



IS A “GIVE-IT-TWICE” GIFT FOR YOU?

When two different mothers telephoned recently with two different problems related to their children but a common solution, it occurred to me that the outcome might be valuable for others as well.

The problem of the first woman had primarily to do with taxes. She had become aware that her children were going to have to pay income taxes when she died on the balance in her IRA retirement account. This upset her. Since she also wanted to remember the parish in which she and her deceased husband had raised their five children, coming up with a way to reduce taxes was not hard to find.

This mother changed the beneficiary of her IRA from her five children to a charitable remainder trust that would pay income to her five children. After 10 years of paying income to her children, what remains in the charitable remainder trust will go to her church. This approach will not only greatly reduce taxes and ultimately make a gift to the church, it will also result in children receiving as much or more income over time than they otherwise would have received. “I also like the idea of my children receiving income checks from me for 10 years after I’m gone,” the mother mused. “At least I know they’ll be thinking of me four times each year!”

This “give-it-twice” trust allows the income to be given to family, and later the principal is given to the church.

The other mother had a different problem. Her daughter had chosen a career path that was personally fulfilling without being financially enriching. The mom would like to supplement her daughter’s income but without the stickiness and uncertainty of sending personal checks. She purchased a gift annuity and made her daughter the annuitant. This provides her daughter with a modest supplementary fixed lifetime income while earning the mother a welcome income tax deduction. At the daughter’s death, the principal of the annuity will become a gift to the church.

This is a “give-it-twice” annuity. The mom has arranged for her daughter to receive income checks for her lifetime from a third party (the Episcopal Church Foundation) and then the annuity will pay out to Episcopal Charities for sheltering the homeless. Alternatively, it could pay out to her parish.

How can we give to our families while also giving to the church? Both of these examples of “give-it-twice” gifts will result in reduced taxes and welcome benefits for both loved ones and the church. In the gospels Jesus seems to recommend that stewards may be shrewd as well as generous. Perhaps a “give-it-twice” gift is one way to a thoughtful steward of God’s bounty.

The Rev. Richard L. Schaper, CFP
Gift Planning Officer
Episcopal Diocese of California

(415) 869-7812
RichardS@DioCal.org
Gifts.DioCal.org