

TOOLS FOR GIVING

Giving back to community and your loved ones

Charitable Lead Trust



A Charitable Lead Trust helps you build a charitable fund with your community foundation during the trust's term. When the trust terminates, the remaining assets are transferred to you or your heirs, often with significant transfer-tax savings.

How it works

- You transfer cash, appreciated stocks, real estate, or other assets into an irrevocable charitable trust.
- We set up a fund in your name, in the name of your family or business, or in honor of any person or organization you choose.
- Your Charitable Lead Trust pays the community foundation an annual amount to build a charitable fund. You designate the trust to exist for a specified number of years or until your death.
- You also designate your family or anyone you choose as the final beneficiary of your trust.
- If you choose, you can stay involved in the good works your gift makes possible—working with our professional program staff to support the causes and agencies you care about most.
- We handle all the administrative details, issuing grant awards to charities in the name of the fund you establish (if you prefer, grants can be made anonymously).
- Your gift can be placed into an endowment that is invested over time. Earnings from your fund are used to make grants addressing community needs. Your gift—and all future earnings from your gift—is a permanent source of community capital, helping to do good work forever.



COMMUNITY
FOUNDATION
of South Lake

A lifetime gift for two

Annette Bernack wanted to create a fund to support her favorite charitable interests for years to come. At the same time, she wanted to provide an inheritance for her daughter in a way that created the least tax burden. "My attorney told me that creating a Charitable Lead Trust and designating my community foundation as a beneficiary would allow me to give to the community now and provide for my daughter later," says Annette. Using a regular distribution from the trust, Annette has already begun to build a fund at her community foundation, which is, in turn, making grants to her community in areas important to her. The trust will continue to build the Bernack Family Fund until her death, after which the rest of the trust will transfer to Annette's daughter. "By giving through a Charitable Lead Trust," says Annette, "I am doing more for both my daughter and the community... and my estate will owe less in taxes."

Ten reasons people choose to give through community foundations

one

We are a **local organization** with deep roots in the community.

two

Our professional program staff has **broad expertise** regarding community issues and needs.

three

We provide highly **personalized service** tailored to each individual's charitable and financial interests.

four

Our funds help people **invest in the causes** they care about most.

five

We accept a wide **variety of assets**, and can facilitate even the most complex forms of giving.

six

We partner with **professional advisors** to create highly effective approaches to charitable giving.

seven

We offer maximum **tax advantage** for most gifts under federal law.

eight

We **multiply the impact** of gift dollars by pooling them with other gifts and grants.

nine

We build **endowment funds** that benefit the community forever and help create personal legacies.

ten

We are a **community leader**, convening agencies and coordinating resources to create positive change.

More benefits

A Charitable Lead Trust entitles you to a number of financial benefits. It shelters investment earnings from tax and offers gift, estate, and generation-skipping tax benefits. For example, trust assets are removed from your estate for estate tax purposes. You may also capture future gift tax deductions. However, at the time the trust is established, you may owe gift tax on the present value of your gift to the final beneficiary.

You have several options when establishing a trust. You can create a Charitable Lead Trust during your life or through your will. The trust contributes to charity through your community foundation—either for a number of years or for your lifetime. And, you select one of two types of Charitable Lead Trust. A Charitable Lead Unitrust makes annual distributions of a fixed percentage of the trust assets to the charitable fund you establish. If you create a Charitable Lead Annuity Trust, the charitable fund you establish will receive a fixed dollar amount each year.

During its term, the trust can be managed expertly by experienced trust professionals, which may help your trust investments grow over time. When the trust terminates, its final assets are transferred to those you designate; any growth in the trust passes to recipients, often with significant transfer-tax savings.

Community foundations provide a simple, powerful, and highly personal approach to giving. We offer a variety of giving tools to help people achieve their charitable goals.

You can make a gift of cash, stocks, bonds, real estate, or other assets to your community foundation. Most charitable gifts qualify for maximum tax advantage under federal law. For more information and ideas on ways to integrate your financial planning with charitable giving, ask your financial advisor or contact your community foundation.