

Charitable Remainder Unitrust

A charitable remainder unitrust can help you maintain or increase your income while making a significant gift to SSM Health Foundation. If your unitrust grows, your payments will grow too, providing a hedge against inflation. A unitrust provides more flexibility than other life income plans. A charitable remainder unitrust could be right for you if:

- You want to provide income for yourself or others.
- You want to choose the person who administers your gift and guides its investments.
- You want the possibility of income growth.
- You are considering a gift amount of \$250,000 or more.
- You want to save income taxes or capital gains taxes.

Example:

- Sarah Miller is 76-years-old and her husband John is 75-years-old. Many of the stocks in their portfolio have appreciated substantially in value over the many years the Millers have owned them. They are enthusiastic about making a major gift to support SSM Health, but they also would welcome a way to receive greater income from their investments without paying a big capital gains tax.
- After consulting with their advisor, the Millers find that a 5% charitable remainder unitrust funded with \$500,000 in assets will meet their needs perfectly. They fund their unitrust with \$400,000 in stocks plus \$100,000 from a money market fund. They paid a total of \$75,000 for the stocks, which currently produce about 2% in dividends each year. Their money market fund has been earning about 2% interest annually.

Benefits:

- The Millers will receive \$25,000 in payments increasing the income they had been receiving from these assets. If the income and appreciation of the trust's investments, net of costs and fees, total 7% annually, their payments will grow to over \$33,647/year* in 16 years.
- The Millers will receive an immediate income tax charitable deduction of about \$250,155**.
- The Millers' trustee will be able to sell their stock immediately in order to diversify their unitrust's investments without paying any capital gains tax.

- Assuming its investments earn a 7% net annual return on the unitrust's investments, over \$686,393* will be left in the Millers' unitrust to support SSM Health.

** The future payment amounts and principal amount remaining for SSM Health will be lower if the Millers' unitrust earns less than 7% annually.*

*** The Millers' income tax charitable deduction will vary slightly depending on the timing of their gift.*