



Charitable Remainder Annuity Trust

Unlocking appreciated investments can elevate your investment worries and ultimately provide very important support.

When you create a charitable remainder trust, you irrevocably transfer money, securities or other assets to a trust that will then pay you an income for life or for a period of years. If you wish, the trust also can pay an income to another beneficiary of your choice. At the death of the surviving beneficiary, the remaining principal in the trust goes to the Wilson Memorial Hospital Foundation.

You can design your trust to fit your own special needs. First, you decide how much you'd like to put into the trust. Second, you determine the income you'd like to receive from the donated assets. The rate of income return you select must be at least 5 percent. Usually, the rate selected is 5 percent to 7 percent. The best rate for you will depend upon the number of beneficiaries you select and their ages. Third, you decide which type of charitable remainder trust will work best for you.

Choosing a charitable remainder trust is a little like shopping for a new car-the right one depends on your personal needs. Luckily, CRTs come in five variations. We can help you and your professional advisors decide the method that will work best for you.

1. Annuity trust. This type of trust pays you a fixed dollar amount, which works well if you want reliable income.
2. Standard unitrust. A unitrust pays you a variable amount equal to a stated percentage of the net fair market value of the trust assets as recalculated yearly, providing a possible hedge against inflation.
3. "Net income with makeup" unitrust. This type of trust pays you only the trust's actual income if it is less than the stated percentage of the market value of the trust's assets (as recalculated yearly). Any deficiency, however, is made up in later years if the trust income exceeds that percentage, an effective method to build retirement income.
4. "Net income with no makeup" unitrust. You receive the trust's actual income or a fixed percentage of market value (as recalculated yearly), whichever is less. Deficiencies are not made up. This plan works well in double-digit interest rate environments.
5. Flip unitrust. Set up as either of the last two types, this trust converts to a standard unitrust on a triggering event, such as the sale of an "unmarketable" asset used to fund the trust. Consider this trust if you are making a gift of real estate.

For more information please contact Bonnie Faulkner, Executive Director Wilson Memorial Hospital Foundation at bfaulkner@wilsonhospital.com or (937) 498-5575.

This information is not intended as financial or legal advice. For financial or legal advice, please consult your financial advisor or attorney.

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