

HUMBOLDT STATE UNIVERSITY

Charitable Remainder Unitrust



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 unitrust.

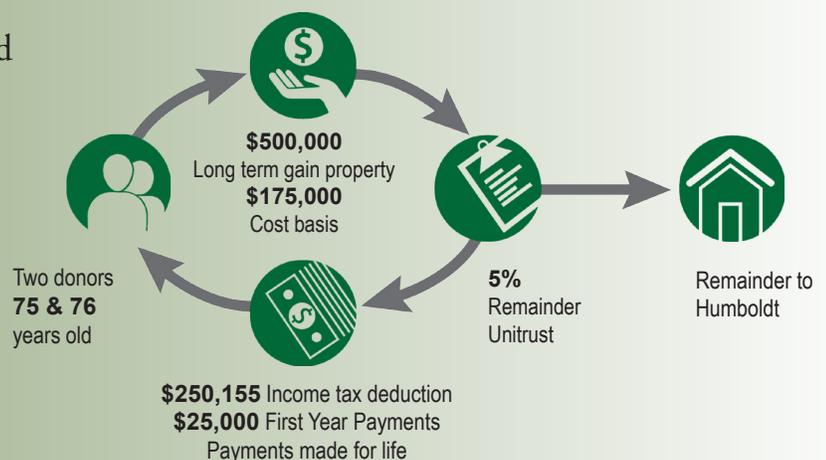
With a charitable remainder unitrust, you can make a gift to Humboldt State University to support and receive lifetime income. Because a charitable remainder unitrust is tax-exempt, there is no capital gains tax when the trust receives your appreciated assets or when it sells them. The trust can put 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 unitrust 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.
- Each year, your unitrust will distribute a fixed percentage of its current value. If your unitrust's value goes up from one year to the next, the payments will increase proportionally. Likewise, if your unitrust's value goes down, the payment amount will also go down. You choose the percentage that your unitrust must pay each year to its income beneficiaries. It may be to your advantage to choose a relatively low payment percentage so that your unitrust's assets have the best chance to grow. If the value of your unitrust grows, so will its payments. A payment rate of 5% to 6% is typical.
- 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 Unitrust

Audrey Chen is 76 years old and her husband John is 75. Many of the stocks in their portfolio have appreciated substantially in value over the many years the Chens have owned them. They are enthusiastic about making a major gift to support Humboldt State University, but they also would welcome a way to receive greater income from their investments without paying a big capital gains tax.



After consulting with their advisor, the Chens find that a 5% charitable remainder unitrust funded with \$500,000 in assets will meet their needs perfectly. They fund their unitrust with \$400,000 in stocks plus \$100,000 from a money market fund. They paid a total of \$75,000 for the stocks, which currently produce about 2% in dividends each year. Their money market fund has been earning about 2% interest annually.

Benefits

- The Chens will receive \$25,000 in payments in the first year of their unitrust, significantly increasing the income they had been receiving from these assets. If the income and appreciation of the trust's investments, net of costs and fees, total 7% annually, their payments will grow to over \$33,647/year* in 16 years.
- The Chens will receive an immediate income tax charitable deduction of about \$250,155**.
- The Chens' trustee will be able to sell their stock immediately in order to diversify their unitrust's investments without paying any capital gains tax.
- Assuming its investments earn a 7% net annual return on the unitrust's investments, over \$686,393* will be left in the Chens' unitrust to support Humboldt State University when their unitrust terminates.

*The future payment amounts and principal amount remaining for Humboldt State University will be lower if the Chens' unitrust earns less than 7% annually.

**The Chens' income tax charitable deduction will vary slightly depending on the timing of their gift.

“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 unitrust, 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
STATE UNIVERSITY

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
Phone: (707) 826-5200
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