

Immaculate Conception
Catholic Education & Activity Center
Bond Financing Presentation

Dates: April 29, 6:30 pm
April 30, 7:00 pm



CEAC Financing Overview

- Bank Financing \$6.625M, 3.95% interest
- Diocese Financing \$3.000M, 5.50% interest
- Endowment \$750,000
 - Collateral bonds \$125,000, 4.75% interest
 - Unsecured note \$625,000, 2.25% interest
- Donations (9/2017) \$1.45M
- Total Project \$11.825M
(Excluding interest)

Bonds available to purchase from Diocese

- \$3.0M initially available
- Bond (B) Structure - Collateral in line after bank
- Minimum Purchase \$1,000
- 5.50% interest paid semiannually (March 15 & September 15), accrued interest due with purchase
- Term 25 years (no principal repayment required during term)
- Non-callable for 5 years
- Numbered and registered - marketable only to IC friends
- Priced at cost (bonds do not fluctuate with interest rates)

Bond Purchase Contacts

- Available currently only through Fidelity
- Keith Huels, IC Business Manager, will be initial contact for interested purchasers
- Leslie Ferrone, Senior Wealth Advisor, Sapphire Wealth Management (Advisory Services offered through Sowell Management Services, a registered investment adviser)
 - Office: (630)478-9785
 - Fax: (630)592-8788
 - Leslie@mysapphirewm.com
 - Six years experience selling parish bonds, including Herrin
 - Will discuss and screen potential bond customers per fiduciary responsibility
 - Will handle all paperwork via electronic communication
 - Establishing Fidelity account, asset transfer, management fee



Bond Purchase Options

- Bonds can be purchased in a Fidelity retirement or non-retirement account
- Interest can be accumulated or paid out
- Reinvested interest can be invested in any asset available through Leslie (other companies, mutual funds, EFT's, etc.)

Bond Expenses

- There is a 0.25% annual advisor fee paid monthly in advance to Leslie to complete the paperwork and manage the account
 - Example: Purchase \$50,000 bonds, annual fee \$125
 - Fees can be deducted from interest earned or paid separately

Bond Purchase Example

- Purchase \$50,000 on June 1, 2018
- Annual interest @ 5.50% - \$2,750
 - Interest accrued from March 15 to June 1 - \$573
- Annual Advisor Fee - \$50,000 @ \$125
 - Paid in advance from June 1 to Sept. 15 - \$36.50
- Cash required at purchase:

– Bonds	\$50,000.00
– Accrued interest	573.00
– Advisor fee	36.50
– Total	\$50,609.50

Bond Interest

- Interest earned by a non-retirement account is taxable regardless of whether it's distributed out
- Interest in an IRA accumulates tax free until distributed
- Interest distributed from a traditional IRA is taxable
- Interest distributed from a traditional IRA account is taxable with 10% penalty if less than 59 ½ years of age
- Interest distributed from an IRA over 70 ½ years of age can be tax free if donated to Immaculate Conception

Personal Data Required

- Purchasers:
 - Legal name, address, phone, email, date of birth and Social Security (SS) #
- Beneficiaries:
 - Legal name, address, date of birth and SS#
- Name, address, account number and copy of statement from current custodian if funds will be transferred (not writing a check)
- Company data if associated with FINRA (financial advisor, broker, etc.)

CEAC Considerations

- Help fill our pledge gap!
- Parishioners can participate in the financing and earn interest
- Donate bond interest and/or principal

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Gift (& Tax) Considerations

- Donate all or partial interest
- Donate bond investment
 - Portion annually
 - Charitable trusts (irrevocable)
 - Retain calculated interest for living expenses and donate remaining principal (for tax deduction)
- Consider naming the parish as a beneficiary of the bond in your will or trust, or directly as the pay on death (POD) beneficiary in the event of your death

CEAC Bond Key Takeaways

- Parish Bonds are for sale in \$1000 denominations paying 5.5% for 25 years
- Must be held in a Fidelity account. Keith and Leslie will help you fill out the paperwork to open and transfer assets.
- Interest paid March 15 and Sept 15. Lots of options on what you can do with interest including donating a portion of it back to the parish.
- Consider forgiving bond interest or repayment to lower long term debt of parish and reduce interest costs

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Questions?

