



## CHARITABLE LEAD TRUST (CLT)

**Charitable Leads Trust (CLT)** is an excellent estate planning tool to discount the value of a person's estate.

If you are looking for a way to pass on some of your assets to your family while reducing or eliminating gift or estate taxes, a CLT is an excellent option.

A lead trust is used by an individual when he/she wishes to support a charity with a current payment for a specified period of time, after which the principal of the agreement is distributed back to the donor or the donor's family.

### Benefits of a Charitable Lead Trust

- ❖ Receive a gift or estate tax charitable deduction
- ❖ Pass inheritance on to family at a reduced or zero cost
- ❖ Establish a vehicle from which you can make annual gifts to charity

### How a Charitable Lead Trust Works

1. You make a contribution of your property to fund a trust that pays the Arts Council of Moore County income for a number of years.
2. You receive a gift or estate tax deduction at the time of your gift.
3. After a period of time, your family receives the trust assets plus any additional growth in value.

### More information

A Charitable Lead Trust (CLT) is an irrevocable trust designed to provide financial support to one or more charities for a set period, with the remainder eventually going to one or more non-charitable beneficiaries. You can think of a CLT as the inverse of a Charitable Remainder Trust (CRT). CLTs operate for the life of one or more people and payment is made to designated charitable beneficiaries for that time period.

Payments from a CLT are made to the selected charitable beneficiary(ies) as either a fixed annuity payment or a percentage of the trust. With a CLT, you must provide payment to the charitable beneficiary(ies) on at least an annual basis for a fixed number of years or for the lifespan of a person. Unlike CRTs, CLTs are not subject to a 20-year time limit. There's also no required minimum or maximum payment needed to be paid to the charitable beneficiary(ies) so long as they are made annually.

CLTs are useful to support charitable causes that are important to you while also preserving a legacy of wealth for future generations. They can also help minimize estate taxes for your heirs. It is important to note that this type of trust is irrevocable, costly to set up and maintain, and the assets for your non-charitable beneficiaries may be diminished over time.

### Contacts for additional information:

Chris Dunn, Executive Director – 910-692-2787 | [chris@mooreart.org](mailto:chris@mooreart.org)  
Ray Owen, Development Director – 910-692-2787 | [ray@mooreart.org](mailto:ray@mooreart.org)

NOTE: This information is taken from sources believed to be reliable but is not guaranteed as to completeness or accuracy. You are urged to seek the advice of your financial planner, attorney, and/or tax advisor to make certain a contemplated gift fits well into your overall circumstances and planning.