

THE DISCIPLE'S LEGACY

'A true blessing'

Endowed scholarship funds continue to assist area college students



Two scholarship funds established through the Archdiocese of Detroit Endowment Foundation continue to assist students in their quest for college degrees.

"Because of the generosity of two individuals, scholarships are available now and for future generations," says Tom Scholler of the archdiocesan Department of Stewardship and Development.

As with all endowed funds, the Del Papa-Grimaldi Scholarship Endowment Fund and the Lilo Wendell Memorial Scholarship Fund distribute scholarships as income is available. The goal is for the initial investment to remain intact and provide income for years to come.

A charitable gift annuity Josephine Del Papa arranged established the Del Papa-Grimaldi Scholarship Endowment Fund, which her family added to after her death. Mrs. Del Papa knew financial hardship — her family lost their home during the Great Depression, and she began working as a child. She finally retired at age 91, and while she was never wealthy, she was always a good steward of what God gave her.

Mrs. Del Papa's hope of helping students who had also struggled to achieve their goals has resulted in \$82,500 in scholarships since 2002. Currently, two \$3,500 scholarships are awarded to a freshman and sophomore each year. The 2015-16 school year recipients were Anthony Volk, a sophomore at Harvard University, and Sean Ballard, a freshman at the University of Dayton.

Anthony, 19, has now received a Del Papa-Grimaldi Scholarship for two years. "I am inspired by the fact that this fund was established by a real person, especially a person who came from humble means, but was later able to work hard enough to provide this opportunity for students like myself," he says. "I would like to do something similar in the future, perhaps through whichever archdiocese I live within in the future, because I have come to believe that education is essential to personal and religious development."

Sean, 19, has been both inspired and motivated by Mrs. Del Papa's generosity. "The fact that someone can be so selfless their whole life and so caring to other people motivates me to follow in their footsteps and has changed my whole mindset on what it means to be a good person, and a religious person as well," he says. "Her actions motivate and remind me to be the best person I can be, and to eventually try and establish something as great as this scholarship in the future."

"... bear fruit
and you will become
my disciples."

John 15:8

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News You Can Use



LEAVE A LEGACY[®]
Make a difference in the lives that follow.

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Lilo Wendell emigrated to the United States from Germany with her single mother in 1958. The two had a strong relationship, which later influenced Ms. Wendell's desire to assist young women in similar situations to pursue their dreams of gaining a college education.

Ms. Wendell had a long and rewarding career as an accountant for an advertising agency, and established the Lilo Wendell Memorial Scholarship Fund with an estate gift. Since 2011, it has provided \$66,000 in scholarship grants to high school seniors who are Catholic daughters of single mothers and either attend Catholic high schools or are members of parishes in the Archdiocese. Four scholarships of \$3,000 to \$4,000 have been offered since the fund was established but, because the fund has increased in value, that number will increase to seven

dreams, so this is my way of thanking her for all that she has done for me," explains Avery, 18. "I can never fully articulate what this scholarship has meant to my family, but to say that it has been a true blessing is a good start."

Jessica was unsure if attending her dream school would be possible. When she found out she was the recipient of a Lilo Wendell scholarship, she felt "blessed and grateful," and plans to pay it forward at some point in the future.

"Coming from a single-parent home and knowing what it feels like to look at different colleges and compare tuitions, I can wholeheartedly say this is something I absolutely will look into doing for someone in the future," says Jessica, 19. "College is about starting a brand new chapter and moving away from what you know to experience new things, so



Anthony Volk



Sean Ballard

Del Papa-Grimaldi Scholars

Anthony Volk

St. Cyprian Parish, Riverview

Sean Ballard

*St. Isaac Jogues Parish,
St. Clair Shores*



Jessica Allor



Avery Cheap



Sophia Koolwick



Idalis Longoria

Lilo Wendell Memorial Scholars

Jessica Allor

St. William Parish, Walled Lake

Avery Cheap

St. John the Baptist Parish, Monroe

Sophia Koolwick

St. Anne Parish, Ortonville

Idalis Longoria

Most Holy Trinity Parish, Detroit

'After receiving this scholarship, I made a commitment to the donor and myself to have academic success in college.'

scholarships for the 2016-17 school year.

Scholarships were awarded for the 2015-16 school year to Jessica Allor, a freshman at the University of Alabama, Avery Cheap, a freshman at Aquinas College, Sophia Koolwick, a freshman at Oklahoma State University, and Idalis Longoria, a freshman at Oakland University.

Sophia, 19, appreciates the recognition for her mother, whom she considers one of her best friends. "After receiving this scholarship, I made a commitment to the donor and myself to have academic success in college," she says. "After completing my first year, I earned the highest GPA I have ever received."

Not only did this scholarship change Avery's academic opportunities, it was a true blessing for her mother, she says. "She has sacrificed everything so that I may have the ability to pursue my

I do not think anyone should be limited on their school options strictly because one of their parents is not around."

Idalis, 19, is inspired that Ms. Wendell identified with and wanted to help girls in her family situation. "I know how hard it is to grow up with a single mother, but also to grow up in low income community and household," she says. "I really hope I can do something impactful for girls with similar situations."

For information on how to contribute to the Del Papa-Grimaldi Scholarship Endowment Fund or the Lilo Wendell Memorial Scholarship Fund, or to set up a named endowment fund through the Archdiocese of Detroit Endowment Foundation, please contact the Department of Development and Stewardship at (313) 596-7400 or development@aod.org.

Life Insurance can be a useful charitable giving tool

While life insurance is an important building block in your family's financial plan during many life stages, it can eventually become a generous charitable gift.

Life insurance provides young families with a ready source of funds for living expenses and children's education should one parent die. In addition, cash values that build through premium payments on whole life insurance may serve as a type of forced savings and be available for low-cost withdrawal for investment and other family needs.

Of course, life insurance also provides funds needed upon death for funeral expenses, debts, estate administration expenses, and taxes. Families are able to cover these costs without selling assets, such as a business or residence, at significantly reduced "forced sale" prices, or investments when markets are down.

But when your family is grown, your children have been educated, and your other investments are in place, large amounts of insurance might not be as necessary. At this point, you can use those insurance policies you took out years ago to make substantial gifts to the Church through your parish, the Archdiocese of Detroit Endowment Foundation, Sacred Heart Major Seminary, Catholic Charities, or other archdiocesan institutions.

A new insurance policy may also be an excellent vehicle for a charitable gift. The benefit to the Church most likely will be significantly greater than the premium cost.

To make a gift of life insurance, assign all of your ownership rights in the policy to the Church. Doing so gives the Church the right to change beneficiaries, to borrow from the policy, or to surrender the policy for its cash value. You are entitled to a charitable contribution income tax deduction for the lesser of the policy's replacement value or the



net premium cost you have invested in the policy.

Consider John, who is 62 years old and in the 25 percent tax bracket. He owns a policy with a death benefit of \$75,000 for which he has paid \$23,000 in premiums over the years. The policy has a replacement value of \$36,700. John assigns the policy to the Archdiocese of Detroit Endowment Foundation. The figures below show the results:

Gift of life insurance

1. Net premiums..... \$23,000
2. Policy value..... \$36,700
3. Income tax benefit (25% x lesser of 1 or 2 if John itemizes deductions on his tax return) \$ 5,750
4. Potential value removed from John's estate..... \$75,000

John will have additional charitable gift income tax deductions for any premiums he pays on the policy after he assigns it to the foundation. Plus, any future growth in the policy's death benefit is removed from John's estate. As the policy's new owner, the foundation may surrender the policy for its cash value and exercise all other rights of ownership. If the foundation continues to hold the policy, it will collect the policy proceeds at John's death.

As an alternative, John may choose to continue owning the policy during his lifetime, but leave the policy proceeds to the foundation. In this case, John names the foundation as beneficiary of the policy. He is not entitled to an income tax deduction, either for changing the beneficiary or for future premium payments. But, at his death, if he has a taxable estate, his estate will be entitled to a charitable gift estate tax deduction for the policy proceeds paid to the foundation.

As John's example illustrates, the net premium cost of life insurance is significantly less than the death benefit paid to the Church, making it a cost-effective way to make a generous gift to the Church as part of your overall estate plan.

Whichever route you choose to make a charitable gift of life insurance, your insurance advisor can provide forms for the policy assignment or change of beneficiary.

A word of caution about charitable gifts of life insurance: In recent years, complex life insurance products have been introduced, ostensibly with a benefit to participating charities. The perceived abuse of the legitimate purposes of life insurance has attracted the attention of the Internal Revenue Service and Congress, hardly the target audience for these products.

Congress finally gets IRA charitable rollover law right

Good news: When Congress extended the IRA Charitable Rollover Tax Law at the end of 2015, unlike the many extensions in prior years, it made the provision “permanent.”

In other words, until some future Congress decides to change the IRA charitable rollover again, it is part of the tax law without a fixed expiration date.

What is the IRA charitable rollover?

The IRA charitable rollover tax provision permits individuals age 70½ or older the opportunity to make significant charitable gifts from their IRAs without recognizing taxable income on the distribution.

The tax law requires an individual, upon attaining age 70½, to take annual required minimum distributions from his or her IRA. Under this IRA charitable rollover law, direct distributions from your IRA to charity are included in the required minimum distribution amount

but are not taxed. Qualified charities would include, for example, your parish, the Archdiocese of Detroit Endowment Foundation, Sacred Heart Major Seminary, and Catholic Charities of Southeast Michigan.

What are the limitations?

Of course, when Congress gives a benefit, it generally imposes some limitations:

- This benefit applies only to individuals age 70½ or older.
- Qualifying distributions to charity are limited to \$100,000 a year.
- Only distributions from traditional or certain Roth IRAs are tax-free. (However, consult your financial or tax advisor about transferring funds from one of these other qualified plans to establish an IRA, with the distribution to charity coming from the newly established IRA.)
- Only direct distributions to charity qualify as tax-free.

How does the IRA charitable rollover law benefit me?

Under prior law, any distribution from a traditional IRA was included in taxable income, possibly increasing taxation of Social Security benefits and limiting deductions, such as medical expense and other itemized deductions. The IRA charitable rollover law eliminates these unfavorable results of IRA distributions.

The law benefits individuals who claim the standard deduction on their tax return instead of itemizing deductions. Not including the IRA distribution to charity in taxable income is equivalent to a charitable contribution deduction.

How do I take advantage of the IRA charitable rollover law?

You should consult your IRA custodian about the procedures for making direct gifts from your IRA to charity.

And, while this topic is fresh on your mind, ask your attorney and financial advisor how to make the Church a legacy beneficiary of your IRA.

News You Can Use Journey to adulthood begins with a PAD

High school graduation officially launches life’s journey to adulthood. Whether the next step is college, the military, or the workforce, your child must first consider a very important document.

A medical power of attorney, known in Michigan as a Patient Advocate Designation (PAD), allows your child to give you the right to designate medical treatment if he or she is unable because of illness or injury to make medical deci-

sions. A valid PAD is especially important if your son or daughter becomes incapacitated while away from home.

Under the privacy provisions of the Health Insurance Portability and Accountability Act (HIPAA), you may not be able to get information about your child’s medical condition from health care providers after age 18. But a medical privacy release in the PAD will allow health care providers to communicate with you about your child’s condition

so you can make appropriate decisions about medical treatment.

Of course, Catholic teaching on health care issues applies at all ages. A valuable resource for your son or daughter to reference while preparing his or her PAD is the Michigan Catholic Conference booklet, *GUIDELINES For End of Life Decisions: Patient, Physician, and Family*. The booklet is available for download at no cost at www.micatholic.org/advocacy/publications

For more information on the planning and charitable giving techniques discussed in this newsletter, or to be enrolled in The Disciple’s Legacy Society, please return the enclosed reply card or contact Tom Scholler in the Archdiocese of Detroit Department of Development and Stewardship at (313) 596-7408 or scholler.tom@aod.org.

You may also visit our website at www.AOD.org/plannedgiving.

The Disciple’s Legacy is for your information on Christian stewardship, estate planning, and charitable giving. It is not intended to be legal, tax, or financial advice. Please consult with your attorney, tax advisor, or financial planner for the precise planning of the transactions suggested here.