



The Virginia United Methodist Foundation  
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## CHARITABLE REMAINDER UNITRUST: A Gift Plan that Provides an Income!

Did you know there's a gift to your favorite charitable cause through the Virginia United Methodist Foundation that may return payments to you and/or your heirs? Yes, the IRS allows and encourages these creative plans that can stretch your giving ability.

Some of the best ways to create your legacy plan and support your charitable life mission through the Foundation are available through life-income gifts. These "Gifts That Pay You Income" help you make a substantial gift to your church and/or other charitable causes while increasing your income!

These plans have one substantial advantage over investment vehicles you read about elsewhere: these plans may provide a charitable deduction and produce generous gifts to support your United Methodist charitable causes through the Foundation. So, while you will receive income for life or for a set period of time, you can provide for yourself, your heirs and your charitable interests today. The income may be disbursed in difficult directions – to achieve your life purposes.

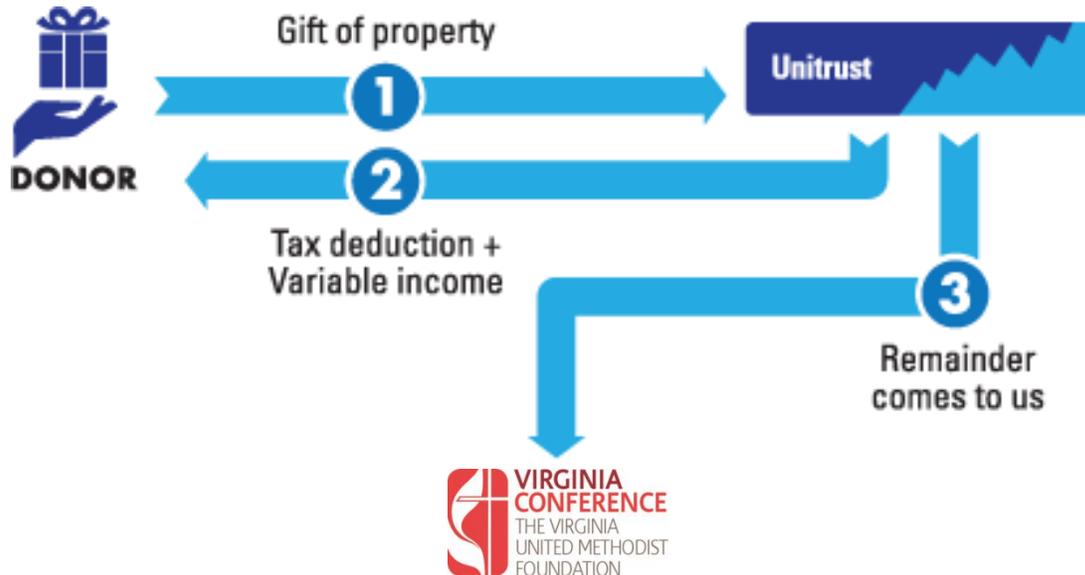
### The Benefits

- An additional source of lifetime income for you, your spouse, or other significant persons.
- An immediate tax deduction for a portion of your gift.
- A flexible plan which may allow you to transfer appreciated assets now and/or in the future ... even through your estate planning documents.
- No capital gains tax due at the transfer of appreciated assets to your gift plan.
- A plan which also may eliminate 'IRD' taxes on tax-deferred investments through beneficiary designations.

A Charitable Remainder Unitrust may be the best tool in your estate plan if you want maximum flexibility over the investment and benefits of your gift plan.

Please contact the Foundation to schedule a private gift planning consultation. We will provide you with a confidential illustration outlining a gift plan that might allow you to provide for the persons and ministries you designate.

## Charitable Remainder Unitrust



## How It Works

- You transfer cash, securities, or other appreciated property into a Charitable Remainder Unitrust, naming a trustee to manage the trust assets.
- Transfers may be made during your lifetime ('inter-vivos' gifts) and/or as a bequest (testamentary gifts). This depends on the type of asset and your overall goals.
- The trust pays either the net income or a fixed percentage of the value of its principal, which is valued annually, to you and/or beneficiaries you name.
- You establish a term for the trust –either a fixed term of years, for one or more lives, or for one or more lives plus an additional term of years to successor beneficiaries.
- When the trust terminates, the remainder passes to the Virginia United Methodist Foundation to be distributed as you have directed.

## Benefits

- Receive income for life and/or a term of years in return for your gift.
- Receive an immediate income tax *deduction* for a portion of your contribution.
- Pay no 'up front' capital gains tax on appreciated assets you donate. Also eliminate 'IRD' taxes on tax deferred assets that are transferred to the trust by beneficiary designation.
- You can make additional gifts to the trust as your circumstances allow for additional income and tax benefits. Additional gifts may also be made by action of your Will or trust – and/or by beneficiary designation on appropriate assets (like an IRA, 401K or other tax deferred assets).



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## *Charitable Remainder Unitrusts: The Details*

Is this gift right for you? A charitable remainder unitrust is for you if...

- You want to make a significant charitable gift while retaining or increasing your income.
- You hold appreciated property such as securities, a closely-held business, investment real estate, or partnership interests and would like to avoid the capital gains tax associated with a sale.
- You want the opportunity for your income to grow over time.
- You desire maximum flexibility in the operation of your gift.
- You have significant tax deferred assets and would like to avoid a sizeable 'IRD' tax liability while making a gift plan to provide for heirs and charitable causes.
- Best for high net worth donors with taxable estates.

A **charitable remainder unitrust** is a separately invested and managed charitable trust that pays either a net income or a percentage of its principal, revalued annually, to you and/or other income beneficiaries you name for life and/or a term of years (up to a maximum of 20). You receive a charitable income tax deduction for a portion of the value of the assets you place in the trust. After the unitrust terminates, the balance or "remainder interest" goes to the Foundation to be distributed as you designate.

### The unitrust advantage: flexibility

The most *flexible* life-income plan, a unitrust is a powerful vehicle for benefiting yourself, your heirs, and those charitable causes that are close to your heart – such as your local United Methodist church. You can use almost any asset to fund a unitrust, including cash, publicly traded stocks and bonds, closely held stock, partnership interests, and real estate. You can tailor your unitrust to meet many financial or estate planning goals. You can choose to receive income beginning immediately or you can structure the trust and its investments to defer most of your income to a future time (a FLIP Unitrust). If you are insurable, you can even use some of the income or tax savings produced by your plan to purchase a life insurance policy that replaces your gift and flows to your heirs outside of your estate ("wealth replacement"). We can assist you and your advisors as you design the right unitrust to achieve your goals.

### Additional advantages

- Receive a charitable income tax deduction for a portion of your gift.
- Avoid all upfront capital gains tax on most appreciated assets you transfer to the unitrust.
- Reduce your estate tax liability by removing a large taxable asset from your estate.
- Increase your income over time to keep pace with inflation if the principal value of the unitrust grows (particularly appealing to younger donors and income beneficiaries).

There are additional planning details – i.e., trustee, assets, investments, terms, and tax considerations – which can be discussed with your consultant.