

### Example of a Bequest

Mrs. May MacDonald leaves a \$300,000 cash bequest to the Diocese for the Growth For Ministry Fund. Her total net income reported on the terminal tax return is \$200,000 and the net income the preceding year was \$150,000. Her will provided for no other charitable bequest, and she had completed no charitable gifts during the final two years of life.

Bequest	\$300,000
Amount creditable on final return (100% x \$200,000 net income)	\$200,000
Amount of credit carry-back	\$100,000
Amount creditable on return of the preceding year (within the allowable limit of 100% x \$150,000)	\$100,000
Total amount of bequest creditable	\$300,000

As a result of the charitable bequest, income tax on the terminal return is totally eliminated, and income tax on the amended return for the previous year is substantially reduced. Thus, the \$300,000 charitable bequest reduces the legacy for May's remaining heirs by far less than the \$300,000.

For information or confidential assistance please do not hesitate to contact the Planned Giving consultant at: