



"Giving" Advice



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Flexible Trusts for Changing Political Times

With the Democrats in power in Congress, income taxes for affluent clients could rise and a repeal of the estate tax seems less likely. With that in mind, this may be a good time to recommend a charitable remainder trust or other flexible trusts to your clients.

After winning majorities in both houses of Congress in the November elections, Democrats are preparing their agenda for the new legislative session. As such, the estate tax repeal is now unlikely to be made permanent, and income tax rates for the affluent could rise. Both possibilities should increase the incentive for wealthy clients to donate and create new opportunities for community foundations to encourage more giving.

“Quite simply, our goal is to grow philanthropy in size and service,” says Steve Gunderson, president and chief executive of the Council on Foundations. “As the nation continues the transfer of wealth and resources defined by our changing demographics, we must find ways to ensure that these resources fuel philanthropic engines. In so doing, we can engage in the collaborative process that empowers our community to increase its service to enhance the common good.”

Taking this shifting landscape into consideration, advisors may want to encourage clients to consider a charitable remainder trust (CRT) or other flexible trusts. Not only do trusts reduce the value of an estate, they also offer income tax deductions, provide an income stream and help donors meet charitable goals. Community foundations are outstanding resources for charitable remainder trusts, whether the foundation serves as a trustee or recipient of the trust’s proceeds.

Tax Benefits

Donations to a CRT are tax-free and grow on a tax-deferred basis. The trust pays out taxable distributions—usually to the donor and spouse—for a fixed term or for life. A donor can also receive tax deductions



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ABOUT YOUR FOUNDATION

Since 1973, the **Toledo Community Foundation** has provided individuals, families and businesses interested in the well-being of our community with an *efficient, effective, low-cost, professionally managed* mechanism to achieve their charitable goals.

For philanthropists wishing to maximize the impact and life of their charitable gifts, the Foundation provides