

Charitable Remainder Annuity Trust




Photo: Cecille Joan Avila / Partners In Health
Angelique Nikuzwe, a teenager with four siblings, holds the door for her youngest sister in a house that PIH helped secure for the family in Rwinkwavu, Rwanda, on Feb. 13, 2015.

Make a Gift & Receive Income For Life

Do you have an asset, such as securities or real estate, that you would like to give to Partners In Health, but you need the income the property provides? Or do you have an asset from which you would like to receive more income, but you hesitate to sell it because taxes on your capital gain would take a big bite out of your proceeds. If so, you should consider donating your asset to a charitable remainder trust.

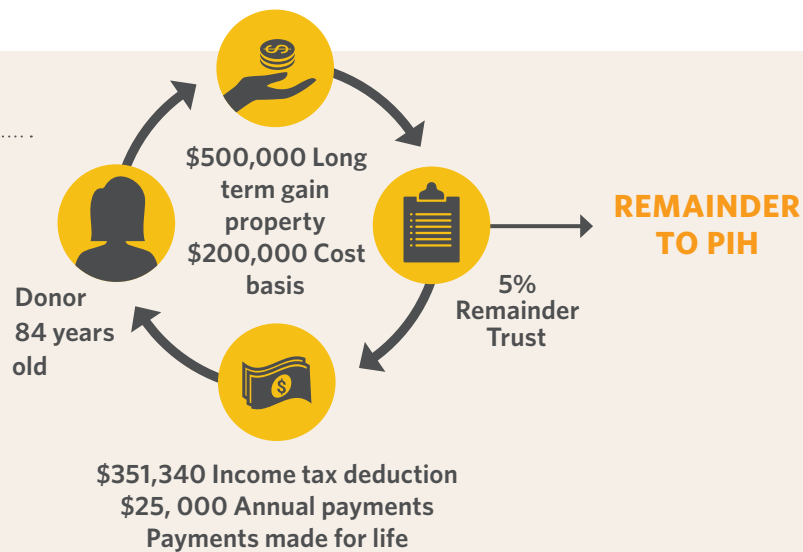
With a charitable remainder trust, you can make a gift to Partners In Health to support and receive lifetime income. Because a charitable remainder trust is tax-exempt, there is no capital gains tax when the trust receives your appreciated assets or when it sells them. The trust can put the full fair market value of your asset to work first for you and ultimately for Partners In Health. In addition, you receive an income tax charitable deduction for a portion of the trust amount which can be used immediately to save on income taxes.

**A trust can be tailored to
your needs:**

- **Increase cash flow**
- **Provide supplemental retirement income**
- **Provide for other family members**

EXAMPLE:

Anna, age 84, has various appreciated stocks in her brokerage account with a combined value of \$500,000. The stocks cost \$200,000 to purchase and provide her with approximately \$10,000 in annual dividend income. Anna would like to increase her cash flow, not worry about market fluctuations, and arrange for an endowment at Partners In Health.



Anna finds that creating a charitable remainder annuity trust will achieve her goals nicely. She transfers her \$500,000 in stock to an annuity trust with a 5.0% payout rate.

Benefits

- Anna will significantly increase her cash flow from her gift assets, from \$10,000/year to \$25,000/year.
- She will receive an immediate income tax charitable deduction of about \$351,340*.
- Her trustee will be able to sell her stock immediately in order to diversify her trust's investments without paying any capital gains tax. As a result, all of her assets will be working for her and for Partners In Health.

How a charitable remainder annuity trust works:

- You transfer assets to a trust.
- You choose a trustee to oversee the operation of your trust or serve in that role yourself. Partners In Health can provide guidance in selecting a trustee if you fund your trust with assets worth \$500,000 and you name Partners In Health a (at least partial) beneficiary of what's left in the trust when it ends.
- You choose the income beneficiaries of the trust. It can be you, you and your spouse, loved ones, devoted employees, or anyone else you wish. The trustee manages the trust assets and pays income each year to these beneficiaries.
- The payments made to beneficiaries may be the same amount each year, offering the security of fixed payments, or vary based on a percentage of the trust value, offering the possibility that payments may grow over time. (The latter is a charitable remainder unitrust.)
- When the trust term ends, usually upon the passing of the income beneficiaries, its remaining assets go to Partners In Health for use as you directed.

NEXT STEPS:

To receive further information and assistance on charitable gift annuities please contact our Gift Planning Office:

call (857) 880-5717

email giftplanning@pih.org



Injustice has a cure

*Anna's income tax charitable deduction will vary depending on the timing of her gift.

* The actual amount of the charitable deduction will depend on the value of the asset contributed, the ages of the beneficiaries, the trust payout rate, the timing of the trust payments, and the IRS discount rate in effect at the time.