

Charitable Remainder Trust

Do you want to:

Make a major gift to ministry? Retain life income?

Save on taxes and estate costs? Retain professional management?

Convert low-yield appreciated investments to increase income return
without penalty of capital gains tax?



Directing God-Given Resources to God-Given Goals



If you would like a personalized proposal showing how a charitable remainder trust can work for you, call our office:

(717) 933-4181
ext. 208

Many in our Fellowship are finding that they can experience the joy of stewardship during their lifetimes by placing assets in a life income plan such as the charitable remainder trust. A charitable remainder trust allows you to experience the satisfaction of making a major gift to the work of the Lord during your lifetime and still retain the income those assets generate.

What Is a Charitable Remainder Trust?

The charitable remainder trust is a trust that allows you to make a charitable gift, receive a charitable tax deduction, receive income payments throughout your lifetime, and avoid the imposition of taxes.

Here's how it works. You, as "Grantor," transfer cash, securities, property, real estate—almost any kind of asset—to the Assemblies of God Foundation (Foundation), as "Trustee" in return for a trust agreement which may pay you income for a fixed term of years, or for your life, and may include a fixed term of years to your heirs. The Trustee will handle the legal and fiduciary responsibilities for you, but you retain a beneficial interest in the income from the property. At the end of the trust, the trust assets are distributed to the ministry or ministries of your choice (local church, district ministry, missions, national ministry or educational institution).

What Type of Property Should I Use?

Cash always works well. To obtain maximum tax advantage, however, property that is appreciated in value is ideal to transfer to a charitable remainder trust. The most common types of appreciated property are real estate and securities. (Remember, many stocks pay little or no dividend.) By funding a properly created charitable remainder trust with appreciated assets, federal law allows the trust to sell the appreciated asset without the imposition of up-front capital gains tax. The Trustee will handle this for you.

How Are My Payments Determined?

As a donor, you instruct the Foundation on the type of payment you wish to receive. You may choose payments based on a fixed percentage, income-only payments, or level annuitized payments.

What Will My Payout Rate Be?

By law, the trust payout can be no less than 5 percent, but may be established at a higher rate. The higher the percentage, the greater your annual income will be. However, a higher percentage will also reduce your income tax charitable deduction and your remainder gift to ministry.

What Are The Tax Benefits of a Charitable Trust?

You are entitled to take a sizable charitable deduction on your tax return in the year you create the trust. The deduction will be a percentage of the amount transferred to the trust and will be based on the term of the trust, the trust payout, and the value of the property transferred to the trust. This amount is the charitable remainder interest which will eventually be received by the ministry you designate. If you cannot use all the charitable deduction in the year the trust is created, you can carry over the deduction for up to five years.

In addition to the up-front deduction, your trust can often be invested so that a portion of each payment is tax free and a portion is taxed at the favorable capital gains rate. This can be an especially attractive tax saving feature to high income individuals.

Finally, you will not have to pay the up-front capital gains tax on the transfer of appreciated assets to fund your investment.

Are All Charitable Trusts the Same?

While the requirements for qualification as a charitable trust are strict, there are a number of choices that can be made to fit the charitable remainder trust to your particular needs. While one person may need a consistent, steady source of income, another may want the funds to compound and grow tax free for their retirement years. A third person may want payments to continue to family for ten years. All of these objectives, and more, can be met in a charitable remainder trust. Because of the tremendous tax advantages, a charitable trust cannot be changed once established. It is important, therefore, to carefully develop the trust to take care of your current and future needs.

Who Will Manage My Trust?

The Foundation has experts who can tailor an investment strategy for your charitable remainder trust taking into account your objectives and risk tolerance levels. The Foundation will provide you with quarterly and yearly reports telling you how your trust performs and how to report your unitrust payments on your tax return.

What Effect Does a Charitable Trust Have On My Estate?

By establishing a charitable remainder trust, you may be able to reduce or eliminate estate taxes and probate costs on assets transferred to the trust. Because you transferred the property to the Trustee during your lifetime, it is not part of your estate for the purposes of probate. It may also be completely excludable from your estate for estate tax purposes. At the end of the trust, your gift passes immediately to ministry without probate interference.



FINANCIAL
SERVICES GROUP

Directing God-Given Resources to God-Given Goals

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