St. Francis Hospital Foundation

Customize Your Contribution

Transfer cash, securities, or property into a trust, and receive income for life.

This brochure contains general gift, estate, and financial planning information for educational purposes. It does not provide legal or tax advice. For advice or assistance on specific gifts and decisions please consult an attorney or other professional advisors.

There are several gift plans with St. Francis Hospital Foundation that pay you lifetime income in return for your gift. This is the inside story on the two most flexible of those plans in our portfolio: the Charitable Remainder Unitrust and the Charitable Remainder Annuity Trust. They are powerful planning tools that can help you meet multiple financial and family needs and make a significant contribution to St. Francis Hospital Foundation at the same time. Use them to customize the gift that will deliver the most benefits to you and your loved ones.

How do Charitable Remainder Trusts Work?

1. You transfer cash, securities, or other appreciated property into a trust.

2. The trust pays income to you and/or other beneficiaries that you name, for life or for a term of years (maximum 20).

3. When the trust terminates, the remaining balance is used by St. Francis Hospital Foundation to accomplish the purpose you designated when you created the trust.

What are the Tax Advantages?

If you fund your trust with appreciated securities, you pay no up-front capital gains tax. You can contribute appreciated but low-yielding assets and put the entire amount of your gift to work for you.

Besides avoiding capital gains tax, you also receive a charitable deduction when you create a Charitable Remainder Trust. Your deduction will be based on the full fair market value of the securities or real estate you contribute, reduced by the present value of the income interest you retain.

If you plan to fund your charitable remainder trust with art or collectibles (tangible personal property), please contact us for details on the tax implications of your gift.

There are two main types of Charitable Remainder Trusts:

1. **The Charitable Remainder Annuity Trust**

   A Charitable Remainder Annuity Trust (CRAT) pays a fixed dollar amount to income beneficiaries for life or a term of years. This gift plan pays the exact amount to the beneficiaries each year, regardless of market conditions or investment experience. The CRAT cannot accept additional gifts after it has been established.

2. **The Charitable Remainder Unitrust**

   A Charitable Remainder Unitrust (CRUT) pays the income beneficiaries a fixed percentage rate for life or a term of years. The annual income amount is based on the current value of the trust assets, so the payout will increase or decrease based on changes in trust asset value.

The CRUT is extremely flexible. Here are two variations on the theme:

1. A Charitable Remainder Net-Income Unitrust (NICRUT) is especially helpful when you fund your trust with assets that do not produce a dependable income stream, like investment real estate or closely-held stock. You receive an immediate charitable deduction, based on the asset's fair market value minus the present value of the income benefit. The NICRUT pays the lesser of the trust's net income or fixed percentage each year, which protects trust assets from being invaded to fund income payments. It may contain a "make-up provision" that allows the trust to make up any shortfall from a prior year when trust income increases.

2. A "Flip Unitrust" begins as a NICRUT but converts to a regular CRUT after a specific "triggering event" occurs. This type of CRUT can be used to grow assets tax-free and then pay income on a much larger principal at a later date — all at greatly reduced capital gains cost to you. The Flip Unitrust can be initially invested for capital appreciation, paying net income only. When the predetermined event occurs, the trust "flips" to a standard unitrust and begins paying a fixed percentage from income, growth, or principal. Allowable events include the sale of a piece of real estate in the trust, a date when you or another income beneficiary reaches a certain age, or an event outside your control such as a marriage, birth, or death.

Planning Note:

- Unlike a Charitable Gift Annuity, Charitable Remainder Trusts may have more than two income beneficiaries. (Remember, though, that increasing the income payout from your trust may decrease the charitable deduction and the gift to St. Francis Hospital Foundation.)

- A short-term CRAT or CRUT may make an excellent source of supplemental income to help pay children's or grandchildren's tuition. These charitable trusts allow you to use the same funds both to help your family and to make a significant gift to St. Francis Hospital Foundation.

The Next Step

We can show you how a unitrust or annuity trust can meet many of your financial goals (you will also want to consult with your own legal and financial advisors).

Want to learn more? Find our Contact Information on the next page.

Contact Information

Planning your estate and legacy for future generations including your charitable interests takes careful evaluation. Consulting with the appropriate professionals can assist you. Discussing your charitable intentions with us can lead to a much better result than going it alone — and will ensure that your gift is used just as you wish. We can provide valuable information about any of the creative giving techniques mentioned in these planned giving pages.

Act now to take the steps that you need to do to be a good steward of the resources you intend to leave behind. You can contact us below, or use our request for information form on our website to get more information.

Michael Maglione, Director of Planned Giving, St. Francis Hospital Foundation,
516-563-7967, ***michael.maglione@chsli.org***

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