Make a Gift and Leave More For Your Family

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1/21/2018 | 1016

Give Your Estate Tax to William & Mary Instead of to Uncle Sam.

Want to leave more of your estate for your heirs and help us at the same time? One gift plan allows you to do both!

A Charitable Lead Trust (CLT) holds your gift of appreciating assets, pays income to William & Mary for a period of years, and then gives the remaining principal to you or your heirs. A Lead Trust is very useful in estate and family wealth planning. While making a generous gift, it can shelter growing assets that are passed to your heirs.

Many donors use this gift plan to pass assets to their children or other heirs. The non-grantor lead trust will pay its principal balance to remainder beneficiaries.

Will your children face a tax burden when you die?

Non-grantor lead trusts reduce the cost of passing property to your heirs in two ways. First, the estate- and gift-tax value of assets you place in your lead trust will be reduced by the present value of the income that the trust will pay to William & Mary. The longer the lead trust pays us income, and the more income it pays us, the larger your estate and gift tax deduction will be.

Second, the taxable value of the lead trust assets is fixed as of the time you establish the trust — any subsequent increase in the value of the assets will pass to your heirs outside your estate and are thus free of estate and gift tax.

This combined reduction in the taxable value of the lead trust assets means that your family can sometimes receive more from an estate plan containing a lead trust than they could from an outright bequest from you.

Planning points:

- A non-grantor lead trust can be funded with shares in a growing family business, thus lowering the cost of passing ownership on to the next generation.
- The income earned by a non-grantor lead trust while it is in operation is not taxable to you.
- The trust can run for a term of years or the lifetime of an individual.
- Unlike most other gift plans, a lead trust provides immediate benefits to us. Payments from a CLT can be used to fund capital projects, annual support, or an endowment.
- A lead trust can pay us a fixed amount of income every year, or pay us a fixed

percentage of the value of trust principal, as revalued annually. The choice of format will have some effect on your tax savings. We can help you and your advisors model the different options as you consider your gift plan.

Are you concerned about high income tax liability?

You may be in a high earnings period where redirecting some income to charity makes sense. You may want to accelerate future deductions into the current year but don't want to part permanently with a valuable asset.

Examine a grantor lead trust. This creative plan will hold your gift of appreciating assets, pay income to William & Mary for a period of years — then return the assets to you. You will receive an immediate income tax deduction for creating the grantor lead trust: the present value of the total income payments to us (you receive no income tax deduction when you establish a non-grantor lead trust which transfers assets to your heirs).

The trust's annual earnings (minus the distributions to us) will be taxable to you. However, if the amount of our income and the length of time we receive it are adjusted sufficiently, the upfront deduction can offset this subsequent tax.

We're ready to show you and your advisors how a lead trust can work for you and your family.

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