

Charitable Lead Trust

A Charitable Lead Trust is a charitable way to pass assets to your heirs.

A Charitable Lead Trust works by you contributing cash, securities or other properties to a trust. The Trust makes fixed annual payments to the Area Agency on Aging of Northwest Arkansas Foundation for a specified term of years. When the trust ends, the remaining principal goes to your heirs free of, or at a greatly reduced, federal gift and estate tax..

The benefits of a Charitable Lead Trust are:

- You would qualify for a gift tax deduction for the present value of the annuity payments to the Area Agency on Aging of Northwest Arkansas Foundation.
- The annuity payments and the term of the trust can be specified in such a way as to reduce or even eliminate the transfer taxes when the principal reverts to your heirs.
- All appreciation that takes place in the trust goes tax-free to your heirs.
- You can use your available estate tax credit (\$2.0 million per person beginning in 2006) to further reduce taxes on transfers to your heirs.
- You can have the satisfaction of making a significant gift to the Area Agency on Aging of Northwest Arkansas Foundation now that reduces the taxes due on transfers to your heirs later.

For more information on Charitable Lead Trusts call the Area Agency on Aging of Northwest Arkansas Foundation 1-800-432-9721 or email info@aanwar.org.

The information on this site is not intended as legal, tax or investment advice. For such advice, please consult an attorney, tax professional or investment professional.