



"Giving" Advice



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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

The Appeal of Charitable Lead Trusts

Charitable lead trusts offer your clients a dependable vehicle for supporting their favorite charities, a way to preserve their wealth for the next generation, and significant tax advantages, especially when interest rates are relatively low.

With interest rates rising from their historic lows of the past few years, advisors may wish to explore the merits of **charitable lead trusts (CLTs)** with their philanthropically minded clients—before rates rise any further and diminish the tax benefits of these important wealth planning tools.

The opposite of the more-popular **charitable remainder trust**—in which a client receives income for a specified term or for life and any remaining assets go to a named charity—a charitable lead trust pays income to a charity for a specified period of time, after which trust assets revert to the owner or his or her family. Some charitable lead trusts are created solely for income tax purposes. Most often, though, these trusts are designed to exclude assets—and subsequent appreciation on those assets—from a donor's taxable estate.

“The charitable lead trust combines estate planning with a charitable device,” says Lawrence P. Katzenstein, an estate planning attorney with Thompson Coburn LLP in St. Louis, Mo. “It benefits the charity and also moves property to the next generation at a lower estate tax cost.”

Charitable lead trusts can take several forms, including the **charitable lead unitrust** and the more common **charitable lead annuity trust**, which is most attractive when interest rates are low.

Supporting Cherished Causes Through a Community Foundation

Community foundations are ideal venues for charitable lead trusts, which allow clients to make and direct a significant charitable gift while