



## ESTATE & PLANNED GIVING

### **POLICY**

**Any and all** estate and planned gifts, as defined herein, shall be coordinated through the Archdiocese of Miami Development Office. Parishes, schools and entities of the Archdiocese of Miami shall inform the Archdiocesan Development Office at the time they receive notice of a gift intention or estate matter.

All donors who make an estate and planned gift to the Archdiocese of Miami and/or any of its related entities shall be inducted into the Archbishop Coleman Carroll Legacy Society, whether during their life or posthumously.

### **PURPOSE**

All parishes, programs and related entities within the Archdiocese of Miami should encourage prospective donors to leave a planned gift to their entity through a last will and testament or other planned giving vehicles. The purpose of this policy is to provide guidelines under which a sound and workable estate and gift planning program can be administered by the Archdiocese of Miami and to secure legal and financial protection for both the Archdiocese of Miami and its donors.

### **SUGGESTED TITLE TO PLANNED GIFTS**

Title to such gifts to Archdiocesan entities shall generally be held as follows:

*Thomas G. Wenski as Archbishop of Miami, his successors in office, a corporation sole, for the benefit of (name beneficiary). Certain gifts may, upon written consent of the Archbishop, and in accordance with the entity's governing documents, vest directly into an Archdiocesan entity.*

### **DEFINITIONS**

#### *Charitable Gift Annuity (Minimum \$10,000)*

- The donor irrevocably transfers to the Archdiocese of Miami a specific sum of cash, securities or other liquid property held long term that is valued at a minimum of \$10,000. In consideration of this gift, the Archdiocese of Miami will pay to the donor and another person (limited to two persons including the donor) a guaranteed fixed annual income payable for the lives of the individuals named in the gift annuity agreement on a quarterly, semi-annual, or annual basis. The rate of return for the donor and/or other designated beneficiary is based partly on the beneficiaries' life expectancies and current interest rates.
- The usual minimum donor age for acceptance of a gift annuity is 45 years because of the low rate of return below this age.
- The Archdiocese of Miami receives an irrevocable gift of whatever sum is in the annuity account at the death of the life income recipient(s) for the purpose specified by the donor in the gift annuity agreement. The donor receives an income tax deduction for the present value of the gift. A portion of the annual income is tax exempt.

#### *Deferred Charitable Gift Annuity (Minimum \$10,000)*

- A deferred payment gift annuity is an estate and gift planning device wherein the donor irrevocably transfers cash and/or securities held long term to the Archdiocese of Miami in exchange for a fixed income for life beginning one or more years (usually at donor's retirement) after the date of the contract. The donor can provide life income from the deferred gift annuity to one additional person.



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- Payment rates to the donor and other designated beneficiary (not more than a total of two) are partly based on the beneficiaries' life expectancies and current interest rates.
- The Archdiocese of Miami receives an irrevocable gift of whatever is in the annuity account at the death of the life income recipient(s) for the purpose specified in the deferred payment gift annuity agreement.

### *Charitable Remainder Trust (Minimum \$100,000)*

- Unitrust:
  - The donor irrevocably transfers cash, securities, land held long term, or any combination of the three, to a trustee (bank, individual, or Archdiocese of Miami) which pays the donor at least annually for life or for a period of up to 20 years a fixed percentage of the fair market value of the trust assets valued each year. Charitable remainder trusts should be funded with a minimum of \$100,000 if the Archdiocese of Miami is to act as trustee. The fixed percentage payout, which is subject to negotiation, must be five percent or more of the trust assets. The trust can also provide income for donor's survivors (bank, individual, or the Archdiocese of Miami, Inc.) for life. The donor can add assets to the unitrust at any time during his or her lifetime and by his or her will at death if the document so provides.
  - The donor, at his or her election and if so stated in the unitrust agreement, may receive payments based on a fixed percentage of the fair market value of the trust assets or the trust's net income, whichever is the lesser. A makeup provision may be included in the agreement which allows trust income that exceeds the stated percentage in some years to be applied to income in those years when it is below the stated percentage. The donor receives income for life, income tax deductions, avoidance of capital gains tax liability, freedom from management concerns and estate tax benefits.
- Annuity Trust: The donor irrevocably transfers money or securities or both to a trustee (bank, individual, or Archdiocese of Miami, Inc.) who pays the donor at least annually for life or for a term not to exceed 20 years a fixed percentage (not less than 5 percent), usually stated in dollars, of the initial fair market value of the assets. A charitable remainder annuity trust must be funded with at least \$100,000 if the Archdiocese of Miami serves as trustee. The payout amount is negotiable. The donor cannot add assets to the trust. The trust can also provide income for the donor's survivors (husband, wife, or others) for their lifetimes. At the death of the last surviving income beneficiary, the trust assets become the sole property of the Archdiocese of Miami for the purpose stated in the annuity trust agreement.

### *Charitable Lead Trust:*

- In the charitable lead trust the Archdiocese of Miami initially receives the income or "lead" interest from the trust and the remainder interest passes to non-charitable beneficiaries of the donor's choice which creates a taxable gift of the future interest or reverts to the donor.
- There is no set limit on the term of a lead trust. However, a lead trust may be subject to the IRS rule against perpetuities. Lead trusts can be created by will or during the donor's lifetime.
- The lead trust payout can be any percentage the donor selects. However, it cannot be limited to the actual income of the trust. Mortgaged property and closely held stock are not suitable for a lead trust.
- There are two types of charitable lead trusts:
  - Non-grantor or Clifford Trust: The grantor is not entitled to an income tax deduction for the value of the lead interest. Income paid from the trust to the Archdiocese of Miami is



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not taxable to the donor. This vehicle benefits a donor interested in transferring property or assets to family members at a minimum of gift tax or estate tax.

- Grantor Trust:
  - The grantor is entitled to an immediate one-time income tax deduction limited to the present value of the income stream which will be paid to the Archdiocese of Miami over the term of the trust. The deduction is based on the value of the income interest to the Archdiocese of Miami. During the term of the trust, the income earned will be fully taxable to the donor even though all income will be paid to the Archdiocese of Miami. However, if a donor funds an irrevocable charitable lead with tax-free municipal bonds, the income will be reportable by the donor.
  - In order for a donor to obtain income, gift, and estate tax charitable deductions, payments to the Archdiocese of Miami from non-grantor and grantor trusts must be in the form of either a stated percentage of the initial fair market value of the trust, or a fixed percentage of the fair market value based upon an annual reevaluation of the trust.
- Remainder Interest in Donor's Personal Residence (Retained Life Estate): The donor conveys title to his/her home, farm, or vacation home to the Archdiocese of Miami and reserves a life interest in the property. The donor has available a charitable contribution deduction for the remainder value of the property. The donor continues to pay the taxes and insurance on the property. At the donor's death or at the death of the survivor--if the donor reserves a life interest for another person--the property belongs to the Archdiocese of Miami free of probate expense.

### *Bequest in Will*

- By making an outright bequest, anything the donor owns can be left to the Archdiocese of Miami and may be a deduction from the donor's total estate in determining the federal estate tax. The donor can specify an amount in dollars or percentages, designate articles or property for the Archdiocese of Miami, or leave the Archdiocese of Miami what remains of his or her estate after other provisions of the donor's will have been satisfied.
- The donor can establish a charitable lead trust, charitable remainder unitrust, or annuity trust under a will, which takes effect at donor's death.

### PROVISIONS

No program, trust, contract, or commitment is urged upon any donor or prospective donor which would benefit the Archdiocese of Miami at the expense of the donor's interest. No agreement is made between the Archdiocese of Miami and any agency, person, company, or organization on any matter whether investments, management, or otherwise which would knowingly jeopardize the donor's interest.

The Archdiocese of Miami seeks the advice of legal counsel in matters pertaining to its estate and gift planning program where necessary. Further, all prospective donors are advised to consult their own attorneys and tax advisors in any and all aspects of their proposed gifts, whether by bequest, trust agreement, contract or other means. They are particularly advised to consult their attorneys and tax advisors on all matters relating to the tax implications of a gift and matters relating to estate planning.

Initial: May, 2013  
Current: September, 2021