Charitable Remainder Trust

A charitable remainder trust allows you to receive income for the rest of your life, knowing that whatever remains will benefit your community.

How a charitable remainder trust works:

1. You transfer cash, securities or other property to trust.

2. The trust pays a percentage of its value yearly to you and/or loved ones.

3. When the trust term ends, assets transfer to a fund within the Appleton Education Foundation to support educational causes you select.

A charitable remainder trust may be appropriate if ...

• You want to generate income for yourself and/or loved ones.
• You want a tax-favored gift that can be tailored to your unique income needs, timing and asset base.
• You are considering a gift of $100,000 or more.

How does a charitable remainder trust work?

A charitable remainder trust provides income to you and/or loved ones on terms that you decide. After all payments have been made, the assets remaining in the trust are distributed to the Foundation to support the educational causes you select.

What benefits will I enjoy?

A charitable remainder trust can be tailored to your specific financial goals and needs. When setting up a charitable remainder trust, you may decide:
• Who will receive payments from the trust - you, your loved ones or others who have provided companionship or loyal service.
• When, and for how long, income will be distributed - for lifetime, for a fixed period of up to 20 years or for a combination of lives and years, with payments made annually, quarterly or monthly.
• How much the trust payments will be - either a fixed annuity amount or a variable “unitrust” amount that rises (or falls) in tandem with the trust’s investment performance.

Remainder trusts also can be structured to provide minimal payments (measured by the trust’s “net income”) until a specific event occurs - such as your 65th birthday or your anticipated retirement date. At that time, payments will “flip” to regular unitrust payments, providing you or loved ones with additional income. This flip also allows for greater flexibility in your choice of gift assets by minimizing payments until less-marketable assets, such as real estate or business interests, can be sold by the trust.

All of these variables will determine the amount of the charitable deduction you may claim when the trust is set up. If you transfer appreciated assets, such as securities, business interests or real estate to the trust, you will also avoid any immediate capital gains tax. The trust likewise will not pay tax when the assets are sold, in effect allowing you to diversify on a very tax-favored basis. Capital gains, or other income generated by the trust, will only be taxed when payments are made to you or to others.

Perhaps the greatest benefit is the peace of mind you will enjoy, knowing that the Foundation will use the assets remaining when the trust terminates to support your favorite educational causes.

How do I set establish a charitable remainder trust?

You will need an attorney’s assistance to create a charitable remainder trust. You may also want to involve your tax and/or financial advisors in this process. Because remainder trusts can be somewhat complex, we recommend that you work with advisors who specialize in estate planning and charitable giving. The Foundation is unable to serve as trustee. However, many trust companies, wealth managers and attorneys are well-equipped to serve in this role.

Your trust document will specify how the charitable remainder – that is, the assets remaining after all income payments are made – is to be distributed. Most donors prefer to direct those assets to a particular charitable fund within the Foundation, or to use the assets to create a new fund. You may also choose to support the community’s most compelling needs as they change through time by leaving your gift unrestricted. If you intend to create a new charitable fund within the Foundation, we recommend that you or your advisors share your goals for the fund with us, so that we will be prepared to carry out your charitable wishes when the time comes.

APPLETON EDUCATION FOUNDATION

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