

## PLANNED GIVING AT SJA

A planned gift to St. James Academy can bring substantial benefits to you and to St. James Academy.

A planned gift is any charitable gift, current or deferred, which is planned, usually with professional advice, to optimize a donor's financial, tax, and estate plans, while helping to secure the long term financial security of one or more charitable institutions. A planned gift usually involves immediate benefits to the donor and deferred benefits to the Academy. In addition to bequests, planned gifts include:

CHARITABLE REMAINDER TRUSTS

CHARITABLE LEAD TRUSTS

CHARITABLE GIFT ANNUITY

GIFTS OF REAL ESTATE

GIFTS OF LIFE INSURANCE

GIFTS OF RETIREMENT ASSETS

GIFTS OF TANGIBLE PERSONAL  
PROPERTY & CLOSELY HELD STOCK

For more information or guidance on planned giving options please contact the Academy's Development Office.

A planned gift to St. James Academy helps build endowment, therefore providing the resources to assure excellence over the long term.

*For where your treasure is,  
there is your heart also.*

Luke 12:34

Establishing a Charitable Remainder Trust and/or a Charitable Lead Trust requires the services of an attorney who is experienced in the area of charitable trusts and estate planning. St. James Academy will gladly work through the steps with you and your attorney.

St. James Academy  
3100 Monkton Road  
Monkton, MD 21111

For additional planned giving information or guidance, please contact the Academy Development Office 410-771-4816  
[JConnelly@saintjamesacademy.org](mailto:JConnelly@saintjamesacademy.org)

We cannot give you legal or tax advice, so we recommend review of you plans with your attorney or tax advisor.

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# CHARITABLE REMAINDER AND CHARITABLE LEAD TRUSTS



## THE LEGACY SOCIETY

## THROUGH PLANNED GIVING

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## CHARITABLE REMAINDER TRUSTS

A Charitable Remainder Trust (CRT), like other life income arrangements, provides you and/or other beneficiaries a stream of income for life or a period of time. After the trust terminates, the remaining principal or remainder interest goes to St. James Academy. Charitable Remainder Trusts are separately invested and managed trusts with their own federal tax identification number. CRT's are usually funded with assets in excess of \$100,000. For those who can make a gift of this size the advantages are enormous.

### BASIC TYPES of Remainder Trusts

**UNITRUST (CRUT):** pays an annual amount based on a fixed percentage (usually between 5% and 9%) of the trust assets as revalued once a year. One advantage of a Unitrust is that your income can increase as the trust principal grows. You may also make additional contributions at any time.

**ANNUITY TRUST (CRAT):** pays a fixed annual income determined at the outset. Those who are interested in the security of a constant return often prefer the Annuity Trust. Additions cannot be made to annuity trusts.

**FLIP UNITRUST (FLIP):** allows you to defer income payments until a future time, such as your 65<sup>th</sup> birthday or the sale of an illiquid asset. Until that time the trust pays only the income produced. When the trigger event is reached, the trust flips and begins to pay a percentage of the assets revalued annually. Meanwhile, the trust can accumulate tax free.

## BENEFITS of Remainder Trusts

The most flexible life income plan, the charitable remainder trust allows you to use any asset to fund the trust, including cash, publicly traded stocks and bonds, closely held stock, partnership interests, real estate, and in some instances, tangible personal property such as works of art. You can tailor your CRT to suit almost any financial or estate planning goal. You pay no capital gains tax on appreciated assets donated to a CRT. You receive a charitable income tax deduction in the year you make your gift, with an additional five years to carry over any unused deduction. Your trust income is tax advantaged depending on the investment composition. Any assets that you contribute to a CRT are removed from your estate, reducing your estate tax liability. You can serve as your own trustee of the CRT.

### EXAMPLE of Remainder Trusts

A 70 year-old donor in the 31% tax bracket establishes a CRUT with \$100,000 of appreciated stock, originally purchased for \$10,000. Unitrust pays donor 7% of the trust assets revalued annually for life. Trust earns 10% average total return and pays an administrative fee of 85 basis points to corporate trustee. Federal Discount Rate of 6%.

Trust principal	\$100,000
Income tax deduction	\$ 43,466
Income tax savings (31%)	\$ 13,474
Capital Gains tax savings (20%)	\$ 18,000
Income (Year 1)	\$ 7,000
Before tax benefit to donor	\$131,000
Projected benefit to SJA	\$139,612

## CHARITABLE LEAD TRUSTS

If you have a large estate, the Charitable Lead Trust (CLT) is an effective way to transfer assets to your heirs at a significantly reduced gift and estate tax cost, while providing current income to St. James Academy. During the term of the trust, usually a stated period of years, an annuity or a fixed percentage of the trust assets is paid to SJA. At the end of the trust term, the assets pass to the specified beneficiaries. You qualify for a tax deduction based on the present value of the future payments you make to the Academy. Since the benefits apply primarily to larger estates, lead trusts are usually funded with assets in excess of \$500,000.

### TYPES & BENEFITS of Lead Trusts

**NON-GRANTOR CLT:** The assets revert to your heirs at the end of the term. A non-grantor CLT provides a gift or estate tax deduction and is useful in reducing the cost of intergenerational wealth transfers. You receive a charitable gift tax deduction for the present value of the annual trust payments to St. James Academy. This deduction can be used to reduce the donor's income tax. The income earned by a CLT is excluded from your gross income and is therefore not taxable to you. The CLT receives a charitable deduction each year for the income paid to SJA, offsetting its reportable income. Unlike most other planned giving arrangements, the benefits of a CLT are immediate to the Academy and payments can be used to fund capital projects as well as endowment.

**GRANTOR CLT (RARELY USED):** The assets revert to you rather than to your heirs. A Grantor CLT provides an income tax deduction and may be useful if you wish to accelerate future deductions into a current year.