

# LOYOLA LEGACY

GIFT PLANNING OPTIONS FOR YOU

SPRING/SUMMER 2020



## LEARN ABOUT NEW IRA RULES

The Secure Every Community Up for Retirement Enhancement (SECURE) Act was recently signed into law and became effective January 1, 2020. This new legislation creates some of the most significant changes to retirement plan rules in over a decade. In this issue, learn how the SECURE Act may affect your retirement plans, your charitable giving, and the named beneficiaries of your IRA.



## DONOR PROFILE

# ALUMNA SHOWS GRATITUDE FOR HER EDUCATIONAL JOURNEY

CELESTE SULLIVAN



**C**eleste Sullivan (BBA '81, MA '95, CERT [Spanish Literature] '00, MPS '01), has had an enriching life journey through her education, spiritual development and career.

Today, Celeste, who regularly attends Mass at Madonna della Strada, is in a position to be generous with Loyola and her large extended family. For the past two years, she has designated an IRA-rollover to Loyola, splitting her gift among the Gannon Center for Women and Leadership, Arrupe College and Madonna della Strada Chapel.

"I am grateful to Mundelein and Loyola for a wonderful life," she said.

The oldest of five children and the first to attend college, Celeste began her freshman year at Mundelein College as a theater major in September 1963. Not realizing the difficulty of balancing academics and work, she struggled. In December 1963, she left Mundelein before taking her final exams. As she still wanted to go to college, she enrolled at Wright Junior College and continued working.

When her friend Mercedes encouraged her to study in Mexico City, she agreed. "I alternated working at a Chicago law firm and saving enough money for classes in Mexico City. My back-and-forth travels allowed me to study Spanish, meet new people, and experience the Mexican culture."

"After returning from Mexico, my boss encouraged me to go back to college. So, I enrolled in evening classes at Loyola's University College

and received the Otto Lehman Scholarship twice."

In 1990, Celeste decided to return to Mundelein for a master's in liberal studies and met with Sister Jean Dolores Schmidt, BVM. Celeste's file confirmed that her withdrawal from Mundelein in 1963 was due to financial reasons and not a personal failure. "Sister Jean was very kind and enabled me to experience an academic resurrection! Miracles do happen! In addition, the law firm's tuition reimbursement program paid for my MLS degree."

In 2000, Celeste earned a certificate in Spanish literature from Loyola.

In 2001, Celeste graduated from the Institute of Pastoral Studies with a master's in pastoral studies.

"When I came to Mundelein in 1963, my parents were not in a position to financially support me. In the course of my educational odyssey, many people did, including my parents, my bosses, my friends and many people at Mundelein and Loyola, for which I am extremely grateful."

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## May we include you?

Many of our alumni and friends have included Loyola in their wills. Please fill out and return the enclosed card for more information, or to let us know that you have already included Loyola in your plans.

**PHONE:** 312.915.6804

**E-MAIL:** [giftplanning@LUC.edu](mailto:giftplanning@LUC.edu)

**ONLINE:** [LUC.edu/shield](http://LUC.edu/shield)



## THE SECURE ACT CHANGES IRA RULES

**O**n January 1, 2020, the SECURE Act went into effect. Below are some of the changes to IRA distributions and inheritances.

### **RMD rules change, but QCD rules stay the same**

You can now delay taking your IRA required minimum distributions (RMD) from your IRA until age 72. However, you can still begin making qualified charitable distributions (QCD) at age 70½. The SECURE Act also allows an IRA owner to contribute to a traditional IRA beyond age 70½. Please talk to your IRA custodian about the RMD rules if you are 70½ - 72 and have already begun taking your required minimum distributions.

### **No more new stretches for children or grandchildren**

Under the old law, a person who inherited an IRA could “stretch” required distributions over his/her lifetime. This allowed an inherited IRA to continue growing tax-free over the lifetime of the person who received it. For example, previously an IRA owner could leave her IRA to a 19-year-old grandchild who could stretch out withdrawals from the IRA for the rest of the grandchild’s lifetime, about 64 years according to IRS life expectancy tables. Under the new rules, that grandchild will now have just 10 years, or by age 29,

## Required Minimum Distributions on \$100,000 Inherited IRA for 19-year-old

### BEFORE SECURE ACT

YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 10
<b>REQUIRED MINIMUM DISTRIBUTION</b>				
\$1,562.50	\$1,609.38	\$1,657.66	\$1,707.39	\$2,038.71
<b>REMAINING IN IRA</b>				
\$101,390.63	\$102,774.68	\$104,150.53	\$105,516.43	\$113,392.91

### AFTER SECURE ACT

YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 10
<b>REQUIRED MINIMUM DISTRIBUTION</b>				
\$10,000	\$10,300	\$10,609	\$10,927.27	\$13,047.73
<b>REMAINING IN IRA</b>				
\$92,700	\$84,872	\$76,490.89	\$67,530.53	\$0

\* Assumes a 3% return on investment of the IRA

to distribute the whole inherited IRA. In total, that grandchild would have to take required minimum distributions totaling \$114,638.79 over 10 years, and that grandchild will have to pay income taxes on those distributions in that 10-year period.

Married spouses, minor children

and heirs who are less than 10 years younger than the original owner of the IRA, however, may be able to stretch payments over their lifetimes. However, if you have already inherited an IRA and the original owner passed away before December 31, 2019, then you can still stretch payments over your lifetime.

## IRA CHARITABLE GIFT ROLLOVER

You can still make an IRA rollover gift to charity starting at age 70½, even though you do not have to take a required minimum distribution until age 72. To make a gift from your IRA to Loyola, contact your IRA custodian and ask that a contribution (not to exceed \$100,000) be sent directly from your IRA to Loyola. Then, let the Office of Gift Planning know that your gift is on its way by calling us at 312.915.6804, toll-free at 800.424.1513, or send an email to [giftplanning@LUC.edu](mailto:giftplanning@LUC.edu).



## Another way to stretch

One way to still pass along a lifetime of income to a child or grandchild is to name a testamentary charitable remainder trust (CRT) or a testamentary charitable gift annuity (CGA) as the beneficiary of your IRA. The testamentary trust or gift annuity can then use the proceeds from an inherited IRA to provide payments for one or two lifetimes or up to a term of 20 years. At the end of the 20 years or the heirs' lives, the amount that remains in the trust or the gift annuity can go to a charity, like Loyola University Chicago, where it can fund a named scholarship or many other programs that benefit students, faculty, and the whole Loyola community.

## NEXT STEPS:

**1 REVIEW** your IRA beneficiaries and consider making changes if any beneficiary is not a spouse and/or is 10+ years younger than you.

**2 TALK** to your IRA custodian or financial advisor to find out options you may have for those inheriting your IRAs.

**3 TALK** to your beneficiaries about the tax consequences of possibly having to take the required minimum distributions over 10 years if necessary.

**4 CONTACT** Loyola's Office of Gift Planning to learn how a testamentary charitable remainder trust or a testamentary charitable gift annuity could work as part of your estate plans.



## SECURE FUTURE INCOME

- **Request your complimentary copy of our charitable remainder trust and/or gift annuity white papers to learn more about how these planned gifts may benefit you, your loved ones, and Loyola.**
- **Call the Office of Gift Planning at 312.915.6804**
- **Request information online at [LUC.edu/lifeincomegifts](https://LUC.edu/lifeincomegifts)**
- **E-mail [giftplanning@LUC.edu](mailto:giftplanning@LUC.edu)**



## Ready to help

When you have questions about making a gift to Loyola University Chicago, the Gift Planning team is ready to help. We welcome the opportunity to answer your questions. Please call or write us!

To browse more resources and get current advice to help in your estate planning, visit our website at:

**[LUC.edu/giftplanning](https://luc.edu/giftplanning)**

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*Loyola Legacy* is published by the Office of Gift Planning at Loyola University Chicago on a periodic basis. This publication illustrates general concepts and ideas in tax and estate planning. The articles are not intended as legal services or advice. You should consult with competent tax and legal professionals as to the applicability of any items to your personal situation.

**LOYOLA UNIVERSITY CHICAGO**

*On the cover: Cudahy Hall in the spring.*



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