

To Our Local Professional Advisors,

Among the many factors swirling together in the pandemic marketplace are:

1. historically low interest rates
2. historically high needs for increasing charitable giving to support organizations impacted by the health crisis.

*This makes the **charitable lead trust an attractive vehicle for your clients who want to help charities in the near term and still preserve assets for their families.***

Here's **how a charitable lead trust works:**

1. Your client transfers cash or other property to an irrevocable trust.
2. For a term of years, a charity designated by your client (which could be a donor advised fund) receives an income stream.
3. The trust can be structured to maximize income tax benefits, or estate and gift tax benefits, in varying degrees.
4. At the conclusion of the term of years, the remaining assets in the trust are distributed to the client's designated non-charitable beneficiaries.

The reason a **charitable lead trust is so advantageous right now** is because if, over the term of the income period, the trust assets outperform the current IRS 7520 rate (which should be easy to do because rates are so low right now), the non-charitable remainder beneficiaries will receive assets with a value much higher than the taxable gift reported when the trust was created. **This results in a tax-free transfer of wealth.**

What's more, if a client designates a donor advised fund to receive the income during the term of years, the **client can stay involved by recommending grants to the most appropriate charities** based on evolving community needs in the months and years ahead.

Charitable lead trusts are complex instruments. As with any charitable planning vehicle, we encourage donors to consult professionals like you to evaluate whether a strategy is right for them. If it is, the Community Foundation is here to partner with you.

Please don't hesitate to contact us if we can assist your clients in setting up a charitable trust or any other charitable fund.

Sincerely,



Ellen Leuchs
**VICE PRESIDENT FOR
PHILANTHROPIC SERVICES**



Daisy Pereira-Tosado
**DIRECTOR OF
PHILANTHROPY**