

CHARITABLE LEAD TRUST

This product is for people who:

- Want to combine annual giving with a tax-efficient transfer of complex assets to heirs in a way that reduces future gift and estate taxes.
- Have been very generous and want to continue their charitable giving, but may not benefit from additional income tax deductions

OVERVIEW

A charitable lead trust (CLT) is designed to transfer assets to the next generation while significantly reducing gift and/or estate taxes. During the term of the trust, annual payments are made to a fund at the Foundation. The longer your heirs wait to receive the trust assets and the higher the payout to your fund, the greater your deduction from gift taxes. If desired, the term of the trust and the payout can be set so that all gift taxes are avoided.

To enjoy the benefits of this type of charitable arrangement, you need to be willing to irrevocably transfer assets to the trustee (the Foundation can be the trustee) of your lead trust for the eventual benefit of your heirs. You get to select how long the trust will last and the annual amount the trust will pay to the fund at the Foundation.

Using a lead trust to fund your annual charitable giving and pass assets on to the next generation has several advantages. Since the gift to your heirs is complete when the trust is funded, any future appreciation of assets in the trust passes to your heirs without being subject to additional gift taxes.

For certain trusts, the donor's estate will be eligible for an estate tax charitable deduction for the value of the interest paid to the charity. This may not only reduce the amount of tax your estate has to pay upon your death, but it may also preserve wealth for your heirs.

HOW A CHARITABLE LEAD TRUST WORKS

- You contact the Foundation to discuss your philanthropic interests.
- We work with you and your attorney to draw up a qualified trust document.
- You transfer assets to the trustee of your CLT. In many cases, the Foundation for Delaware County is the trustee.
- The trustee invests the assets and makes the required annual payout to the fund at the Foundation.
- At the end of the trust term, the trustee distributes the assets remaining in the trust to your heirs.

WE'RE HERE TO HELP!

Visit us online at delcofoundation.org or in person at 200 East State Street, Suite 304, Media, PA.

Learn more about the ways we can help you have a positive impact on the community AND the causes you care about.

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