

Charitable Lead Trust

A tax-leveraged family wealth transfer tool that can also support Teach It Forward: The Campaign for Williams.

The current low interest rates are favorable for this charitable gift and family wealth transfer tool. A charitable lead trust makes annual payments to Williams for a set term of years (or a lifespan), after which the trust transfers the remaining assets to your heirs (you can choose children, grandchildren, and/or friends). The trust assets can be removed from your estate. You can design the trust to pass the remainder to your heirs' gift-tax free. Annual trust distributions to Williams will count as gifts to the Teach It Forward campaign.

There are numerous charitable lead trust variations, so it requires careful planning with your advisers and the Gift Planning Office.



My college summer internship was instrumental in my decision to attend graduate school and pursue a successful career as a medicinal chemist and as a consultant in the area of pharmaceutical research. I feel great satisfaction in knowing that I have helped create a summer lab experience for students here at Williams, funded by my charitable lead trust.

-John A. Lowe III '73

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Sample Gift Illustration

2018

(assuming 3.4% IRS Discount Rate)

\$1,000,000 gift to create a 20-year term Charitable Lead Annuity Trust

- Fixed Annual Payout to Williams: \$69,726 (6.97% of gift)
- 2038 Remainder Gift to Heirs: \$1,011,233
- Assumes 7% annual investment return and no management fees nor trust income tax incurred
- Federal Gift Tax Incurred: \$0
- No Federal Income Tax Charitable Deduction is generated

Benefits

- Broad range of funding assets possible
- The IRS rules allow for a variety of trust terms
- The terms can be set to remove assets from the donor's estate and eliminate all gift taxes
- Charitable gifts each year from the trust allow donors to see their philanthropy in action at Williams
- Typically family members or close advisers serve as trustee. **(Williams does not serve as trustee for charitable lead trusts.)**