

PLANNED CHARITABLE GIVING

A planned gift to the AchieveKids Endowment Fund can provide the donor with significant income tax benefits. Two of the more popular planned forms of charitable gifts are summarized below:

Charitable Remainder Trust (CRT) – A CRT produces substantial financial and tax benefits for the donor, as well as a much needed funds to AchieveKids. These trusts may be established either during life, through an inter vivos trust or, at death, through a testamentary trust. The donor receives a charitable income tax deduction when assets are transferred to the trust. CRTs provide income to donors and beneficiaries for a specific period of time. Upon the death of the beneficiaries or the expiration of the term of the Trust, the trust is terminated and all remaining trust assets are then transferred to the Endowment Fund of AchieveKids and any other charitable organizations named in the CRT as remainder beneficiaries. CRTs are established for life or lives of designated individuals or a period not exceeding 20 years. A CRT is defined as a trust that provides for a specified distribution, at least annually, to one or more beneficiaries, at least one of which is not a charity, for life or for a term of years with an irrevocable remainder interest to be held for the benefit of, or paid over to, a charitable organization such as AchieveKids. There are two types of CRTs, the charitable remainder annuity trust and the charitable remainder unitrust.

Charitable Lead Trust – A lead trust frequently is described as the opposite of a charitable remainder trust (CRT). The "lead" income is paid fully to a charitable organization such as AchieveKids, and after a number of years based on a fixed term or a term measured by someone's lifetime, all remaining trust assets are returned either to the grantor (referred to as a grantor lead trust) or to someone other than the grantor, such as the grantor's heirs or other beneficiaries (referred to as a non-grantor lead trust). Unlike a CRT, a charitable lead trust does not have to meet a minimum annual payout of 5 percent. In addition, a charitable lead trust is a fully taxable trust, meaning that the trust pays taxes on its income and capital gains, unlike the CRT which is a tax-exempt trust. The lead trust may deduct amounts paid to charitable organizations such as AchieveKids pursuant to the terms of the governing instrument. Lower discount rates coupled with higher estate and gift tax rates may provide attractive planning and tax savings opportunities for a donor to use charitable lead trusts.

PLEASE NOTE: *The foregoing is only meant to provide an introduction to certain summary information about the general forms of different planned giving structures, and is not intended to provide tax advice. Please consult your own tax or other professional advisor if you would like to learn more or if you are interested in making a planned gift to AchieveKids.*