



USING YOUR IRA TO ENHANCE GIVING

An Individual Retirement Account (IRA) offers a tax-advantaged way to save money over many years to have an income stream in retirement but that income stream is subject to income taxes. There is a way you can use a taxable IRA to maximize charitable impact and minimize taxes by making Qualified Charitable Distributions (QCDs).

With the new Secure Act 2.0, starting at age 73 the IRS mandates IRA owners to take annual income withdrawals, known as Required Minimum Distributions (RMDs). Failure to take these withdrawals could subject IRA owners to stiff tax penalties.

Retirement-age individuals and couples may not want to take a RMD for various reasons. They may have other sufficient sources of income and other savings for covering their living expenses. Also, the tax withdrawal, which is subject to ordinary income tax, may push them into higher tax brackets, which can have adverse impacts on Social Security payments and Medicare benefits.

Thankfully, charitably-minded individuals and couples age 70½ and older have a tax-smart strategy called a qualified charitable distribution (QCD), also known as a charitable IRA rollover. The QCD allows a donor to instruct an IRA provider company to send up to \$100,000 per year—all or part of the annual RMD—to one or more qualified charities including churches such as St. Luke's. And starting in 2024, QCDs will be indexed for inflation. So with QCDs, more of your assets can be used to

RMDs CAN BE A WIN-WIN FOR YOU

As I was nearing the age at which I was required to take a Required Minimum Distribution from my IRA account, my financial advisor explained that most people generally reinvest much of that distribution back into their general portfolio. When this happens, the reinvestment becomes taxable. He also informed me that since these are pre-tax dollars, I was legally at liberty to take from that distribution and give to whatever philanthropic, charitable or religious non-profit organizations that I was considering for future donations. This reduces the taxable amount of my required minimum distribution. It also eliminates the need to declare the donations as an itemized deduction. Currently my donations are directed to St. Luke's general fund and to a few charitable, human service agencies. I have been doing this since 2020.

I see this as a win-win for me. It reduces my taxable income before taxes while benefiting those agencies I help. For those contemplating their future Required Minimum Distributions, I would hope that you consider St. Luke's Foundation and perhaps build your own legacy with the Foundation.

Ron Lee, Member, St. Luke's Foundation Committee

support your favorite charities that are making a difference.

The IRA assets go directly to charity, so donors don't report QCDs as taxable income and don't owe any taxes on the QCD, even if you do not itemize deductions. Some donors may also find that QCDs provide greater tax savings than cash donations for which charitable tax deductions are claimed. This is because adjusted gross income (AGI) is reduced, and AGI is used in several key calculations, such as determining the taxable portion of Social Security benefits or what deductions and credits donors qualify for receiving or how much you pay for your Medicare premiums.

If you have any questions about QCDs or other great tax smart opportunities to enhance your legacy to the church, please reach out to myself or Andy Roquet.

Kurt Utter, Certified Financial Planner

FOUNDATION LEGACY GIVING

While an important function of the St. Luke's Foundation is supporting current grant projects, unexpected financial needs that arise each year, and scholarships, the primary goal of the Foundation is to sustain our Christian vision and stewardship by providing financial resources for the future.

While current gifts are important to the Foundation, long-term gifts through wills and estate plans are essential in providing financial resources to serve the needs of St. Luke's. Long-term support can be accomplished through bequests, qualified charitable distributions from an IRA, gifts of appreciated assets, charitable remainder trusts, and a number of other instruments. Please contact Jeanette Kihs, Business Manager or a Foundation Member to learn more.

2022 FOUNDATION HIGHLIGHTS

This year new donations totaled over \$20,000 to the Foundation funds. These funds were invested according to an established Investment Policy, which has been approved by the Council. Early in 2022 the Foundation Committee moved about 15% of the funds into more stable investments providing consistent returns. This proved to be a good decision as the broader market declined in stocks and bonds, the Foundation fund investments performed better than the broader markets.

Twelve scholarships were awarded in 2022 totaling almost \$25,744. Seven scholarships were for \$1,000 and four scholarships were awarded for \$2,000, while the Connie and Willard C. Hefty Memorial Scholarship was for the value of one year's tuition at UW Madison (\$10,700).

Three grants were awarded: Stephen Ministry, Media Ministry and Communication Committee.

Two events were hosted by the Foundation in 2022. Five educational topics were presented in September and October through a seminar series called *Life Decisions and Legacy Planning*. The other event was the second Donor Reception held on October 9 to thank and recognize donors, supporters, and those interested in learning more about the Foundation.

The Committee is extremely grateful for the very generous support given by St. Luke's members and will continue to educate, communicate, and look for new gifts and bequests for the Foundation in 2023 as the needs of St. Luke's continue to grow.

CHANGES TO FOUNDATION COMMITTEE

The Committee is saying good-bye to two members and welcoming two new members.

A very gracious **thank you** goes to **Tom Scott** and **Linda Janousek** for their valuable contributions over many years as Committee members. Tom served on the Committee in 1994 and stepped up to fill an opening offering his expertise. Linda, a more recent church member, stepped forward to serve on the Committee and brought new insights.

A very special **welcome** to our two newest Committee members recently approved by the Council.

Virginia Bartelt has been a member of St. Luke's since 2004. She is a lawyer focusing her practice in the areas of estate planning and real estate. Virginia served on Council through January of 2023, completing 6 years of service, with several of those years as Council President. Recognizing that this congregation is built on the generosity and faithfulness of members over the past 125 years, Virginia is passionate about helping current members share their gifts in ways that are most meaningful to them.

Kurt Utter and his family have been members for 13 years. Kurt and his wife Julie have three daughters ranging in age from 18 to 12 years. Kurt is a financial planner with Heckmann Financial in Middleton. After completing his bachelor's degree in finance at UW-Whitewater, Kurt has had a 23-year career in investments and financial planning. Kurt appreciates the opportunity to use his experience and expertise to help the Committee and the congregation get the most out of their generosity.

FOUNDATION GIFTS

Both current and future gifts to the Foundation are welcome and greatly appreciated as we prepare for our future. While gifts over \$10,000 may be designated for any purpose you feel is important to our church, any gifts are welcome and may be directed to:

Scholarships
Music
Ministry Areas and Missions
Building and Property Needs
General Foundation

Gifts should be specifically identified as going to the Foundation. For more information, contact Jeanette Kihs, Business Manager or Committee members.

FOUNDATION BALANCE

12/31/2021 \$1,107,316

12/31/2022 \$ 932,871

2023 SCHOLARSHIP SEASON

Applications for the various St. Luke's Scholarships must be completed and to the church office by 3:30pm Thursday, April 6. These scholarships are made available through the Foundation because of the generosity of numerous benefactors.

COMMITTEE MEMBERS:

Andy Roquet, Chair
Mary Schwoch, Vice Chair
Paul Raisleger, Secretary
Ron Lee, Scholarship Liaison
Virginia Bartelt
Kurt Utter
Sylvia Donaldson, Council Liaison

NEWSLETTER EDITORS:

Ron Lee Paul Raisleger
Andy Roquet Mary Schwoch

St. Luke's Foundation Mission Statement

We proclaim and serve Christ... Here, there, and everywhere

~Now and into the Future~

St. Luke's
LUTHERAN CHURCH