MAKE A GIFT THAT HELPS US – AND YOU!

EST. 1893
WALNUT HILL
SCHOOL FOR THE ARTS

Why make a gift to Walnut Hill using a Charitable Remainder Trust?

You have accumulated an investment portfolio over a lifetime. The assets have substantially appreciated in value and worked well for you, but your financial goals are evolving. You now want a source of income without the time, effort, and complexity of managing your investments. If you sell the assets you'll lose much of the gain to taxes.

Consider achieving your objectives with a gift to either a Charitable Remainder Unitrust or a Charitable Remainder Annuity Trust.

The benefits of establishing a Charitable Remainder Trust

A Charitable Remainder Trust will likely help you to achieve your goals. The trust is tax-exempt, so all investment transactions within the trust are free from taxes. When you transfer appreciated assets into the trust no taxes are due. You will receive a generous income tax charitable deduction for a portion of the value of the assets. You name those individuals to receive income from the trust. You also name the charities to receive any remaining assets when the trust terminates.

In many cases you will receive more income than you are currently getting from those investments you contribute to the trust. If you want trust distributions of a fixed amount on a set schedule (often quarterly), then a Charitable Remainder Annuity Trust is right for you. If you want the possibility—but not the guarantee—of having your trust distributions increase over time, then a Charitable Remainder Unitrust might meet your objectives.

How a Charitable Remainder Trust will work for you – and for Walnut Hill

- A trust agreement is prepared meeting IRS requirements for the trust to be tax-exempt.
- You select a trustee to administer the trust. You can be the trustee, but it is customarily a bank or investment brokerage company. Some charities will serve as trustee.
- You name both the individuals to receive income from the trust and the charities to receive the remaining assets when the trust terminates.
- You and the trustee sign the trust agreement.
- The trust agreement states a pay-out rate to calculate your annual distributions, typically in the 5% to 6% range.
- You transfer cash or appreciated assets to the trust and receive an income tax charitable deduction for a portion of the fair market value of the assets.
- In most cases for appreciated assets the trustee sells the assets. No capital gain taxes are due.
- The trustee invests the proceeds from sale to enable the trust to meet income and charitable objectives.

- If you establish a Charitable Remainder Annuity Trust, the amount of the trust distributions is calculated by multiplying the fair market value of the assets you contributed to the trust times the pay-out rate. The amount of the distributions is fixed for the existence of the trust. Assets can only be contributed when you establish the trust.
- If you establish a Charitable Remainder Unitrust, the trust assets are valued annually and multiplied by the pay-out rate to determine how much the trust will distribute the following year. The distribution amount may increase or decrease annually. The goal is for trust distributions to increase over time, but that is dependent on trust investment performance which cannot be guaranteed. Additional contributions can be made to the trust at any time.
- Anyone receiving income will receive tax reporting statements each year.
- The trust terminates when all who are receiving trust income either pass away or upon a predetermined date specified in the trust agreement. Any remaining trust assets will be used by Walnut Hill to further our work.

Your objectives achieved!

- The trustee will handle all investment and trust administrative responsibilities.
- You and/or others you have named will receive income from the trust.
- You will have substantial tax savings.
- Ultimately, Walnut Hill will benefit from your generosity.

NEXT STEPS

You should consult your legal, financial, and tax advisors when considering a gift of this nature. If you have questions about Charitable Remainder Trusts or to learn more about how your gift can help Walnut Hill, please contact our Gift Planning office.

We are here to assist

If you have questions please contact our Office of Legacy Giving by sending an email to development@walnuthillarts.org.