

CHARITABLE REMAINDER TRUSTS

GIVING BACK TO THE PEOPLE YOU CARE MOST ABOUT AND TO YOUR COMMUNITY

What is a Charitable Remainder Trust?

- ◆ A donor transfers cash or equities irrevocably to a trust.
- ◆ The trust is invested and managed by the Community Foundation.
- ◆ The donor receives either fixed or fluctuating income payments for life.
- ◆ When no longer needed by the donor, the remainder goes to a Fund at the Community Foundation, as designated by the donor.
- ◆ This is a good opportunity for a donor to make a gift of assets that have increased in value learn little income. By funding the trust with these assets, the donor can receive an income without paying capital gains tax. Cash may also be used to fund the trust.

Tax Deduction

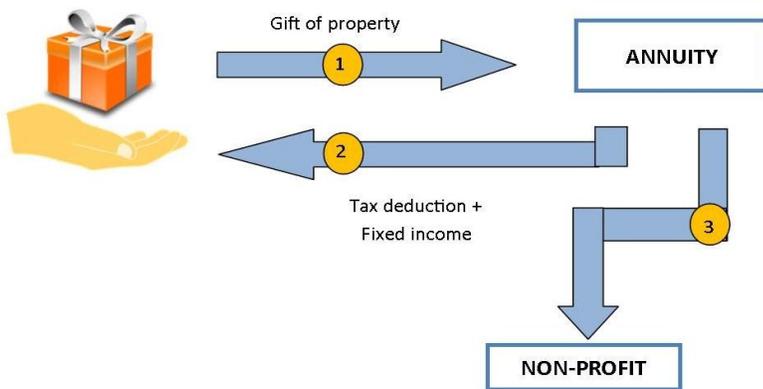
Here is an illustration of the tax effects on several types of Charitable Trusts. The assumptions are based on a \$1,000,000 gift and 6% annual growth. The applicable federal estate tax rate is 35% and the IRS 7520 rate is 2%.

Tax Impact of Including Charity

SCENARIO	TAX DUE	BENEFICIARY RECEIVES	CHARITY RECEIVES	TOTAL ASSETS TRANSFERRED
Outright Transfer Amount: \$1,000,000	\$350,000	\$650,000	\$0	\$650,000
Transfer to CRAT Amount: \$1,000,000	\$286,150	\$50,000 per year for 20 years (\$1,000,000)	\$1,367,885 at end of 20 year period	\$2,367,885
Transfer to CRUT Amount: \$1,000,000	\$221,889	5% of trust balance for 20 years (\$1,100,950)	\$1,220,190 at end of 20 year period	\$2,321,140
Transfer to CLAT Amount: \$1,000,000	\$68,850	\$1,367,855 at end of 20 year period	\$50,000 per year for 20 years (\$1,000,000)	\$2,367,855
Transfer to CLUT Amount: \$1,000,000	\$127,114	\$1,193,293 at end of 20 year period	5% of trust balance for 20 years (\$1,088,976)	\$2,282,269

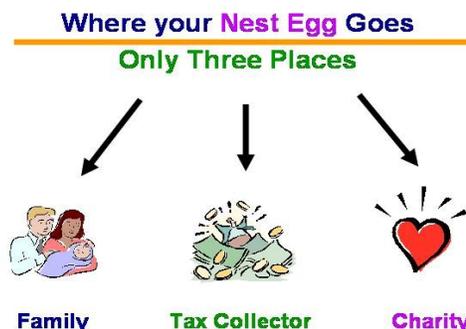
Charitable Remainder Trusts

- ◆ By creating a charitable remainder trust with a gift of \$100,000 or more, you (and a spouse or a loved one*) can receive income payments for life, or a specific number of years, after which the remaining assets go to your fund at the Foundation to benefit area nonprofits forever. Tax benefits include an immediate income tax deduction and removal of the asset from your estate.



Types of Charitable Remainder Trusts

- ◆ CRAT: Charitable Remainder Annuity Trust
- ◆ CRUT: Charitable Remainder Unitrust
- ◆ CLAT: Charitable Lead Annuity Trust
- ◆ CLUT: Charitable Lead Unitrust



About us:

Since 1994, the Chester County Community Foundation has actively partnered with donors who believe that positive change occurs through effective charitable giving. Today, we manage more than 350 charitable funds started by individuals, families, businesses and nonprofit organizations. Together, these funds represent ordinary people who have made extraordinary commitments to our community.

To establish a Charitable Lead Trust contact:

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Vice President of
Donor Services
610-696-8211
beth@chescocf.org

-Karen Simmons
President & CEO
Chester County Community Foundation