



# Saint Luke

## CATHOLIC CHURCH

— Indianapolis, Indiana —

### *Planned Giving Opportunities*

Planned Giving is a term often used for charitable giving, other than regular Sunday cash offerings, that consider a donor's charitable goals in the context of their financial and estate planning needs. Some Planned Giving opportunities are near term, and some are geared for your estate at the end of your life. Learn below how you can benefit St. Luke and, in many cases, your personal tax situation as well.

...For it is in giving that we receive

*Prayer of St. Francis of Assisi*

**7575 Holliday Drive East  
Indianapolis, IN 46260**

**STLUKE.ORG  
(317) 259-4373**



## **Donations of Public Stock, or Shares of a Mutual Fund or Exchange Traded Fund (ETF) which have Appreciated in Value**

When you own stock in a public company or shares of a mutual fund or ETF that has appreciated in value, the federal tax code allows you to take a charitable deduction for the value of that stock, mutual fund or ETF when contributed to St. Luke. The donor also does not realize a capital gain with the charitable gift.

For example, if you own 100 shares of stock that you bought for \$100 per share, your cost basis is \$10,000. The stock has appreciated and is now worth \$20,000. If you sell the stock, the capital gain tax would be \$1,500 (15% of your gain of \$10,000) and you will have \$18,500 available for charitable giving needs.

However, if you contribute the stock directly to St. Luke, St. Luke would receive a \$20,000 gift and you would receive a \$20,000 charitable income tax deduction worth \$7,000 (35% tax bracket, and assuming you itemize). See instructions on Financial Information page of the St. Luke website for stock transfers. Click "Get Involved," then "Financial Information."

## **Gifts All or a Portion of your Required Minimum Distribution (RMD) from your IRA – "Qualified Charitable Distribution"**

If you are over 73, you are required to take RMDs from your traditional (non-Roth) IRA. Those RMDs will be fully taxable to you. Alternatively, you can contribute all or a portion of the RMD directly from your IRA to St. Luke. The contribution will not be included in your income or taxed and is called a qualified charitable distribution or "QCD". While you will not receive a charitable deduction for the contribution, you may avoid higher incremental taxes and higher Medicare premiums. This is clearly advantageous than taking the RMD in cash and then making a cash contribution. One caution: the gift must go directly from the financial institution to St. Luke.

Please instruct your financial institution to notify [Sreynolds@Stluke.org](mailto:Sreynolds@Stluke.org) of the donor's name for a qualified charitable distribution to St. Luke.

## **Charitable Gift Annuity**

Due to recent elevated interest rates, a Charitable Gift Annuity (CGA) is a great way to improve your cash flow and reduce your income taxes. Rates are very attractive right now. Don't be afraid of that word "annuity". This type is very simple. You decide to give a certain amount of cash, stock, mutual fund or ETF to a charity that offers CGAs. In return, the charity pays you a periodic cash payment monthly, quarterly or annually, beginning immediately or in the future. The periodic payment back to you is deemed by the IRS to be comprised of interest income and a return of part of the charitable gift. You receive an immediate income tax deduction for a portion of the gift. In the future, the payments back to you are not fully taxable. If you give appreciated stock, mutual funds, or ETFs, part of your periodic payment is taxed at capital gains tax rate rather than the regular tax rate.

For example, a 70-year-old contributing \$50,000 in cash to a charity that offers a CGA will receive a roughly 40% charitable tax deduction (\$20,000) in the year of the gift, and an annual cash

payment of about 7% (\$3,500) that is approximately 40% tax free. The rates vary based on your age and the frequency of payment. You'll receive more than you can earn from a CD and some of the cash flow will be tax free to you. The residual gift is contributed to St. Luke at death.

The Archdiocese administers CGAs for St. Luke. We have one parishioner who has recently contributed to one and named St. Luke as the charity. See his story by searching [www.stluke.org](http://www.stluke.org), click "Get Involved," then "Financial Information," then "Planned Giving."

### **Name St. Luke as a Beneficiary in Your Will or Revocable Trust**

Many parishioners have left gifts to St. Luke in their estate. Those gifts are very important to St. Luke since they are often a large amount, and they help fund significant needs that we cannot fund from Sunday collections. Some parishioners will specify a dollar gift to St. Luke in their estate plans; others may make a gift to St. Luke from the residual remaining after distributions to specific heirs. Although we have several endowments, an unrestricted gift is the most flexible for us. To implement this, you will need to work with your estate attorney.

### **Donor Advised Fund**

A very popular method for managing your charitable donations is to set up a Donor Advised Fund (DAF). Contributions to a DAF are tax deductible when made. A DAF account holder ("donor") requests the DAF to contribute to the donor's designated qualified charity at a future date, even years later. Earnings of the DAF grow tax free and are available for granting as well. Contributions to the DAF can be in cash or appreciated investments such as stock. When appreciated investments are donated, the donor receives a charitable deduction for the fair value of the investments and avoids capital gains tax as described in the first item on the prior page. At death, any residual is donated to charities pre-selected by the donor. Most brokerage firms (e.g. Fidelity or Schwab) and large charities (e.g. The Archdiocese of Indianapolis) offer DAFs, and they are easy to set up. The advantage of setting up a DAF with a Catholic charity is the alignment of the investments and eligible charities with Catholic values.

### **Transfer on Death (TOD) or Pay on Death (POD)**

If you title an investment account (not an IRA) as Transfer on Death to St. Luke, the investments in that account pass to St. Luke without going through probate. Similarly, if you title a cash or savings account as Pay on Death, St. Luke will receive a cash gift on death directly from the financial institution. You work directly with the brokerage firm or bank to do either of these.

### **Name St. Luke as Beneficiary of your IRA**

If you name St. Luke as beneficiary of your IRA, the assets pass to Saint Luke and avoid probate similar to the TOD or POD option above.

### **Name St. Luke as the Beneficiary of Your Life Insurance**

Another relatively easy way to gift to St. Luke in your estate. Work with your insurance advisor to do this.

# Summary

There are other ways to benefit St. Luke. Those previously mentioned are the most common and the easiest to implement.

Many of us could not be as generous as we would like to when we were just getting married, buying a home, raising children or taking care of aging parents. But perhaps this is now the time in your life to give a gift to God in thanksgiving for a wonderful life or from being cured of cancer or just surviving!

Your lawyer or financial advisor may need the following information:

St. Luke Catholic Church

7575 Holliday Drive East, Indianapolis IN 46260

Please contact Frank Loughery, Finance Council Secretary, ([FLoughery@stluke.org](mailto:FLoughery@stluke.org)) with questions or to implement any of these ideas. All discussions are strictly confidential.

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