

CHARITABLE LEAD TRUST

With this type of gift, you irrevocably transfer assets to a Charitable Lead Trust. The trustee makes an annual distribution from the trust to Joslyn Art Museum for a set number of years. When the trust terminates, the assets in the trust are distributed to your heirs or others that you designate.

Benefits:

- Reduces taxable estate
- Family keeps the property often with reduced gift taxes

Your Gift At Work

A gift may be designated as unrestricted and used at the Museum where most needed or you may designate your gift to one of the Museum's established endowment funds such as Art, Education, Conservation, Durham Center for Western Studies, Sculpture Garden or the Museum's General endowment fund. You may also leave a permanent legacy through a named fund that supports any of our endowment areas.

Let us know what you want to accomplish, or what your interests and passions are, and we will ensure your gift is focused in the area that means the most to you.

How it Works

On the date you establish the trust, the future gift to your heirs will be valued for gift and estate tax purposes at its "present value." If the trust is created when interest rates are low and the trust's investments perform better than expected, there may be additional assets in the trust that will pass to your heirs free of estate and gift taxes.

Establish Annual Giving and Tax-Favorable Asset Transfer

- Create a separate, tax-exempt trust during your lifetime or through your will
- Determine if the trust assets shall be returned to you or transferred to heirs at little or no gift or estate tax cost at the end of the trust's term
- Select a trustee or co-trustees to oversee the investment of the trust
- Donate long-term appreciated assets such as public or privately held stock, real estate, mutual funds, or other assets. Charitable lead trusts are most commonly considered during low interest rate periods due to a belief that trust assets will grow beyond the low IRS discount rate threshold, thereby creating greater tax advantage in the ultimate asset transfer





Types of Charitable Lead Trusts

A **grantor annuity trust** makes annual donations of a fixed dollar amount and qualifies you for a charitable income tax deduction based upon the value of the income stream promised to Joslyn Art Museum; at the end of the trust's term, accumulated assets are returned to you. Because you retain possession of the assets while they are in the trust, all income, including that distributed to Joslyn Art Museum, is taxable to you. As a result, grantor trusts are often invested to earn tax-free income.

A **non-grantor annuity** trust makes annual donations of a fixed dollar amount and qualifies you for a gift tax deduction based upon the value of the income stream promised to Joslyn Art Museum; at the end of the trust's term, accumulated assets are distributed to family members at a reduced tax cost. Trust payments are made from income from the trust or principal if the income is insufficient. To the extent trust income exceeds the annual donation, the trust pays income tax on the excess.

A **grantor unitrust** makes annual donations of a fixed percentage of the trust's current value, as recalculated annually, and qualifies you for a charitable income tax deduction based upon the value of the income stream promised to Joslyn Art Museum; at the end of the trust's term, accumulated assets are returned to you. Because you retain possession of the assets while they are in the trust, all income, including that distributed to Joslyn Art Museum, is taxable to you. As a result, grantor trusts are often invested to earn tax-free income.

A **non-grantor unitrust** makes annual donations of a fixed percentage of the trust's current value, as recalculated annually, and qualifies you for a gift tax deduction based upon the value of the income stream promised to Joslyn Art Museum; at the end of the trust's term, accumulated assets are distributed to family members at a reduced tax cost. Trust payments are made from income from the trust or principal if the income is insufficient. To the extent trust income exceeds the annual donation, the trust pays income tax on the excess.

Note: Information provided is general and educational in nature. It is not intended to be, and should not be construed as legal or tax advice. Please consult with your advisor(s) to determine the ultimate deductibility of your donations.