

“For where your treasure is, there will your heart be also.”

Mt. 6:21

Stewardship of Your Earthly Treasure

(with a little help
from the government)



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stew•ard (stōō ərd) *n.* One who manages another’s property, finances, or other affairs.

We tend to think of the things we have as “ours,” but as Catholics we realize that our time, talent, and treasure are gifts from God, and we have an obligation to use them for the benefit of others. Yes, through the wise use of our time we have been able to develop our talent and apply it to acquire some treasure, but ultimately we are indeed stewards of God’s gifts to us.

This brochure provides some useful ideas on how to share some of the treasure of which we are stewards with our parish rather than the government.

Deductibility of Contributions to Incarnation

It is not always advantageous for everyone to itemize deductions on income tax returns every year, but sometimes you can make it advantageous by shifting contributions from January to December or December to January. In that way you may be able to save taxes by making the total of your deductions large enough to itemize in at least one year and perhaps every other year.

Here's an example of the value of itemized deductions:

- Assume your combined federal and state income tax rate is 30% (a reasonable assumption for many).
- Assume you contribute \$50 weekly to Incarnation and that your annual contributions to second collections and other special requests total \$400.
- Assume the amount you pay in mortgage interest and state and local taxes is equal to the amount of your standard deduction.
- By itemizing deductions you save \$900 in taxes (taxable income is reduced by \$3,000).

So if that describes your situation, your out-of-pocket cost of giving \$3,000 to Incarnation is only \$2,100.

One final word about these deductions—each year Incarnation will provide a written acknowledgment of the details of your contributions, which you must keep with your tax records. The parish can only provide the details of contributions that can be identified. Incarnation cannot provide supporting documentation for loose cash in the collection basket.

Gifts of Appreciated Securities or Real Estate

If you itemize deductions on your income tax returns, there may be a way for you to obtain even bigger tax benefits. If you bought stock in a company or a mutual fund and have held it for over one year, you can give the stock or another asset, such as real estate, directly to Incarnation.

If you sold the asset and used the proceeds to make a cash gift to Incarnation, you would pay capital gains tax on the difference between the purchase price and the sale price, but you avoid that tax if you give the asset directly to Incarnation rather than sell it. In addition, if you itemize deductions, you can deduct the full, fair market value of the asset on your tax returns. (If the gain on the asset is very high, you may have to carry part of your deduction over to subsequent years.)

Please contact the parish administrator if you are considering a gift of an appreciated security or real estate.

Gifts of Other Property

You can contribute other property, such as an automobile, to Incarnation, but the rules governing how much you can deduct as a charitable contribution

have changed in recent years. Please contact the parish administrator if you are considering a gift of this kind.

Gifts That Keep on Giving

You may want to provide for Incarnation in your will or trust. We've all heard the phrase "you can't take it with you." Of course you should provide for your family's needs first, but once those needs have been met, you may be able to provide for your parish's needs and the needs of the less fortunate through a bequest to the Church of the Incarnation.

Most estates are no longer subject to federal or state estate tax, but these tax laws are in a state of flux, and it is very difficult to forecast future changes in this complicated area. One thing has remained constant—charitable bequests reduce the size of your estate for tax purposes and make it less likely to be subject to estate taxes.

If you do choose to make a gift of this kind to Incarnation, please be sure to describe the church in the following way:

Francis Xavier Di Lorenzo, Bishop of the Roman Catholic Diocese of Richmond, Virginia, and his successors in office, for the sole use and benefit of the Church of the Incarnation, Charlottesville, Virginia, whose address is c/o Church of the Incarnation, 1465 Incarnation Drive, Charlottesville, Virginia 22901.

It would be helpful for planning purposes if you would let the parish administrator know if you have provided for the parish in your will or trust.

There are many innovative ways to structure gifts to Incarnation that can provide both income tax and estate tax benefits. You may want to provide for a certain amount of income for yourself or others during your lifetime and leave the remainder of the property (perhaps securities or real estate) to Incarnation. Or you may want to provide for Incarnation's needs now by way of income from some assets that you ultimately want to remain with you or your heirs.

You will want to talk with a lawyer who is knowledgeable about specialized estate planning techniques if you think these kinds of ideas might be helpful.

Getting Around to It

Planning for what happens to the people and property we leave behind when we die seems difficult for many people. And yet that is part of being a good steward. Even if you don't think you have much property to be concerned about, you should spend some time planning for your family's personal and financial needs. One of the most important reasons for having a will is providing for guardianship of minor children or others with special needs.

The Incarnation Finance Council urges you to spend the time and the relatively small amount of money needed to consult with a lawyer and prepare a will and the other documents necessary for others to take care of your affairs in the event of your death or incapacitation. Nothing in this brochure should be construed as legal advice.

If you are able to help Incarnation financially, we are very grateful.

Embrace your values and make a difference. There are so many ways to show your support for your church community and those in need. Now is the time to plan for tomorrow.

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