

Charitable Remainder Unitrust



Live Generously.™

An Endowment is Forever

*Leave a lasting gift to the Jewish community.
Receive income for life.*

At-A-Glance

- Provides lifetime income at favorable rates
- Eliminates initial tax on capital gain for contributed appreciated property
- Provides current income tax charitable deduction
- Enables you to avoid estate taxes on contributed assets
- Allows you to “Be There” to make a significant contribution to the Jewish community

Charitable Remainder Unitrust

A Charitable Remainder Unitrust provides a way to obtain an income for life which can grow as the funds invested in the trust grow. The unitrust provides a variable payment, based upon a fixed rate multiplied by the current value of the assets in the trust at the beginning of each year. If trust assets grow, the increasing value of the trust portfolio will result in larger annual payouts.

A gift of cash or appreciated property (e.g., stocks or real estate) is used to set up the trust either during a donor's lifetime or through his or her will. This trust agreement fixes a unitrust rate, and donors or their designated beneficiaries receive regular payments of income for life or joint lives, or for a period of time not to exceed 20 years.

When you contribute appreciated property to fund the trust, you avoid any initial tax on the capital gain. The contributed property is received by the trust at its fair market value, and the unitrust rate is multiplied by this value to calculate the initial periodic payment to the income beneficiaries. In addition, you are entitled to a current income tax charitable deduction based on the present value of the anticipated remainder.

Example:

Stock worth \$20,000, which cost you \$5,000, is contributed to a Charitable Remainder Unitrust, which then sells the stock and reinvests the proceeds. The trust is credited with the full value of the stock and neither you nor the trust is charged initially with income tax on the capital gain. The trust provides income for life at a unitrust rate of, for example 7%, providing you with payments of \$1,400 the first year ($\$20,000 \times 7\%$).

Thereafter, the value of the securities is established on the first business day of each calendar year, and the unitrust rate is applied to this new value to establish the payment for the current year. If for example, the trust assets had increased in value to \$25,000, the payment for the year would be \$1,750 ($\$25,000 \times 7\%$).

It must be noted that in periods of investment loss, the value of the trust will be reduced and the payments to the beneficiary will be lower. However, over long periods of time investments in securities have tended to increase in value. Donors wishing a fixed payout can consider a Charitable Remainder Annuity Trust which provides that benefit.

A gift to the Jewish community today will allow you to be there for your family, St. Paul, and the Jewish people—whenever help is needed in the future.

