

Preserving your legacy of values

Establish a Charitable Remainder Trust *to benefit you and Lourdes University*

What is a charitable remainder trust?

A charitable remainder trust is a tax-advantaged philanthropic strategy. It allows you to direct your wealth in ways that reflect your charitable values and beliefs, while also providing you with a payment stream during your lifetime.

What are the benefits of a charitable remainder trust?

A charitable remainder trust to benefit Lourdes University can assist you in increasing your income, reducing your taxes, unlocking appreciated investments and eliminating your investment worries.

How do I start a charitable remainder trust that will benefit Lourdes University?

You create a charitable remainder trust by irrevocably transferring money, securities or other assets to a trust that will then pay you an income for life or for a period of years. If you wish, the trust also can pay an income to another beneficiary of your choice. At the death of the surviving beneficiary, the remaining principal in the trust goes to Lourdes.

Can I tailor my charitable remainder trust?

Yes, you can design your trust to fit your own special needs. **Just follow these three easy steps.**

1. Decide how much you'd like to put into the trust.
2. Determine the income you'd like to receive from the donated assets. The rate of income return you select must be at least five percent. Usually, the rate selected is five percent to seven percent. The best rate for you will depend upon the number of beneficiaries you select and their ages.
3. Decide which type of charitable remainder trust will work best for you. Charitable remainder trusts come in five variations. Your professional advisors decide the method that will work best for you.

What tax benefits will I receive with my charitable remainder trust?

- When you fund the trust, you immediately obtain the benefit of a sizable income tax charitable deduction. This is equal to the present value of the remainder interest ultimately payable to Lourdes University, based on Internal Revenue Service tables of life expectancy factors. The older the beneficiary, the greater the charitable deduction.
- You can fund your charitable remainder trust with cash, securities or other property. Highly appreciated assets that generate low current income are an ideal funding medium. While you'd be reluctant to sell such assets directly because of the tax you would pay on the gain, you can transfer them to the trust without incurring the capital gains tax. The trust could sell the assets without incurring any tax and then reinvest the proceeds in order to secure a higher current income yield.
- You can transfer your appreciated securities to a charitable remainder trust. In return for your gift, you could realize an income two to four times greater than the current dividend from the typical growth stock. ■

Example of how a charitable remainder trust works

Elizabeth, aged 75, owns several stocks with a market value of \$100,000, but they pay dividends of only \$2,000 a year, or 2 percent of market value. She decides to transfer these securities to a charitable remainder annuity trust that will pay her \$7,000 a year, increasing her gross income by \$5,000.

If Elizabeth sold her stocks instead, she would pay an enormous tax on her capital gain. Their cost basis is \$30,000, compared to the current market value of \$100,000, resulting in a gain of \$70,000. At a federal capital gains tax rate of 15 percent, the tax would be \$10,500. This would leave her with only \$89,500 to reinvest, so she would have to find stocks that pay a dividend of more than 8 percent to receive the same \$7,000 her trust can pay her.

Benefactor establishes charitable remainder trust to benefit Lourdes University

Paul Hood, President of E. T. Electric, Ltd., is a full service electrical contractor and a member of the Lourdes University Legacy Society and the Lifetime Giving Society. Mr. Hood established the trust and named Lourdes University the beneficiary.

For more information on this and other planned giving opportunities, contact:

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