



Alliance Community Foundation

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CHARITABLE REMAINDER TRUSTS

Charitable Trusts afford individuals and families the opportunity to use highly appreciated assets for philanthropic purposes while possibly benefitting from immediate tax deductions, lifetime income, and estate tax avoidance.

ACF works with financial advisors to help their clients achieve their personal financial and philanthropic goals using a variety of tax-advantaged techniques. Below are examples of charitable remainder trusts that can be used to achieve those goals.

Charitable Remainder Unitrust:

Transferring assets to a charitable remainder unitrust is an ideal way for donors to receive variable income for life or a period of up to twenty years, while supporting the charity of their choosing.

The donor benefits from an immediate income tax deduction for a portion of their gift and favorable tax treatment of the distributions. When funded with appreciated property (which can include real estate and business interests), the capital gain associated with those assets is paid over the life of the trust or avoided altogether.

Managed effectively, the trusts value may increase over time and with it greater income to the donors and a larger gift to the charity when the trust terminates. Since most charities don't have the resources to serve as trustees, the donor's advisor and ACF can partner to assure the financial and philanthropic intentions of the donor are met.

Flip Unitrusts:

Like a charitable remainder unitrust but with a twist. The Flip Unitrust is typically funded with illiquid and/or non-income producing assets like real estate. The donor receives an immediate deduction based for a portion of their gift, but the trust's assets are held until they can be sold – or flipped – to become income producing. ACF can manage these assets until they can be sold, and the proceeds reinvested with the advisor.