

# Comparing Life Income Vehicles

	Charitable Gift Annuity	Charitable Remainder Unitrust	Charitable Remainder Annuity Trust	Charitable Lead Trust
<b>Description</b>	A contractual agreement between you and a charity where you and/or another beneficiary receive a stream of payments in exchange for an irrevocable upfront gift with the remainder going to the charity at your death	An irrevocable trust that allows you and/or other non-charitable beneficiaries to receive a fixed percentage (5% or greater) of the net fair market value of the trust's assets, revalued each year for your life or a specified term of years not to exceed 20, with the remainder then passing to charity. Annual payment amount will increase or decrease depending on the value of trust assets at the revaluation date.	An irrevocable trust that allows you and/or other non-charitable beneficiaries to receive a fixed income stream for your life or a specified term of years not to exceed 20, with the remainder then passing to charity. Amount is determined at the onset of the trust (cannot be less than 5% of the initial value of the trust contribution), either as a dollar amount or a fixed percentage of the initial market value of the trust.	An irrevocable trust that makes current distributions to charity for the term of the trust. Upon termination, the remaining trust assets pass to any person designated by the grantor at the inception of the trust. May be structured to pay a fixed percentage of the trust assets or a fixed dollar amount at least annually to charity.
<b>Might be the right gift for you if:</b>	<ul style="list-style-type: none"> <li>You want the benefit of a fixed stream of income, a portion of which may be tax free, and a charitable income tax deduction</li> <li>You want to set when your payments start:               <ul style="list-style-type: none"> <li>Standard: Immediately</li> <li>Deferred: At least one year after the gift is made</li> <li>Flexible Deferred: Select from schedule of start dates and respective payout rates established at the time of gift</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>You want the ability to add to the trust over time</li> <li>You want the ability to choose to receive income immediately or defer most of your income to a future time (flip trust)</li> <li>You want to have more than two beneficiaries</li> <li>You want to benefit multiple charities at the same time</li> </ul>	<ul style="list-style-type: none"> <li>You want to receive a fixed stream of income</li> <li>You want to have more than two beneficiaries</li> <li>You want to benefit multiple charities at the same time</li> </ul>	<ul style="list-style-type: none"> <li>You want to realize philanthropic impact during your lifetime</li> <li>You have specific assets that you want to transfer to heirs in-kind</li> <li>You want to make a current gift or satisfy a current pledge</li> <li>You want a current income tax deduction (Grantor)</li> <li>You want to reduce your gift or estate taxes (Non-Grantor)</li> </ul>

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<b>Advantages</b>	<ul style="list-style-type: none"> <li>• Can be funded with cash or property</li> <li>• Ability to diversify highly appreciated assets while deferring income taxation</li> <li>• Lifetime fixed annual payments plus an income tax charitable deduction</li> <li>• Stream of income can be generated from an asset that doesn't generate cash flow</li> <li>• Easy to establish, inexpensive and requires minimal time</li> <li>• Can typically be funded with smaller amounts</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to diversify highly appreciated assets while deferring income taxation</li> <li>• Increases cash flow for donor or other non-charitable beneficiary</li> <li>• Permits current period income tax charitable deduction</li> <li>• Removes assets from taxable estate</li> <li>• Can be set up during your life or after your death through your will</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to diversify highly appreciated assets while deferring income taxation</li> <li>• Increases cash flow for donor or other non-charitable beneficiary</li> <li>• Permits current period income tax charitable deduction</li> <li>• Removes assets from taxable estate</li> <li>• Can be set up during your life or after your death through your will</li> </ul>	<ul style="list-style-type: none"> <li>• Grantor CLT – Immediate charitable income tax deduction for the total present value of charitable contributions, but grantor is taxed on the trust income</li> <li>• Non-grantor CLT – Taxed as a complex trust, but trust receives an income tax charitable deduction for amounts paid to charity</li> <li>• Flexible terms to meet estate and tax planning needs</li> <li>• Tax-free asset transfer to heirs at trust termination</li> <li>• Can be set up during your life or after your death through your will</li> </ul>
<b>Considerations</b>	<ul style="list-style-type: none"> <li>• The annuity is a general obligation of the charity</li> <li>• Trade-off between payment start date, charitable deduction and payout rate for flexible gift annuity</li> <li>• Cannot have more than two beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>• Payments to beneficiary vary with value of the assets in the trust</li> <li>• Loss of access to assets for future spending needs</li> <li>• Additional contributions can be made after initial funding</li> <li>• Taxable income</li> <li>• Setup and administrative costs</li> </ul>	<ul style="list-style-type: none"> <li>• Payments to beneficiary are the same from year to year</li> <li>• Underperforming assets may deplete the trust</li> <li>• Loss of access to assets for future spending needs</li> <li>• No additional contributions allowed after initial funding</li> <li>• Taxable income</li> <li>• Setup and administrative costs</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of control of assets</li> <li>• Loss of access to assets for future spending needs</li> <li>• Limited ability to diversify concentrated positions or to sell low cost basis assets</li> <li>• Setup and administrative costs</li> </ul>

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