

# MLLB

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CHARITABLE TRUSTS  
"HOW THEY CAN BENEFIT YOU AND A CHARITY"  
TAX IMPLICATIONS/BENEFITS TO INDIVIDUAL  
AND  
BENEFITS TO CHARITY

PHILANTHROPY DAY  
CAPE COD FOUNDATION  
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## CHARITABLE REMAINDER TRUST

- Irrevocable trusts that provide for 2 sets of beneficiaries – income and charity
- Grantor may change charitable beneficiary
- Highly appreciable assets, no capital gains tax if contributed
- Higher percentage pay out, lower charitable deduction
- Deduction is = p/v of remainder interest to charity

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## CHARITABLE REMAINDER UNITRUST

- Assets transferred to trustee and usually sold and reinvested to match income objectives
- Donor receives variable income for life
- At death, remaining assets are transferred to charity
- Must pay out at least 5%, but >50% of fair market value

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## CHARITABLE LEAD TRUST

- Flip flops the parties involved in charitable remainder trust
- Charity is income beneficiary
- Risk Assessment Policy
- At donor death, named beneficiary receives charitable lead trust assets

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## CHARITABLE GIFT ANNUITY TRUST

- Annuity established by individual with two parts:
  - a. Charitable gift
  - b. Income for life
- Fixed income for life of donor and spouse
- Irrevocable gift of cash/appreciated Sec./other assets
- Minimum age is 65
- Immediate charitable deduction based on IRS gift annuity rates
- Must pay out 5% but > 50% of fair market value

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