

Charitable Lead Trusts

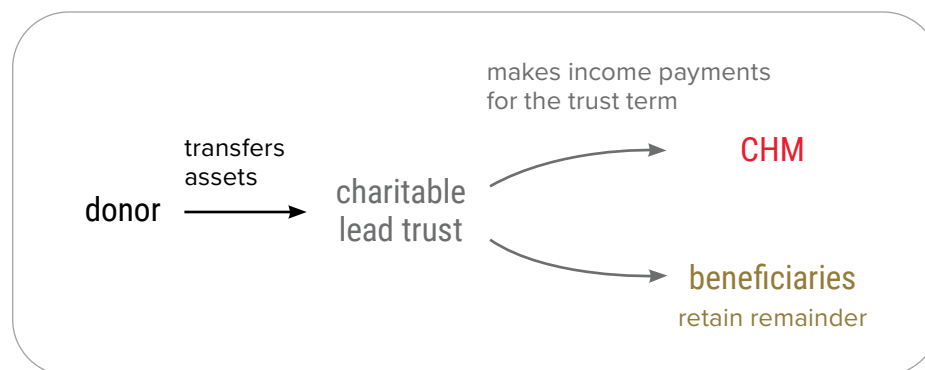
A charitable lead trust makes payments to a qualified charity during the trust term, then passes the remainder interest to named beneficiaries (perhaps including the donor). The value of the remainder interest is calculated at trust creation, so when assets are eventually transferred to beneficiaries, appreciation is not taxed.

Concept applied:

A donor can use an irrevocable charitable lead trust (CLT) to make a “temporary gift” of income to a charity, then pass remaining assets to beneficiaries with reduced transfer taxes. Payments to charity can be fixed or variable.

How it works:

Jacqueline Tomlinson transfers stock with strong growth potential into a CLT. The trust makes annual payments to charity for Jacqueline’s lifetime. At the end of the trust term, the assets in the trust pass in equal parts to Jacqueline’s three adult children (a non-grantor lead trust). Since the value of the remainder interest is calculated at trust creation, the children are not taxed on the stock’s significant appreciation while it was in the trust.



Why is it useful?

While charitable lead trusts require the use of an attorney, ongoing maintenance costs, and careful planning, they also provide a tax-efficient way to pass wealth to family members or other non-charitable beneficiaries while making a generous gift to charity.



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This complex present and even more uncertain future requires a new citizenship—one that is equipped with knowledge, inspired by vision, and empowered to take action; one that values problem-solving, critical thinking, and collaboration; one that sets innovation and leadership in pursuit of equitable growth; and one committed to creating a sustainable future and improving the quality of life for this generation and the next.

CHM is in a unique position to empower people as catalysts for change inside our current technological revolution. CHM is using its extensive network and historical expertise amassed over four decades to promote a new citizenship for the digital age, bringing together companies and nonprofits, government leaders and policymakers, scholars and educators—because it will take all of us working together to build the future we envision.

FOR ADDITIONAL INFORMATION, PLEASE CONTACT

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