

# NON-GRANTOR CHARITABLE LEAD TRUST

Providing for your family and Duke's future

**Non-Grantor Charitable Lead Trusts** are used to transfer assets to loved ones and reduce gift and estate taxes by a significant amount or eliminate them entirely. These trusts also allow you to provide immediate support to Duke each year for a specific time period—either a person's life or a term of years.

## Benefits

---

Charitable lead trusts are often attractive to wealthier donors looking to overcome substantial gift or estate tax issues. Gifts are typically larger in value—about \$1 million or more. Benefits include:

- Transferring assets to heirs with reduced/eliminated estate and gift tax.
- Providing a reliable source of income to Duke, directed to the area most important to you.
- Almost any type of asset may be contributed; cash and stock are most common.

## How it works

---

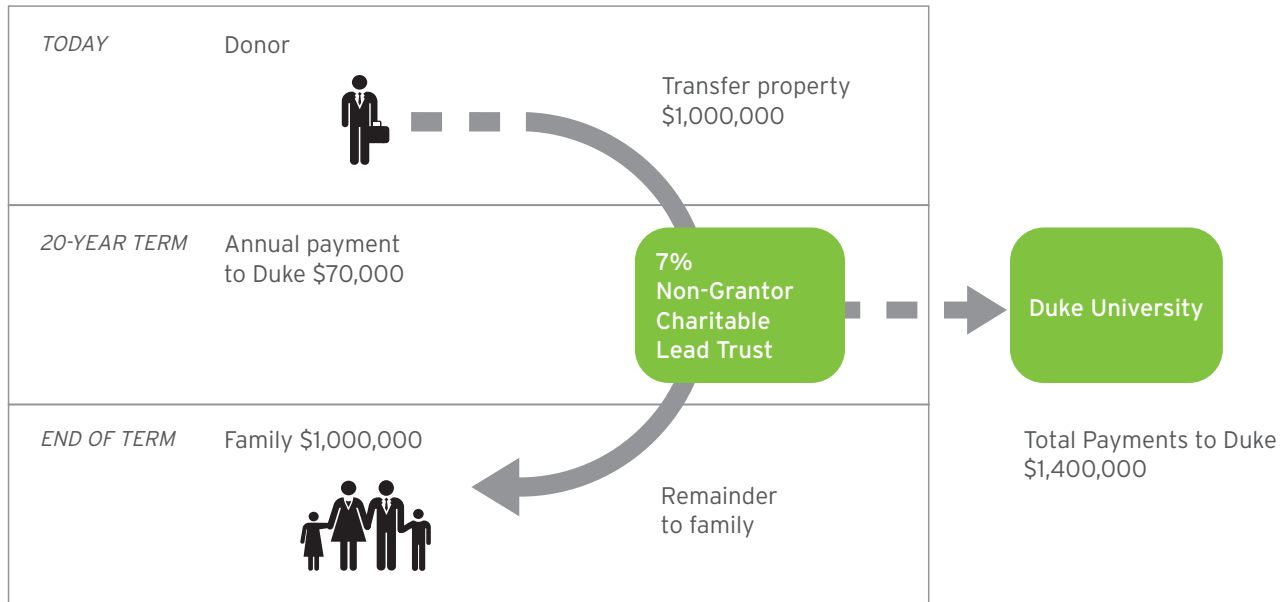
To begin, a donor works with his or her advisors to establish a charitable lead trust and transfer assets to it. This transaction is irrevocable. The donor will then choose the dollar amount that Duke will receive from the trust each year.

Some annual payout amounts can eliminate gift and estate tax liability related to the trust's ultimate transfer of assets to the donor's heirs. Generally, the charitable payout rate can be lower in a low interest rate environment, leaving more assets to heirs when the trust's term ends.

**This document outlines a charitable lead trust** that would pay Duke a fixed dollar amount each year for a term of years. After that term, remaining assets would be transferred to the donor's heirs. This is often called a "non-grantor charitable lead annuity trust," but there are several types of similar arrangements.

Please consult with your legal and tax advisors to decide which type best meets your personal and financial goals.

**For example,** consider a non-grantor charitable lead trust funded with a gift of \$1 million in January 2019. If the trust pays Duke a fixed amount of \$70,000 each year for 20 years, then the assets remaining in the trust after year 20 will pass to heirs free of gift or estate tax, regardless of the value of the transfer. If the trust’s investments achieve an annual return of 7 percent, the heirs would receive roughly \$1,000,000 in year 20, free of gift or estate taxes.



The tax impact of a charitable lead trust relies, in part, on an underlying “discount rate” published each month by the IRS. The illustration above relates solely to a lead trust established in January 2019. Please contact Duke’s Office of Gift Planning for an updated illustration.

**Please note** that the tax benefits of this type of lead trust are typically related to reducing or eliminating gift and estate taxes; they generally do not provide the donor with an income tax deduction.

## Connect with us to get started

Duke University’s Office of Gift Planning has charitable planning experts available to work with you and your financial advisors to explore charitable giving strategies that support your financial goals now and in the future.

EMAIL: [giftplanning@duke.edu](mailto:giftplanning@duke.edu)  
 WEBSITE: [giving.duke.edu/giftplanning](http://giving.duke.edu/giftplanning)

PHONE: (919) 613-1521  
 BLOG: [giving.duke.edu/blueprints](http://giving.duke.edu/blueprints)

This notice is made in order to comply with applicable Treasury Department and other regulations (including but not limited to “Circular 230”) – This communication (including any enclosures or attachments) is not intended or written to be used, nor can it be used, for the purpose of avoiding tax-related penalties. All materials (including any enclosures or attachments) are provided for informational purposes only and shall not be considered or construed as legal, tax or financial advice. Please consult your own expert counsel on all legal, tax or financial matters related to any contemplated gift or otherwise. An attorney employed by Duke University cannot serve as your personal advisor.