a charitable deduction for your estate equal to the fair market value of the gift at the time of your death. If you are considering a bequest in your will, you should discuss with your professional financial advisor the comparative advantages of the charitable trust options discussed above.

#### **Life Insurance**

The gift of a life insurance policy can also be a means of obtaining tax benefits, and leveraging your gift dollars to benefit the church. The irrevocable gift of an existing policy results in an immediate income tax deduction for the fair market value of the policy. The payment of additional premiums after the transfer would yield additional deductions. When a new policy is obtained, the deduction would be for the premiums as they are paid each year. In this case, the church would be the owner and the beneficiary of the policy.

#### **Matching Corporate Donations**

Many corporations and businesses will match charitable contributions made to a non-profit charitable trust or organization. Please consult with your employer to see if such a policy exists. We request that these matching gift amounts be over and above your pledge amounts.

### **What happens to my contribution should the planned project not be built?**

We are confident that the project will be constructed, however, in the unlikely event that the planned project is not built we will reduce the size of the project and/or repair the current facility. We will return part of your contribution based on prorated formula that includes the total Parish amount donated, amount invested in the project to date, and future operating costs of the renovated and new construction areas.

### **If I pledged last fall in 2006, am I required to pledge again?**

Yes, we ask that you pledge again. We are now allowing five year pledges and ask that you consider pledging for a new five years.

### **Do I have to pledge for five years?**

You can pledge for any number of years you would like. Since our goal is to pay the entire project off in five years we used this pledge period.

### **What is the process of managing the parish donations?**

A savings account has been established and monthly statements are shared with a project finance committee. The committee reports to the Church Council and provides a financial interface between the project and the Church Council. During construction the project finance committee will monitor financial performance as it applies to pledges, pledge and cash donations received and construction financial outlays and construction change orders.

### **Can construction begin if \$3,200,000 is pledged but not received in cash?**

The Dioceses requires that 50% of the project cost be received in cash, marketable securities, or other assets that are convertible into cash, prior to beginning construction. This amounts to \$1,600,000.

### **Can I make cash contributions to the new project during Mass?**

Yes, however, if possible, we would like a check or note indicating the donor's name. Our objective is to establish a donor database to avoid soliciting donors that are already providing a gift to the project. At the conclusion of funding we want to be able to document a high degree of Parish participation in this important project.

### **Who has access to the donor names and gift amounts?**

We are very sensitive about this confidential information. The Church Council and a few committee chairs will have access to the donor database. Individual solicitors will have access to the only the donors they solicit. Confidentiality is a high priority as a part of this campaign. We will only provide general pledge data to the Parish.

### **What is the timing for the pledges and when do you expect first payment?**

We plan to kick off our fundraising in November of 2007. We ask that that you complete your pledge card, return it, and make your first pledge payment prior to year end.

### **Can I make my payments sporadically, weekly, monthly, quarterly, or annually?**

Yes, however, if the funds are available, please consider annually as it provides for easier planning and reduces the administration expenses.

### **Please explain the "2+3" pledge program?**

This program is a way for the Parish to accelerate the cash received from the five year pledge program. We request that you make your 2007 pledge in November or December of 2007. We then request that you make your 2008 pledge payment in January of 2008. This will allow us to achieve our "50% of project cost" requirement quickly. Subsequently, this will allow us to begin construction in early spring of 2008.

### **Where do I get Pledge Cards?**

Pledge cards can be printed off the Project Web Page. They can also be picked up at our administrative offices or you can call us and one will be mailed to you. The phone number is 651-345-4134.

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