

## St. Mary Legacy Society Established by Medical Center Board

**S**ince the founding of St. Mary Medical Center in 1973, charitable support from our community members has been the backbone of the organization. This support has helped make St. Mary one of the nation's top 100 hospitals for the second consecutive year.

In 1989, St. Mary established the St. Mary Medical Center Foundation as the fundraising organization to raise charitable support for emergent technologies, cutting-edge equipment, and care for the poor and underserved.

Since the Foundation's inception, community members have given 53,000 gifts totaling over \$15,000,000. This is remarkable success for such a short period of time. Over that same period of time, eighteen of our friends made planned gifts through their wills or charitable remainder trusts. This important source of support provided over \$600,000 for services to the community. Although the number of planned gifts is small, the average size of a planned gift is \$33,000, or more than 100 times the size of the average individual's annual gift, which is in line with national trends.

Recognizing the critical nature of planned gifts for the future of the Medical Center, the Board of Directors founded the St. Mary Legacy Society in September 2004. This new society recognizes our friends who remember St. Mary through their will, trust, beneficiary designation form, or by funding a life income gift such as a charitable gift annuity.

In the first month, over half of our Board of Directors joined this circle of friends. You, too, can become a charter member of the Legacy Society by returning a completed Legacy Intention Form to the Foundation by June 30, 2005. This is an exciting time for the future growth of St. Mary. By remembering the Medical Center



St. Mary Legacy Society's oldest member, Frances Chilson, born in 1904, holds one of the newest members of the community, David Janney, born in 2004.

in your estate planning, you will help ensure the same excellence in health care for which St. Mary is renowned for future generations. For more information on becoming a charter member of the St. Mary Legacy Society, contact Dr. Scott Janney at 215.710.2719 or [Scott@StMaryFoundation.org](mailto:Scott@StMaryFoundation.org).

### BETWEEN THE LINES

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# A Smart Way to Fund Your Bequest

Christine G. Pronek, CPA  
WithumSmith+Brown, PC

**F**riends of St. Mary who are interested in including a charitable bequest to St. Mary in their will should consider using retirement assets such as IRAs and qualified retirement plans to fund their bequest. Why? Because retirement assets are Income in Respect of a Decedent (IRD) assets.

## What are IRD Assets and What are the Benefits of Bequeathing Them to Charity?

An IRD asset is one that if received by the individual prior to his/her death, would have been taxable income. These assets carry a double tax hit—they are subject to estate tax upon the passing of the individual and also subject to income tax when the plan assets are distributed to the beneficiary. (The IRS allows for an itemized deduction based on the estate tax that was attributable to the retirement asset, but this only partially offsets the income tax.)

- Since St. Mary Medical Center is a nonprofit organization, no income tax is due on the distribution of the retirement assets as a bequest to St. Mary.
- The estate also avoids the estate tax on the retirement assets due to the offsetting estate tax charitable deduction.

On the other hand, if you leave an IRD asset to an individual, the federal income taxes plus federal estate taxes can add up to as much as two thirds of the asset (based on paying the current highest estate rate of 48% and the current highest individual rate of 35% on the balance). State income and inheritance taxes may further diminish the value of an IRD gift to an individual. This is why many individuals use retirement assets to fund charitable contributions while using their non-IRD assets to fund bequests to individuals.

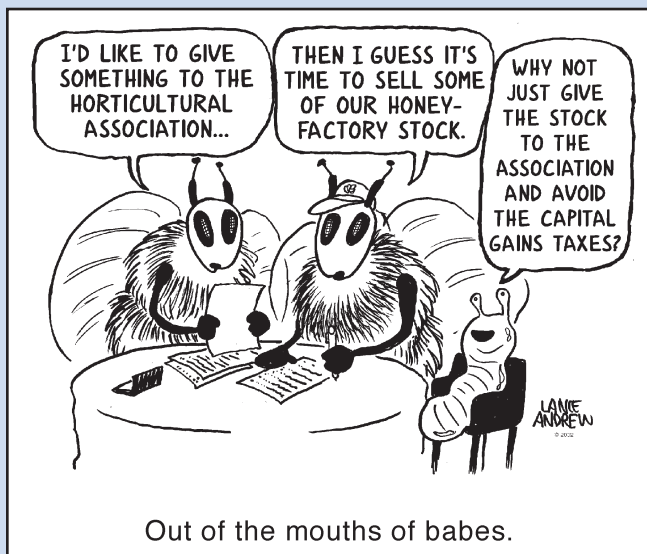
Because retirement plans and IRAs are contract assets, they usually do not pass to heirs through the will. You need to indicate St. Mary on the beneficiary designation form provided by your plan custodian. For married individuals, check with the plan custodian to see if the beneficiary must

## LINER NOTES



The vans we announced in the last issue of Legacy Lines have been purchased and are now assisting patients and their families as they travel between their cars and the hospital and medical office building.

We now have a full contingent of volunteers to drive one of the two vans. (Pictured: Volunteer Larry Hauler of Richboro) We hope to have drivers for both vans so they can circle the facilities, especially during inclement weather. If you would like to volunteer for this new service, please contact Lillian Schonewolf, Director of Volunteer Services, at 215.710.2096 or [Lil@StMaryFoundation.org](mailto:Lil@StMaryFoundation.org).



be the surviving spouse unless the spouse has executed a written waiver disclaiming his/her rights to the plan assets.

## Flexibility in Making an IRD Bequest

If you are interested in bequeathing IRD assets to St. Mary but are concerned that leaving the entire retirement asset to St. Mary will not leave enough estate assets for your other heirs, there are options available to ease your concerns.

- You can name St. Mary as a co-beneficiary of the IRA and split the asset among several beneficiaries by indicating such on the beneficiary designation form. It is important to note that if this is done, the portion of the retirement asset left to any charitable organization needs to be distributed by September 30th of the year following the year in which the individual passed away to prevent impacting the life expectancy distribution options of the individual beneficiaries.
- Since your spouse may be counting on your retirement assets for lifelong support, you can name your spouse as the primary beneficiary and name St. Mary as the contingent beneficiary of your IRD asset. In fact, federal law requires that the assets of some qualified plans must be left to the surviving spouse unless the spouse has executed a written waiver of his/her rights to the plan assets. (The plan document should be consulted.) If your spouse disclaims the asset, with St. Mary being listed as the contingent beneficiary, it will automatically pass to St. Mary.
- Whether you are married or not, you can make your charitable intent known to your primary beneficiary while naming St. Mary as a contingent beneficiary. By doing this, your primary beneficiary has the option of disclaiming the asset after you have passed thereby allowing it to go to the charity while still retaining the same tax benefits discussed earlier. This also allows the decision of bequeathing money to charity to be made at a point in time when the entire value of the gross estate available to non-charitable heirs is known.

## Further Steps

There are several means by which you can donate retirement assets to St. Mary and save estate and income taxes. For further information, contact Dr. Scott Janney, at 215.710.2719 or [Scott@StMaryFoundation.org](mailto:Scott@StMaryFoundation.org).

*Christine G. Pronek, CPA, is a member of the St. Mary Medical Center Planned Giving Advisory Council. She is a graduate of Quinnipiac College and a Director of Tax at WithumSmith+Brown, PC, whose areas of expertise include estate, gift, and trust taxation; estate planning; and business and individual taxes.*

This publication is for informational purposes only. It does not provide legal, accounting, investment or other professional services. Please seek professional advice before engaging in any such services.

## Four Reasons to Start Your Bequest with a Charitable Gift Annuity

Whether your will includes St. Mary or not, we want you to know some of the advantages of making a legacy gift now with a Charitable Gift Annuity (CGA).

### 1. Get a Great Rate Immediately

SINGLE-LIFE ANNUITY	AGE	RATE	TWO-LIFE ANNUITY	AGE	RATE
	70	6.5%		70 & 72	6.0%
	75	7.1%		75 & 77	6.4%
	80	8.0%		80 & 82	7.1%
	85	9.5%		85 & 87	8.1%
	90	11.3%		90 & 92	9.6%

### 2. Immediately Lower Your Taxes

A portion of the money you use to fund a St. Mary gift annuity qualifies for an income tax charitable deduction (\$4,750 on a \$10,000 gift annuity for the 80-year-old above, or \$5,643 for the 90-year-old above). Making that gift now instead of through your estate may be a tax-wise idea worth considering.

### 3. Stabilize Your Retirement Now

Since CGA payments are fixed, you will receive the identical monthly, quarterly, semiannual, or annual payments. No need to guess or worry about the ups and downs of the financial markets. Your CGA can help you diversify and stabilize your retirement income.

### 4. Enjoy Your Giving Now

Unlike a testamentary gift, your St. Mary CGA will give you the satisfaction of making a major contribution to the work of St. Mary Medical Center right away.

Why miss out on the joy of giving now? Receive your confidential quote by returning the enclosed response card, calling Dr. Scott Janney at 215.710.2719, or visiting our web site [www.StMaryFoundation.org](http://www.StMaryFoundation.org).

Dear Friend,

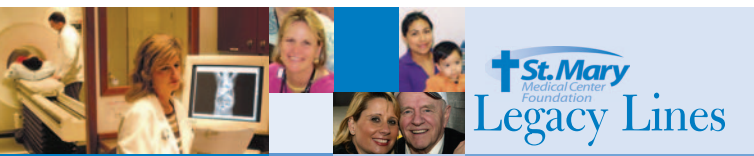
Thank you for taking the time to look through this issue of *Legacy Lines*. We hope you find the articles helpful as you consider your financial and charitable planning. Our Medical Center staff takes pride in the exceptional service we offer all members of our community. In this issue, we are pleased to recognize the generous, forward-thinking people who are providing for the future of healthcare in Bucks County through their founding gifts to the **St. Mary Legacy Society**. Members of our Board of Directors, Planned Giving Advisory Council and staff, along with grateful patients and families, are building a legacy of future support by signing on as charter members.



We invite you to join this circle of friends as a charter member by filling out a bequest intention by June 30, 2005. Please consider building a legacy through your IRA, qualified retirement account, life insurance policy, charitable gift annuity, or will.

Sincerely,

DR. SCOTT R. P. JANNEY, CFRE  
DIRECTOR OF PLANNED GIVING  
PHONE: 215.710.2719 FAX: 215.710.5971



A Financial and Charitable Planning Guide for Friends of St. Mary Medical Center  
St. Mary Medical Center Foundation 1201 Langhorne-Newtown Road Langhorne, PA 19047

St. Mary Medical Center Foundation  
Planned Giving Advisory Council, January 2005

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| Eileen Mitchell Brackup, Esquire<br>CURTIN & HEEFNER LLP | Charles G. Lewis<br>ST. MARY MEDICAL CENTER FOUNDATION           |
| Joseph Conroy, MD<br>ST. MARY MEDICAL CENTER             | Amy S. Millman<br>MELLON PRIVATE WEALTH MANAGEMENT               |
| Lynn Evans, Esquire<br>BEGLEY, CARLIN & MANDIO           | Vince Mitchell, CLU, ChFC<br>JOHN HANCOCK LIFE INSURANCE COMPANY |
| John Gilbert, CPA<br>GILBERT, WILSON & HUNTER            | Stacie E. Morena<br>UNIVEST FOUNDATION                           |
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| Scott Janney, EdD<br>ST. MARY MEDICAL CENTER FOUNDATION  | Christine G. Pronek, CPA<br>WITHUMSMITH + BROWN, PC              |
| Edwin T. Johnson   | Lewis Schwartz, CPA<br>LMS FINANCIAL SERVICES                    |
| R. Kimball Leiser  | Edward P. Scull<br>WACHOVIA SECURITIES                           |
| Steven C. Levitt, Esquire<br>FOX ROTHSCHILD LLP          | Sidney Yates, Esquire<br>STUCKERT & YATES                        |

All donations to the St. Mary Medical Center Foundation go toward improving the health and well-being of our community and support health and social services programs aimed at taking care of the most needy. The Foundation is a tax exempt 501(c)(3) organization. All donations are tax deductible to the full extent allowed by law.

# St. Mary Legacy Society Members

## FOUNDING MEMBERS

*Those who completed estate gifts before the St. Mary Legacy Society was founded:*

- Mrs. Ruth M. Aufschlag
- Ms. Harriet J. Davis
- Mr. Donald D. Denton
- Mr. Frank T. Dixon
- The Rev. George V. Dougherty
- Dr. and Mrs. Victor B. Ellin
- Ms. Betty Flack
- Mr. Charles W. Fleming
- Ms. Alice E. Ford
- Mr. James J. Healy
- Mr. Arthur Krebs
- Mrs. Emily Mather
- Mrs. Helen D. Morris
- Miss Isabel Nixon
- Mr. George E. Poorman
- Ms. Catherine J. Reilly
- Ms. Jean K. Simmons
- Ms. Colette K. Stover

## CHARTER MEMBERS

*Those with existing life income gifts or estate plans that benefit St. Mary Medical Center.  
(Charter membership is open through June 30, 2005.)*

- Dr. and Mrs. Alan B. Brackup\* ♦
- Mr. and Mrs. Todd Buch\*
- Mrs. Frances Chilson
- Dr. and Mrs. Joseph V. Conroy\* ♦
- Mr. and Mrs. Christopher Gigliotti, Sr.
- Mr. and Mrs. Ronald Gigliotti \*
- Miss Virginia M. Guarino
- Mr. and Mrs. Frank Guarrieri\*
- Drs. Scott and Rebecca Janney ♦
- Mr. and Mrs. Edwin T. Johnson ♦
- Mr. Paul M. Kochis and Mrs. Amy S. Millman ♦
- Mr. R. Kimball Leiser and Mrs. Judith A. Marsh ♦
- Mr. and Mrs. Charles G. Lewis ♦
- Mr. James J. McCaffrey, III\*
- Mr. and Mrs. Frank J. McGill\*
- Mr. Robert A. Ritter
- Mr. and Mrs. Edward P. Scull\* ♦
- Mr. and Mrs. John W. Smithson\*
- Mr. Manuel Tatarsky
- Mr. and Mrs. Michael L. Wert\*

*\*Current Board members  
♦Planned Giving Advisory Council members  
List as of November 30, 2004*