

# Charitable Remainder Unitrusts

A person may want to make a significant gift to benefit ACSM but not want to give up the income that the cash, securities, real property, or personal property produces. The charitable remainder unitrust is one of several life income arrangements that can solve this problem and provide additional financial benefits.

## How it Works:

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- Donor transfers assets (usually highly appreciated property) directly to a unitrust.
- A trust document, drafted according to IRS rules, creates the trust.
- Payments (5% or more of the value of the trust) are made to one or more beneficiaries for life, or for a term of years, or both.
- Payments may grow over time since they are based on the annually redetermined value of the trust. As the trust increases in value, so do the payments to the beneficiaries.
- Additional gifts may be made to an existing unitrust without a new trust document.
- Variations of the unitrust (net income and net income plus makeup) allow the payment of the stated percentage or the actual income of the trust, whichever is less. Thus, the trust can invest for growth in its early years when income may not be needed; later, perhaps at retirement, the trust can invest for income. In the make-up version, past deficiencies in payments can be paid out (made up) in future years.
- Income payments are taxed according to IRS rules.
- Minimum gift size is usually at least \$100,000.

## Benefits:

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- Donor has satisfaction of making a significant gift to benefit ACSM.
- Income recipient(s) receives income for life or a term of years.
- Donor receives a sizable income tax deduction.
- Capital gains tax is avoided if appreciated property is contributed.
- Income recipient(s) may receive increased spendable income from low yield assets and increased income over time.
- Donor has opportunity to help other family members with additional income.
- Professional management of assets is available for donor.



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## **Benefits to ACSM:** \_\_\_\_\_

- A much larger gift is often possible due to the financial advantages of life income arrangements.
- Following the lifetime of the income recipient(s), the value of the trust is available to be used for the benefit of ACSM according to the donor's wishes.

**Note:** The correct legal name for use in all documents is: *“The American College of Sports Medicine Foundation, a not-for-profit corporation organized under the laws of the state of Indiana and located in Indianapolis, Indiana.”*