



Community Care



Jaylen, a Mercy Home alumnus, has his eyes set on a future filled with possibilities.

When Jaylen first moved into Mercy Home, it was after experiencing a period of homelessness. At the time, he saw our residential care as the safe shelter he needed. But now, nearly five years later, this hardworking young man can see just how much he gained from his time at Mercy Home—from the guidance he needed to get his life back on track, to the resources he used to build a plan for his future.

Now gainfully employed and practicing his drawing skills in his spare time, Jaylen isn't shy about the role Mercy Home has played in his life's journey. Below, in his own words, he opens up about the life-changing support he found in our care, and the personal goals he has his sights set on next.

The Support System He Needed

"I just recently came back into contact with Mercy Home, after moving out of residential care in 2019. The Community Care program (which provides ongoing resources for former residents) has been such a great amount of help. They paired me with a therapist, who is walking me through the ups and downs of my different emotions, and helping me understand how some of my actions were having a negative ripple effect on my life.

Mercy Home has been with me the entire step of the way throughout my employment journey. If I ever had an issue, they were always there making sure that I had the help I needed. Mercy Home helped me get a job at PepsiCo where I work in the warehouse. They have just been a great support system."

The Lessons That Serve Him

"Right now my big goal in life is to maintain financial stability. I'm doing this by leaning on what I learned at Mercy Home—and getting help from my therapist to keep myself grounded and not let my emotions lead me. My therapist has been such a big help in so many ways."

Dreams for Tomorrow

"Other than financial stability, it's always been a dream of mine to get married and start a family. I am planning on taking real estate classes because I want to manage property one day and own my own home. Even though it would be years out, I'm thinking about acquiring the skills I need to maintain a family and a marriage."

Jaylen has come a long way since his first days at Mercy Home, and he knows his achievements are made possible in part by good friends like you. Your steadfast support provides young people like Jaylen the life-changing resources they need. Our Mercy Home family is forever grateful for all you do.



Phillip Zielinski
Director of Philanthropy

Mercy Home's Philanthropy team can help you to change a child's life while continuing to care for the needs of yourself and your family. Their areas of expertise include:



Beth Lye
Associate Director,
Philanthropy

- Working with families to identify and achieve financial and giving goals.
- Taking a personal and holistic approach, understanding that your plan is uniquely yours.



Louise Borosak
Philanthropic Advisor

- Reducing your tax burden through charitable giving.
- Maximizing your impact on the people and charities closest to your heart.



Adrienne Walsh
Philanthropic Advisor

While we are commonly known as Mercy Home for Boys & Girls, our legal name is Mission of Our Lady of Mercy, Inc. and our Tax ID Number is 36-2171726.

Do not hesitate to contact us at 1-800-378-8266 or plannedgift@mercyhome.org with specific questions, or simply to start a conversation.

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THE Herald

For more information visit us at MercyHome.org/PlannedGiving

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This publication is prepared exclusively for the information of our friends and donors. Its purpose is to point out current tax developments which may be helpful in your tax and financial planning. This material is based on recent court decisions and current laws and regulations. You should, of course, consult your own legal, tax or financial planner as to the applicability of any item to your own situation.



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As I've grown older, I have learned to appreciate the change of seasons more than ever. This slow transition from winter to spring often goes by without notice. Before we know it, the world around us is lush and green, and we have missed the small wonders the shifting seasons bring—like the first shoots of daffodils or the first spring rain.

Change can be a tricky, sometimes unwelcome thing. But of course, there are times when change—like the slow arrival of spring—can surprise us in the most remarkable ways. I hope this issue of The Herald can do just that for you.

In these pages, our Philanthropy team is pleased to share details about one such exciting change—a new federal law that will help retirees safeguard, and even grow, their savings. Turn the page to learn about the SECURE 2.0 act,

and how you can continue your support of Mercy Home, while also receiving up to \$50,000 in tax incentives along with a steady, reliable income stream in return.

As you read through this edition, we will also introduce you to Jaylen, a former Mercy Home resident who is working toward a strong and self-reliant future, thanks to good folks like you. No matter where their dreams take them, our young people know that they always have a loving family here at Mercy Home. And like any family, we take pride in our young people's accomplishments and delight in the chance to share their good news with you—the generous friends that have helped fuel their dreams for a brighter future.

And so, it is with a grateful heart that I wish you a springtime full of awe and wonder. May you marvel in the miracles a new season offers, and find the same hope and comfort that your friendship brings to all of us here at Mercy Home.

If you would like to be featured in an upcoming issue of The Herald, please reach out to the Philanthropy Team at 1-800-378-8266, or complete the response card enclosed with this issue.

Blessings,

Fr. Scott

Fr. Scott Donahue





New Tax Law Includes Potential \$50,000 Gift to Retirees

We've seen some big changes to Federal Tax Laws in the past few years, and 2023 will continue this trend. The most recent changes come from the "SECURE Act 2.0," which took effect on January 1 of this year.

The new law marks Congress' most recent step toward making retirement savings and security more accessible for U.S. households, and contains dozens of provisions related to retirement planning across generations.

In a nutshell, SECURE 2.0 attempts to:

1. **Increase access to retirement plans**
(for those who are not yet saving)
2. **Help save more money for retirement**
(for those who already have a retirement plan)
3. **Preserve retirement savings and income**
(for those who are already retired)

There's a lot in this new law, so we won't go through it all here. Instead, let's focus on how the new rules might help those who find themselves in category #3 above: retirees who would like to preserve (and grow) their nest egg, while continuing to support their favorite charities.

Specifically, let's look at how SECURE 2.0 provides a substantial gift for those who'd like to support a charity like Mercy Home—up to \$50,000 in tax incentives and future payments!

One Gift, Two Planning Strategies

Let's cut to the chase: The new rules allow you—for the first time—to use your IRA to fund a charitable gift annuity. This means you could take an asset that would normally increase your taxable income each year (the Required Minimum Distribution from your IRA), and use it to fund a gift annuity to a charity like Mercy Home instead.

Then, through the annuity, Mercy Home would pay you back at a guaranteed fixed rate—up to 10%—over the remainder of your lifetime.

This means that with a simple phone call, you can:

1. **Lower your taxable income (by up to \$50,000)**
2. **Receive guaranteed payments for the remainder of your life, and**
3. **Help build a brighter future for kids at Mercy Home!**

Essentially, this new method merges two tried-and-true gift planning strategies to form a single charitable gift (and allows you to reap all the tax benefits for yourself). Rather than a choice between using your IRA for charitable gifts (known as the Qualified Charitable Distribution, or "QCD" method), or receiving payments back from a Life Income Plan (known as a Charitable Gift Annuity, or "CGA"), the new law allows you to have the best of both worlds.

You can now use your Required Minimum Distribution (RMD) from your IRA to directly fund a Charitable Gift Annuity. With inflation still hovering at historic highs, and annuity rates following suit, now is a great time to take advantage of this new strategy.

While tax benefits are rarely the primary consideration when making a charitable gift, the advantages of SECURE 2.0 may inform how—and how much—you can give. Because everyone's financial situation is different, it's always best to reach out to your tax advisor to discuss whether this new strategy could benefit you and your family.

We will continue to provide guidance on how these new laws effect your charitable giving in the pages of The Herald. And of course, if you have any questions, please reach out at any time.

Why does the Secure Act 2.0 matter to seniors?

- The new tax law is a boon to middle-income seniors who would like a lifetime income and want to help charitable causes like Mercy Home
- It helps seniors who may be worried about potential expenses in the future (e.g., inflation, higher cost of living increases, healthcare expenses, etc.)
- The new rules help seniors regardless of itemizing status, because using the gift planning method described above will decrease your taxable income.

What Does the SECURE Act 2.0 Mean for Me?

If you are over age 70 ½, the new tax law allows you to make a Qualified Charitable Distribution (QCD) from your retirement plan in exchange for a Charitable Gift Annuity (CGA).

Things to keep in mind:

- You may fund an annuity with your IRA any time after you turn 70 ½ years old
- You can only make this election in one tax year in your lifetime (so choose wisely)
- There is an aggregate limit of \$50,000 in the year you choose this method
- While this is a tax-free withdrawal that counts toward your RMD in the year it's taken, the annuity payments to you will still be taxed
- Only you and/or your spouse may receive payments from the annuity



Typically, this space is reserved to feature a personal story about a member of Mercy Home's Archangel Society—good friends who have made a legacy gift commitment to our young people by remembering Mercy Home in their estate plans.

However, because the gift planning options from the SECURE Act 2.0 are brand new in 2023, no one has yet had the chance to take advantage of them. So, to illustrate how this might work for you or a loved one, we'd like to use an example of "Martha," and how using the new tax laws will allow her to fund a charitable gift annuity from her IRA.

"Martha" has been a friend of Mercy Home for many years, and thinks of these kids as her own family. She is 81 years old, and is getting ready to withdraw her Required Minimum Distribution (RMD) from her IRA in a few months. She knows that she'll need to take out a little more than \$50,000 in order to satisfy her RMD this year.

Martha has minimal expenses and some other income sources, so doesn't really need the money from her IRA each year. Instead, she typically uses the Qualified Charitable Distribution (QCD) method to send donations directly to her favorite charities, including Mercy Home. (She doesn't itemize deductions on her income taxes, so this is the best way for

her to lower her tax bill). Martha is worried about inflation and rising expenses, but she also knows that the **tax laws have changed in her favor** this year. She'd like to take advantage by using her RMD to **fund a Charitable Gift Annuity (CGA)**.

Martha calls her IRA custodian and directs him to send the full \$50,000 to Mercy Home, in exchange for a new charitable gift annuity. This will fulfill her RMD requirement for the year, and **she'll receive \$338 per month—guaranteed—for the rest of her life**. And best of all, she'll have the knowledge that her gift has helped to create a bright future for the young people at Mercy Home!