

# A Family Trust

Maximize bequests  
to your children

Reduce or avoid  
estate and gift taxes

Make a gift  
to Carleton



Carleton

JOSEPH LEE  
HEYWOOD  
SOCIETY

QUALIFYING GIFT

## How it Works

- You place cash, stock, or other assets into a family trust (also known as a lead trust).
- The trust makes fixed annual gifts to Carleton for as many years as you choose.
- At the end of the trust's term, the remainder goes to your children.

## How You Benefits

- A family trust lets you time your bequests precisely.
- You can list any number of charities and all of your children as beneficiaries.
- You “freeze” the value of the assets used to fund the trust for tax purposes. If any estate or gift taxes are owed from the trust, they are calculated and may be payable at the time of the gift.
- Most of your gift to charity is made from what would otherwise be tax dollars.

## How Your Children Benefit

- When the trust ends, all remaining assets—including all appreciation—are transferred to your children, free of any gift or estate taxes.
- Although your children may owe some capital gains taxes if the trust assets have appreciated, these taxes will not be payable until your children sell the assets.

## How Carleton Benefits

The college receives an annual income for the entire term of the trust.

## Planning Tips

- A family trust is best funded with assets that are not highly appreciated.
- A short-term family trust that runs for approximately five years can be a tax-savvy way to both fulfill a pledge to Carleton and pass on assets to your children.
- Use multiple gifts to ease your family into their inheritance. For example, you could set up three different trusts with terms of 10, 15, and 20 years, instead of one trust. Please contact us with questions.

## Minimum Gift

Generally you select an attorney or professional trustee to invest and manage your trust. Family trusts typically are funded with at least \$250,000 and in most cases more than \$1,000,000.

### QUESTIONS? PLEASE CONTACT US

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Disclosure: This information is not intended as legal advice. Please consult your attorney or financial adviser to learn if a family trust is appropriate for your situation.

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