

Charitable Lead Trusts

Discover a powerful way to make a gift to us in your name or in the name of a loved one while realizing tax benefits for your kindness.

Do you want to benefit from the tax savings that result from supporting Programs Employing People, yet you don't want to give up any assets that you'd like your family to receive someday? You can have it both ways with a charitable lead trust.

How It Works

You give assets to a trust that pays Programs Employing People an income for a number of years, which you choose. The longer the length of time, the better the gift tax savings for you. When the term is up, the remaining trust assets go to you, your family or other beneficiaries you select. This is an excellent way to transfer property to family members down the line (typically children and grandchildren) at a minimal cost.

There are two basic types of charitable lead trusts: a grantor lead trust and a non grantor or family lead trust. Which one is right for you?

In a grantor lead trust, you are considered the owner of the trust. You receive the remainder interest at the end of the trust's term. As the owner, you are taxed on all the income. You are entitled to claim a current federal income tax deduction for the present value of the income payments to charity. This type of trust works well if it is funded with municipal bonds.

A more popular option is the non grantor or family lead trust. With this type of trust, your family members receive the remainder interest at the end of the trust's term. You do not qualify for an income tax deduction. However, you will receive a charitable gift tax deduction for the present value of the charity's interest. This is an excellent way to transfer property to family members down the line at a minimal tax cost. This type of charitable lead trust is especially appealing to Program Employing People supporters who have appreciating assets and are financially comfortable enough that they can forgo investment income on some assets.

We recommend that you consult your attorney or financial advisor prior to making any decisions about planned giving.