



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

Charitable Lead Trust

A tax-leveraged family wealth transfer tool that can also support Williams.

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.

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

Sample Gift Illustration

2022

(assuming 3.8% IRS Discount Rate)

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

- Fixed Annual Payout to Williams: \$77,544 (7.75% of gift)
- Total Distributed to Williams over 20 years: \$1,550,880
- 2042 Remainder Gift to Heirs: \$1,112,391
- Assumes 8% 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.)