

ST. JOHN'S PREP

TOMORROW

AN ESTATE AND PLANNED GIVING PUBLICATION OF ST. JOHN'S PREP | SUMMER 2014



Dear Friends,

As many of you know, I am an active member of the Board of Trustees at St. John's. I am passionate about the school, about its success, and about ensuring that we have a solid foundation in place for a strong future. One of the ways to provide this strength is continuing to grow the Prep's endowment.

The St. John's Prep endowment helps to relieve pressure on the operating budget and keep tuition increases down. There is a direct benefit to each current family and student. It provides tuition assistance dollars to families whether they need significant tuition assistance or a modest amount of aid, and supports faculty continuing education, and academic programs. For example, one third of all current families receive tuition assistance of some kind. The endowment directly impacts students and keeps the Prep accessible to families with financial need. It is critical that we increase the size of our endowment to support these important initiatives. I feel so passionately about the need for a strong endowment that I chose to honor my father and establish the Richard W. Fitzgerald Fund.

One of the best ways to increase the Prep's endowment is through a planned gift. Bequests – including St. John's Prep in your will – are the easiest way of doing this but there are also many other ways, including charitable remainder trusts, charitable lead trusts, charitable gift annuities, and naming St. John's as a beneficiary of a life insurance policy or retirement plan asset. The Prep can assist you with your planning and help you explore these strategies.

If you hope to include St. John's in your estate plans, or if you already have, I hope you will consider designating that gift to the St. John's Prep endowment. Together, we can build a strong foundation for the Prep.

Regards,

Dan Fitzgerald '73

Looking for a Creative Way to Support St. John's?

Do you want to pass along some of your assets to your heirs and support St. John's at the same time? Are you concerned about the tax consequences of leaving your estate to your children? Creating a charitable lead trust might be the answer for you!

Charitable lead trusts make annual payments to charitable organizations for a predetermined number of years, after which the remaining assets are passed to your children or other beneficiaries. The amount passed to your heirs is valued, for gift and estate tax purposes, at its "present value" when the trust is established, using the IRS discount rate. It is the most advantageous to fund the trust when the interest rates are low.

A charitable lead trust is mutually beneficial to you and St. John's. There are tax savings for you and your heirs, and St. John's can be assured of a flow of gifts for a stated period of years. This allows the school to plan and budget accordingly.

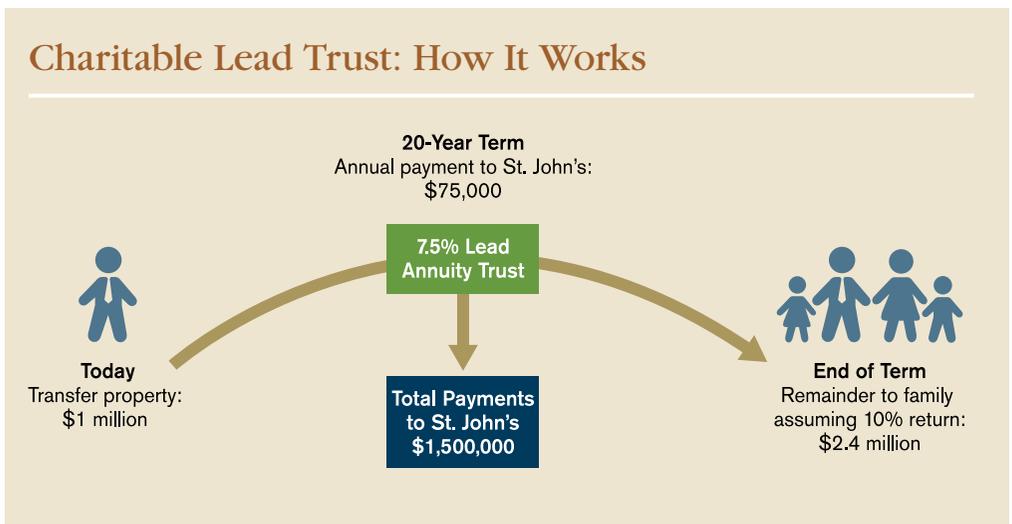
A charitable lead trust is mutually beneficial to you and St. John's.

Tax Benefits of a Charitable Lead Trust

Income tax. Although there are no income tax charitable deductions for this type of trust the investment income produced from the trust assets is not a part of your personal taxable income. Therefore, this can be especially advantageous if you often exceed your charitable deduction limit on your income taxes.

Gift tax. The calculation of the gift tax charitable deduction is based on three things:

1. The number of years the trust will make payments to St. John's
2. The rate of the payout that you choose
3. The IRS discount rate when the trust is funded



Charitable IRA Rollover Expired

The Charitable IRA Rollover (legislation that allowed donors 70½ and older to make charitable gifts from their IRAs) expired and is not yet on the docket for 2014.

Congress is not yet considering legislation to replace the Charitable IRA Rollover. This would be a good time to contact your local member of Congress and ask them to consider this legislation that helps both donors and local charities.

Visit www.congress.gov to locate contact information for the legislator in your region.

Here's why it is important. The Charitable IRA Rollover allowed for many benefits for donors:

- Donors could make up to a \$100,000 gift per year to St. John's or another public charity.
- The gift could be used to satisfy the minimum required distribution.
- Donors avoided realizing the distribution in their taxable income.

A Creative Way to Support St. John's, continued

A longer charitable term, a higher payout to St. John's and a lower IRS discount rate equates to a larger deduction. In some instances, this will mean that the entire gift could be passed to your children tax free.

Estate tax. If the charitable lead trust is funded while you are living, the asset is removed from your estate, thus avoiding estate taxes on those assets. There is the option, however, of creating a testamentary charitable lead trust in your estate plans which can reduce, or possibly eliminate, the estate tax on gift.

Charitable Lead Annuity Trust Example

John Smith receives significant income thus pushing him into high income, estate, and gift tax brackets. He has used his entire gift tax exemption for lifetime gifts. John wants to make a gift to St. John's and he would like to use assets that he will eventually pass to his child. The options of giving the assets to his child now or waiting until they are part of his estate are not appealing to him because of the significant tax implications (gift or estate tax).

Instead of giving the assets directly to his child John funds a charitable lead annuity trust currently valued at \$1 million. The trust pays a fixed 7.5% annual annuity to St. John's for 20 years which results in a \$1 million dollar tax deduction. This effectively "zeroes out" the value of the gift for tax purposes. When the trust terminates the remaining assets will pass to John's child with no gift or estate taxes incurred.

Assuming the assets grew steadily, the children received more than the \$1 million (\$2.4 million, assuming a 10% return) and St. John's received a total of \$1,500,000.



Q What exactly is planned giving?

A Planned gifts are defined as gifts that involve more planning than simply writing a check and making a gift from your checking account. For example, making a gift from your estate involves an attorney to write your will.

Q So, I can make a gift to St. John's Prep through my will using the proceeds of my estate?

A Absolutely, you can name St. John's as a beneficiary of your estate in your will. You can choose either a set dollar amount or a percentage of your overall estate. Many people want to make a larger gift to St. John's than they can afford to give right now. Relying on estate assets allows that flexibility.

Q Can my gift be designated to the St. John's endowment or is all used for general purposes?

A You can designate your gift for the St. John's endowment, or you can indicate that it should be used where it is needed most. If the gift fulfills the minimum funding requirement, you can establish a new named endowment fund or your gift can be added to an existing fund, or the Prep's general endowment fund.

Q Does this qualify me for membership in the 1907 Society, the Prep's planned giving recognition society?

A Yes, all donors who support the Prep through a planned gift qualify for membership in the 1907 Society. Just be sure to let Deb Marino, Managing Director of Development, know about your plans!

For more information please contact Debra Marino, Managing Director of Development, at dmarino@stjohnsprep.org or 978.624.1458.

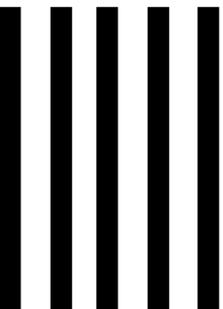


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Thank you for your interest in planned giving at St. John's Prep.

- I have already included St. John's in my estate plan.
- I am interested in learning more about including St. John's Prep in my will.
- I am interested learning more about all of the ways I can support St. John's through a planned gift.
- I would like to receive a personal illustration detailing how a St. John's Prep charitable gift annuity will benefit me and St. John's.

Amount: _____

Date(s) of birth for income beneficiary(ies):

NAME

ADDRESS

CITY

STATE

ZIP CODE

PHONE

EMAIL

Please detach card at perforation, fold, and tape closed, sealing all personal information.

The information in this newsletter should not be considered legal or financial advice. Please seek guidance from your attorney and financial advisor.

1907 Society

Named in recognition of our founding year, the 1907 Society is made up of members of the Prep community who have included St. John's in their estate plans. In the spirit of the Xaverian Brothers, whose courage and foresight led St. John's to flourish, members of the 1907 Society play a significant role today by providing resources for a vigorous and secure future.

Mr. & Mrs. Paul B. Ahern '58	Mr. & Mrs. Thomas M. Leonard '54
Dr. & Mrs. Paul B. Alper	Mr. John J. Leone '83
Col Harold H. Audet	Mr. William J. Lundregan, III '58
Capt. & Mrs. Robert M. Barr, Jr., USN (Ret.)	Mrs. Eileen M. MacDonald
Mr. Peter A. Beekman '72	Mr. Jeffrey M. H. Maciak '04
Mr. & Mrs. Donald Bernstein	Dr. & Mrs. James J. McCann '52
Mr. & Mrs. Richard P. Biagiotti '71	Mrs. Phyllis McGauley
Mr. Shawn P. Buckless '78	Mr. & Mrs. David S. McKechnie
Mr. Paul G. Burda '55	Mr. Ronald W. Michaud '61
Mr. Christopher J. Burns '64	Mr. & Mrs. Michael J. Minigan '73
Mr. Paul G. Butler, Jr. '77	Mr. Walter V. Mitchell '25
Mr. & Mrs. Samuel T. Byrne '83	Mr. Jeremiah F. Morris '67
Mr. Edward L. Cahill '71	Mr. Thomas H. Needham '60
Mr. John F. Callahan '68	Mr. & Mrs. Michael C. Newhall '80
Mr. & Mrs. Joseph A. Carlucci	Mr. Mark A. Occhipinti '71
Mr. Stephen F. Coady '73 & Ms. Linda Heasley	Dr. & Mrs. Frank A. Odlum
Mr. & Mrs. George Coleman	Reverend John F. O'Donnell '55
Mr. John J. Connolly '39	Mr. & Mrs. J. Barry O'Hagan
Mr. & Mrs. Richard T. Connors	Mr. & Mrs. Daniel T. O'Sullivan
Mr. John J. Costello '34	Dr. Louis A. Pocharski '50
Benjamin G. Cox, M.D. '51	Mr. & Mrs. Lawrence A. Polimeno
Mr. Barry F. Cronin '80	Mr. John P. Reid '48
Mr. Robert H. Crosby '58	Mr. Larry E. Richard '73
Miss Marion L. Crowley	Mr. & Mrs. Thomas P. Riley '75
Mr. & Mrs. Thomas J. DeSimone '68	Mr. John A. Roberts, Jr. '56
Mrs. Amy R. Dittrich	Mrs. Doris Rogalski
Mr. & Mrs. Edward F. Donahue	Mr. George E. Shea '63
Mr. Rene A. Durand '65	Rev. Leo B. Shea '56
Mr. Edward J. Fleming, III '48	Mr. Paul V. Short '51
Mr. Michael G. Goggin '85	Edward P. Sirois, MD '50
Mr. Robert A. Greenberg '74	Mr. Robert L. Smith '69
Mr. Mark R. Gudaitis '84	Mr. James J. Sullivan '56
Mr. W. Brian Harrigan '72	Dr. & Mrs. John D. Sullivan '84
Mr. & Mrs. John S. Hart '61	Mr. Russell E. Taskey, Jr.
Mr. Paul L. Hennessey '52	Mr. John C. Toto '83
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Mr. David W. Ives '75 & Ms. Pamela Burch	Mr. Michael J. Walor FAC
Mr. William A. Killen '59	Richard M. Warren, M.D. '61
Mr. John G. King '60	Mr. Joseph E. White '60
Mr. Paul E. Laski '55	Mr. Hugh E. Williams '67
	Mr. Alexander P. Ziolkowski '58
	Anonymous (2)

If you have made estate plans that include St. John's, we hope you will let us know so that we can add your name to this list. Please contact Debra Marino at 978.624.1458 or dmarino@stjohnsprep.org.



ST. JOHN'S PREP

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Danvers, Massachusetts
01923

www.stjohnsprep.org

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Celebrating the Spirit of Philanthropy at St. John's Prep

Headmaster's Reception | Tuesday, October 7, 2014
Peabody Essex Museum in Salem

All members of the 1907 Society, the Prep's planned giving recognition society, are invited to join us for an evening celebrating the generosity of the many donors who support St. John's.

If you are not currently a member of the 1907 Society but have included St. John's in your estate planning, please notify Debra Marino, Managing Director of Development, at 978.624.1458 or dmarino@stjohnsprep.org so that we can be sure to include you on the invitation list. We look forward to this special evening.