

Charitable Remainder Annuity Trust



Make a Gift & Receive Income For Life

Do you have an asset, such as securities or real estate, that you would like to give to Humboldt State University, but you need the income the property provides? Or do you have an asset from which you would like to receive more income, but you hesitate to sell it because taxes on your capital gain would take a big bite out of your proceeds. If so, you should consider donating your asset to a charitable remainder trust.

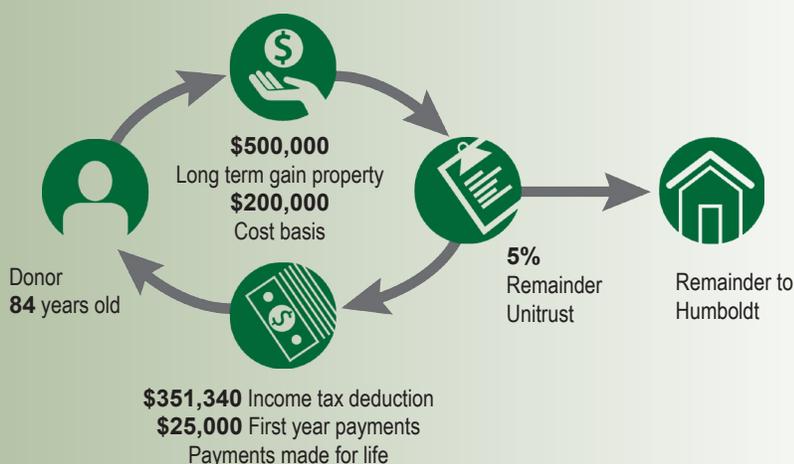
With a charitable remainder trust, you can make a gift to Humboldt State University to support and receive lifetime income. Because a charitable remainder trust is tax-exempt, there is no capital gains tax when the trust receives your appreciated assets or when it sells them. The trust can put the full fair market value of your asset to work first for you and ultimately for the Humboldt State University. In addition, you receive an income tax charitable deduction for a portion of the trust amount which can be used immediately to save on income taxes.

How a charitable remainder annuity trust works:

- You transfer assets to a trust.
- You choose a trustee to oversee the operation of your trust or serve in that role yourself.
- You choose the income beneficiaries of the trust. It can be you, you and your spouse, loved ones, devoted employees, or anyone else you wish. The trustee manages the trust assets and pays income each year to these beneficiaries.
- The payments made to beneficiaries may be the same amount each year, offering the security of fixed payments, or vary based on a percentage of the trust value, offering the possibility that payments may grow over time. (The latter is a charitable remainder unitrust.)
- When the trust term ends, usually upon the passing of the income beneficiaries, its remaining assets go to Humboldt State University for use as you directed.

EXAMPLE: Charitable Remainder Annuity Trust

Anna, age 84, has various appreciated stocks in her brokerage account with a combined value of \$500,000. The stocks cost \$200,000 to purchase and provide her with approximately \$10,000 in annual dividend income. Anna would like to increase her cash flow, not worry about market fluctuations, and arrange for an endowment at Humboldt State University.



Anna determines that creating a charitable remainder annuity trust will achieve her goals nicely. She transfers her \$500,000 in stock to an annuity trust with a 5.0% payout rate.

Benefits

- Anna will significantly increase her cash flow from her gift assets, from \$10,000/year to \$25,000/year.
- She will receive an immediate income tax charitable deduction of about \$351,340*.
- Her trustee will be able to sell her stock immediately in order to diversify her trust's investments without paying any capital gains tax. As a result, all of her assets will be working for her and for Humboldt State University.

* Anna's income tax charitable deduction will vary depending on the timing of her gift.

A trust can be tailored to your needs:

- Increase cash flow
- Provide supplemental retirement income
- Provide for other family members

“When I look at what’s happening on campus, Humboldt is still at the forefront of issues. We wanted to help new and future students to keep moving forward. That’s why it’s so important to us to give back to that gift. And the Planned Giving staff made it so simple..”

— Brian ('82, Wildlife) and Melinda Barton ('83, Wildlife)



NEXT STEPS:

To receive further information and assistance on a charitable remainder trust, or to learn more about how your gift can help Humboldt State University, please contact our Office of Philanthropy.

- call (707) 826-5200
- email giving@humboldt.edu

* Because everyone’s situation is different, we encourage you to seek professional legal, estate planning, and financial advice before deciding on a course of action. This information does not constitute legal or financial advice and should not be relied upon as a substitute for professional advice.

HUMBOLDT
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By supporting Humboldt State University with your philanthropic donations, you are ensuring that the next generation of students enjoy an extraordinary college experience in one of the world’s most beautiful places.

Office of Philanthropy
Humboldt State University
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