CASE STUDY

Meet David

David is a hypothetical parent and longtime supporter of Providence Classical Christian School. He has approximately $500,000 in an existing retirement account and desires to support the school while keeping his retirement savings invested.

Rather than withdrawing money from his IRA, David works with a self-directed IRA custodian to direct $50,000 of his IRA assets into the Providence loan facilitated through Semble. The investment is held in the name of his IRA—not in his personal name.

Because the funds remain within his IRA, the transaction generally does not create an early-withdrawal penalty or an immediate taxable distribution. David's remaining $450,000 stays invested in his other retirement assets.

David's IRA receives quarterly distributions consisting of interest and principal payments. Those payments are returned directly to his IRA, where they retain their retirement-account status. At the end of the loan term, any remaining principal is also returned to his IRA.

A Greater Impact

Providence has a unique opportunity that makes David's participation particularly meaningful**. A generous benefactor agreed to make a $1 charitable gift to Providence for every $1 invested in the Semble loan program.** Because of this, David's $50,000 investment generates a $50,000 charitable gift to Providence.

David's $50,000 remains an investment held by his IRA, while the matching $50,000 is a charitable gift to Providence. Together, David's decision puts $100,000 to work for the benefit of the school.

When combined with the participation of other Providence families and supporters, the overall financing strategy is expected to have a significant impact on the school's financial health:

- Reduce the principal balance of Providence's existing loan by approximately one-third
- Reduce Providence's monthly loan payment by more than half
- Free up substantial cash flow that can be directed toward Providence's students, teachers, programs, and mission

The impact is significant:

- **For David:** By allocating a portion of his retirement assets to support the school and a mission he already believes in, he continues to earn a financial return within his retirement account.

- **For Providence:** David's participation does something even greater - it helps unlock matching charitable dollars, reduces debt, dramatically lowers monthly debt service, and frees more of the school's resources for its mission.

This hypothetical example is for illustrative purposes only and is not tax, legal, or investment advice. Individuals should consult their IRA custodian and their own tax, legal, and financial advisors regarding their particular circumstances.