

Charitable Remainder Unitrust

Photo by Zack DeClerck / Partners In Health
Charles Phirimoni sits between his father
Jivini Phirimoni (left) and Dr. Sitalire Kapira
(right) during a home visit in Kalimezako
Village, Neno, Malawi.



Make a Gift & Receive Income For Life

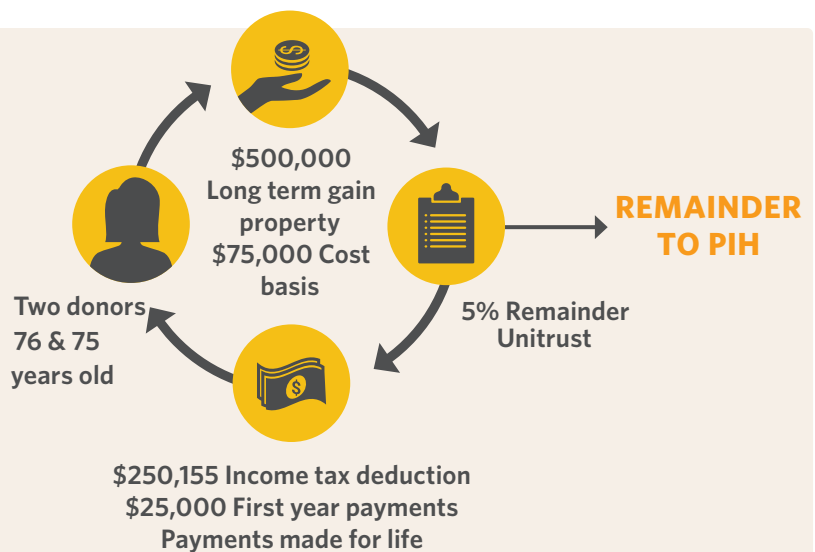
Do you have an asset, such as securities or real estate, that you would like to give to Partners In Health, but you need the income the property provides? Or do you have an asset from which you would like to receive more income, but you hesitate to sell it because taxes on your capital gain would take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

With a charitable remainder unitrust, you can make a gift to Partners In Health to support and receive lifetime income. Because a charitable remainder unitrust 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.

EXAMPLE:

Audrey Chen is 76 years old and her husband John is 75. Many of the stocks in their portfolio have appreciated substantially in value over the many years the Chens have owned them. They are enthusiastic about making a major gift to support Partners In Health, but they also would welcome a way to receive greater income from their investments without paying a big capital gains tax.

After consulting with their advisor, the Chens find that a 5% charitable remainder unitrust funded with \$500,000 in assets will meet their needs perfectly. They fund their unitrust with \$400,000 in stocks plus \$100,000 from a money market fund. They paid a total of \$75,000 for the stocks, which currently produce about 2% in dividends each year. Their money market fund has been earning about 2% interest annually.



Benefits

- The Chens will receive \$25,000 in payments in the first year of their unitrust, significantly increasing the income they had been receiving from these assets. If the income and appreciation of the trust's investments, net of costs and fees, total 7% annually, their payments will grow to over \$33,647/year* in 16 years.
- The Chens will receive an immediate income tax charitable deduction of about \$250,155*.
- The Chens' trustee will be able to sell their stock immediately in order to diversify their unitrust's investments without paying any capital gains tax.
- Assuming its investments earn a 7% net annual return on the unitrust's investments, over \$686,393* will be left in the Chens' unitrust to support Partners In Health when their unitrust terminates.

How a charitable remainder unitrust 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.
- 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 remainder trusts please contact our Gift Planning Office:

call (857) 880-5717

email giftplanning@pih.org



Injustice has a cure

* Because everyone's situation is different, we encourage you to seek professional legal, estate planning, and financial advice before deciding on a course of action. This information does not constitute legal or financial advice and should not be relied upon as a substitute for professional advice.