



Anthony G. Marino '97
Vice President for Development and Alumni Engagement
Phone 518-782-2432 • Fax 518-786-5010
plannedgiving@siena.edu

CHARITABLE LEAD TRUST

The charitable lead trust (CLT) pays income to Siena College now, while reducing your tax costs for transferring assets to your heirs. With a charitable lead trust, you irrevocably transfer assets to a trustee and provide that payments will be made to Siena College for a certain number of years or until the end of your or another's life. Then the principal is passed along to your children or other heirs at greatly reduced gift and estate tax rates and in some instances, avoid them all together. The charitable lead trust may appeal to individuals who wish to make a gift while retaining property in their family.

IS A CLT RIGHT FOR YOU?

A CHARITABLE LEAD TRUST COULD BE THE RIGHT LIFE INCOME GIFT IF YOU...

- have substantial assets which are not needed for your own financial security,
- would like to provide for your family or other heirs,
- want to reduce your gift and estate taxes, and probate costs,
- have as your planning objective to preserve the value of your estate, not increase your income or reduce your income tax, and,
- would like your gift to provide a stream of income to Siena College, meaning your gift will make a difference starting immediately.

HOW DOES IT WORK?

- You irrevocably transfer cash, securities, or other property to a trust. At the time of your gift you received a charitable tax deduction.
- Each year, during its term, the trust pays a percentage of its value or a fixed amount to Siena College.
- When the trust ends, its remaining principal transfers to your family or other heirs you name.

WHAT ARE THE TAX BENEFITS?

- You make a substantial annual gift to Siena College.
- You are not taxed on the annual income generated, but you also do not receive an income tax deduction each year. (It is possible to get an income tax deduction up front. Please speak with us for more information.)
- You pass remaining principal to your heirs at greatly reduced gift and estate taxes.
- You benefit from professional management of the assets during the term of the trust.
- You enjoy a gift tax deduction for the present value of Siena College's income interest

SPECIFIC TAX IMPLICATIONS OF A CLT OF WHICH YOU SHOULD BE AWARE.

When you transfer assets to your charitable lead trust, you are making a taxable gift to the individuals who will receive your trust's principal when it ends. However, your gift of payments to Siena College earns you a charitable gift tax deduction in the year of your gift that will reduce your taxable gift. In addition, the assets in your charitable lead trust are removed from your taxable estate. This means that any growth in the value of your trust's assets during its term can be passed on to your heirs completely free of taxes.

A charitable lead trust is a taxable trust, but it pays income tax only if its income exceeds the amount it pays to Siena College during the year. A careful trustee can balance your lead trust's income against its charitable payments in order to minimize its income taxes.