

CUSTOM DESIGN GIFTS THAT BENEFIT YOU, YOUR FAMILY AND POSTERITY

Putting the "You" in Unitrust

People who support our mission do so out of a spirit of generosity and concern for humanity. Nonetheless, charitable contributions often can be planned to blend with the personal goals and objectives donors have for themselves and their families. Charitable remainder unitrusts can be a remarkable tool for achieving these objectives.

HOW DOES A UNITRUST WORK?

A charitable remainder unitrust is an arrangement into which you irrevocably place cash, securities or other property but keep a variable income – usually for life. When the trust ends, the property in the trust passes for our benefit, much as if you had left it in your will. But because you chose to “accelerate” your bequest by means of a trust, Congress says you are entitled to a substantial income tax charitable deduction. Depending on how you arrange your unitrust, many other advantages are possible:

- Increased income for your family;
- Capital gains tax avoidance;
- Favorably taxed income;
- Deferral of income until you are retired and in a lower tax bracket;
- Federal estate tax savings;
- Avoidance of gift tax;
- Professional investment of your funds;
- A hedge against inflation;
- Reduced estate settlement costs; and
- Meaningful support for our programs.

WHAT INCOME WILL MY UNITRUST PAY?

The unitrust must provide that a specific percentage (minimum five percent) of the value of the property in trust be paid annually. If the value of the trust increases, the payout will increase, too. Decreases are also possible. Most unitrusts pay out six percent or seven percent annually.

HOW MUCH CAN I DEDUCT?

The amount of the deduction generally will depend on the age or ages of the people receiving payments and the amount of the benefits you want to receive each year. For example, a trust that pays a six percent income to a person age 70 will produce a deduction for about 48 percent of the amount placed in trust. We can provide you with exact figures for your situation.

WHAT ASSETS SHOULD I CONTRIBUTE?

You can fund your unitrust with cash, but if you transfer highly appreciated assets, such as securities, real estate (that is debt free) or even collectibles, the trustee can sell and reinvest free of capital gains taxes.



West Texas A&M University
FOUNDATION



**REMARKABLE
UNITRUSTS**

WTAMU.EDU/**GIVING**

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GOLDEN OPPORTUNITIES WITH A UNITRUST

Unitrusts can help our friends achieve important goals. Here are a few examples:

• RESTRUCTURE A PORTFOLIO

Mrs. G wanted to cash in on success in the stock market and move more of her portfolio into bonds but hesitated because of high capital gains taxes. Solution? Mrs. G transferred highly appreciated stock (owned more than one year) to a unitrust that will eventually benefit our programs. The trustee now can sell the stock, avoid all capital gains taxes and provide her with an income for life – higher than her current dividends. She will receive a charitable deduction as well.

• RELIEVE MANAGEMENT BURDENS

Mr. K was tired of being a landlord for several apartments and an office building. Solution? Mr. K transferred his rental property to a unitrust, which relieved him from property management, saved income taxes and capital gains taxes and produced an income that is higher than he had before.

• PROVIDE FOR COLLEGE.

Mrs. H wanted to make an important gift and also set up a college fund for her grandchildren, ages 3, 5 and 7. She established a “flip” unitrust that will last 20 years and make payments to her grandchildren but only while they are in college. The trust will be invested to grow significantly but pay little or no income until the first grandchild enters college. Mrs. H helps her grandchildren, reduces her taxes and the trust eventually supports our programs.

• CASH IN COLLECTIBLES.

Ms. R owns a collection of rare books and valuable antiques that she wishes to liquidate and reinvest for a good income. Capital gains taxes would take 28 percent of her profits – but she can avoid this tax if the items are sold by the trustee of her tax-exempt unitrust.

DEDUCTION FOR GIFT OF \$100,000 TO UNITRUST FOR LIFE OF BENEFICIARY

AGE OF BENEFICIARY	ANNUAL PAYOUT		
	5%	6%	7%
60	\$ 38,469	\$ 32,550	\$ 27,770
65	\$ 45,256	\$ 39,327	\$ 34,383
70	\$ 52,667	\$ 46,945	\$ 42,025
75	\$ 60,454	\$ 55,169	\$ 50,497
80	\$ 68,044	\$ 63,380	\$ 59,151

• AUGMENT RETIREMENT SAVINGS.

Mr. B needs additional tax relief during his years of high income – and a supplementary retirement savings vehicle that permits tax-free growth of his nest egg. The “retirement unitrust” can be a useful planning tool for Mr. B. With proper planning, such a trust could provide (1) a large income tax deduction, (2) deferral of much – perhaps all – of the trust income until Mr. B retires, (3) payment of substantial income after retirement and (4) an important gift to our future when the trust ends.

Do you have questions about making gifts that let you reserve a lifetime income? Please contact our office for details and a personal illustration or send back the form below.

I am interested in making a gift in trust that provides me with lifetime income and substantial charitable deductions.

Please provide me with information on how to make a gift through my estate plan.

I want you to know that I have already included you in my estate plan in the following manner: _____

Name: _____

Address: _____

City: _____

State: _____ Zip: _____

Telephone: _____

Email: _____



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