



WHAT IT IS:

CHARITABLE LEAD TRUST

BALANCING YOUR GIVING AND INHERITANCE GOALS

HOW IT WORKS:

A Charitable Lead Trust (CLT) is a giving vehicle that may allow you to transfer assets into an account – a “trust” – which is managed by a trustee for a fixed period of years. Each year, the trustee gives ADF income from the trust investments on your behalf. At the end of the trust period, the trustee pays the remaining balance in the trust to you or to a beneficiary you designate. The taxable value of the assets in a CLT is lowered for gift and estate tax purposes. It may also use up less of your gift and estate tax exemption than would an outright transfer to your heirs, another tax advantage. A CLT is especially helpful to you if you want to support ADF with a significant level of giving while passing on assets to your heirs with a lower taxable value.

THE BENEFITS:

- You may receive a charitable deduction each year that ADF receives income.
- Assets may pass at a reduced taxable value to your heirs, reducing estate taxes.
- You are able to watch your gift make a difference.
- ADF receives significant support from the trust every year, helping us continue with the fight to reclaim and preserve our religious liberty.

PRACTICALLY SPEAKING:

Suppose Richard and Dorothy have \$1 million in cash that they want to pass to their children. They transfer the \$1 million into a charitable lead trust that pays 5% (or \$50,000) per year for 20 years to ADF. At the end of the 20 years, the balance in the trust would pass equally to their three children.

The charitable lead trust gift would result in fewer taxes for the heirs. In this example, the amount charged against their lifetime gift tax exemption would be \$332,385 (instead of the entire \$1 million). Assuming the trust earned 6% each year, at the end of the 20 years, the children would receive a total of \$1,367,900, or approximately \$456,000 each. And during that same 20 years, they would have given \$1 million to help reclaim and protect religious liberty.

HOW YOU CAN SET UP THIS GIVING VEHICLE:

Please contact us for assistance in setting up a charitable lead trust. The ADF staff will work with you and your professional advisors to balance giving and inheritance goals while providing a way for you to help ensure religious liberty for future generations.

Information herein is provided as an educational service only, and is not legal or professional advice. Always consult your attorney, accountant and/or financial advisor before making any decisions concerning estate or charitable gift planning strategies in order to determine the consequences of your gift for your circumstances.

TO LEARN MORE ABOUT HOW YOU CAN BECOME A PILLAR OF FREEDOM AND DEFEND OUR FIRST LIBERTY, CALL 1-800-TELL-ADF. OR VISIT US ON-LINE AT WWW.TELLADF.ORG