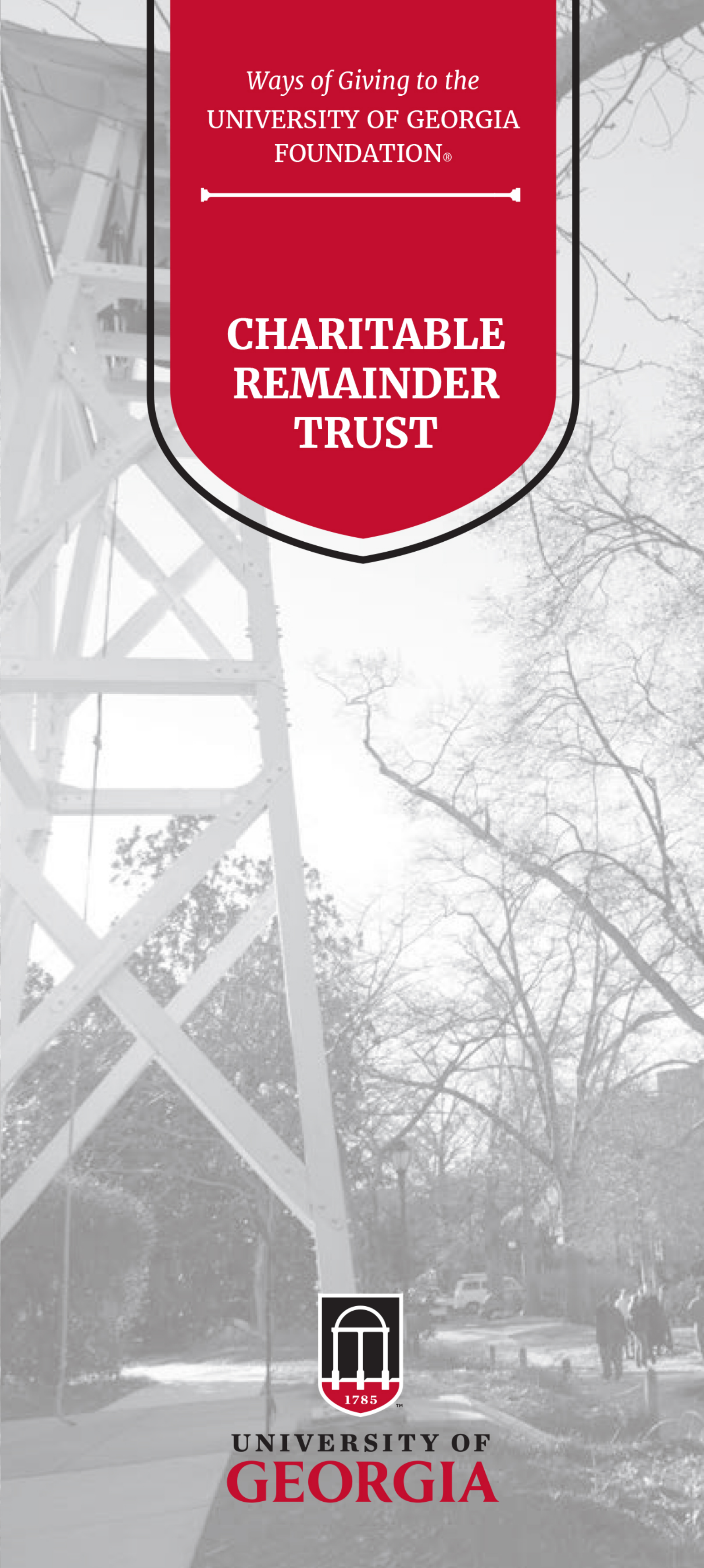


Ways of Giving to the
UNIVERSITY OF GEORGIA FOUNDATION®

CHARITABLE REMAINDER TRUST

1785

UNIVERSITY OF
GEORGIA

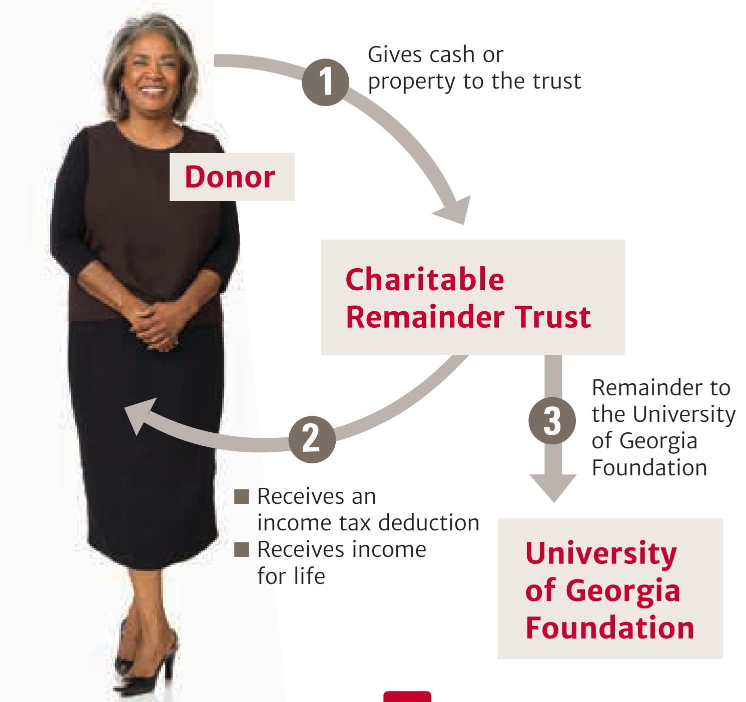
FEEL SECURE ABOUT GIVING BACK

Consider a Charitable Remainder Trust

If you're retired, or perhaps only beginning to think about retiring, you may be at a point in your life where you could benefit from an estate planning strategy. A charitable remainder trust is one option that can provide you with income now, help you save taxes immediately and ultimately benefit the charities you care about most.

How It Works

You give assets to the trust and, in return, the trust pays you income for a period of years or your lifetime. This income may be paid to you, your spouse or other individuals you select.
At the death of the last person receiving the payments, the remaining balance in the trust goes to support the university.



Your Rewards in a Nutshell

Unlike other ways of contributing to us, a charitable remainder trust allows you to receive payments for life from your gift, knowing you'll help shape our future later. With this type of gift, you will:

- Increase your income with a trust designed to pay out more than you earn now on the assets you will contribute.
- Receive a federal income tax charitable deduction for a portion of your gift's value, if you itemize.
- Pay no up-front capital gains tax when you give unmortgaged appreciated assets to the trust.
- Free yourself from investment worries by securing professional management of the assets you give.
- Gain the enduring satisfaction of having made a major commitment to our important work.

Annuity Trust vs. Unitrust

When you set up a charitable remainder trust, you can choose between an annuity trust or a unitrust. But what are the differences?

An annuity trust will pay you, year after year, a fixed dollar amount you choose at the outset.

A unitrust will pay you, each year, a variable amount based on the annual value of the trust. If the value of the trust increases, so does your income and, ultimately, your charitable gift to us. If the trust value decreases, so does your income and our ultimate benefit from the trust.

»See Pages 6 and 7 to find out which option is the best fit for you.

A CASE STUDY OF THE BENEFITS

Carol, 75, owns stock worth $250,000 that pays a dividend of only $5,000 a year. Worried about the market, she gives the shares to a charitable remainder annuity trust and elects to receive $12,500 a year as long as she lives. Though her cost basis for the shares is $150,000, neither she nor the trust owes any up-front capital gains tax on the $100,000 appreciation.

Now look at Carol's remarkable benefits. She has:

- Unloaded her risky stock and more than doubled her income.
- Entitled herself to an income tax charitable deduction of $134,265.*
- Eliminated up-front capital gains taxes by giving the stock instead of selling it.
- Helped a cause she cares about.

*Based on annual payments and a 2.4 percent charitable midterm federal rate. Deductions vary based on income earned.

Trust Tips

1 Most charitable remainder trusts need a large minimum gift, such as $100,000 or more, to make good financial sense.

2 Your payments are based on a percentage of the trust's value. The percentage must be at least 5 percent. Usually, the selected percentage is between 5 and 7 percent.

3 To ensure that your trust is structured properly, it should be drafted and reviewed by your estate planning attorney.

WHICH IS RIGHT FOR YOU: ANNUITY TRUST OR UNITRUST?

People of varying ages and financial situations can benefit from a charitable remainder trust thanks to its two versions. Take a look below to see which one is right for you, then call us to see how this type of trust can help you achieve your charitable goals.

Are you nearing retirement? You may have personal investments that are highly appreciated, yet have a low yield. By using these assets to fund either a unitrust or an annuity trust, you can eliminate the immediate capital gains tax and supplement your retirement income.

Are you retired and between the ages of 60 and 75? If you have a healthy life expectancy, a unitrust can help protect you from inflation over a longer term, assuming the trust investments benefit from a gradually increasing market value that exceeds the usual periodic downturns.

Are you over age 75? For you, an annuity trust has special appeal. You may be more concerned about receiving fixed and unchangeable income payments than beating long-term inflation.

Are you over age 80? Another option you might find attractive if you are a bit older is a unitrust with a term of 20 years instead of a lifetime. If you die before the end of the 20-year period, the income can be distributed to your children, grandchildren or anyone you designate for the balance of the 20-year term.

Are you supporting an elderly parent? You may be seeking a good way to increase a parent's income and also make a philanthropic gift. An annuity trust and a unitrust can accomplish both objectives.

Design Your Own Life Income Plan

If you're looking for an advantageous way to benefit yourself now and help us later, a charitable remainder trust may be the ideal solution. With the counsel of your legal and tax advisors, a trust can be tailored to your personal circumstances.

Please contact the Office of Gift and Estate Planning at 706-542-8140 for a no-obligation consultation to learn more about how this plan could fit your immediate needs and our long-range goals.

UNIVERSITY OF GEORGIA®
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