

Unitrust

A Charitable Remainder Unitrust is an irrevocable trust that provides variable payments to one or more beneficiaries for their lifetimes or a specified term of years. When the trust terminates, the remaining principal becomes available for the work of Academy Prep Foundation.

This information is intended to provide an overview of the uses of a charitable remainder unitrust. It is to the best benefit of donors to discuss specific details of their estates and estate plans with their trusted financial advisor. Academy Prep Foundation would be pleased to assist you as you consider the charitable dimension of your long-range financial plans.

How it Works

- You make a gift of cash, securities, or other marketable material. Minimum gift amounts apply.
- Additions may be made to a trust with minimum contribution limits.
- Designate up to two other people (yourself and another or any other two people) to receive the variable payments.
- Trust payments equal a fixed percentage (at least 5%) of the fair market value of the trust assets as revalued annually, thus payments are variable.

Benefits

- In the year the gift is made, the present value of Academy Prep Foundation's interest in the gift is considered a charitable contribution.
- The unitrust is tax-exempt and not subject to tax on realized capital gains when funded with appreciated assets.
- The charitable portion of the trust is not subject to taxes in your estate.
- Provide income for yourself or others for life WHILE supporting the mission of Academy Prep Foundation.
- When payments to the beneficiaries end, the remaining trust assets become available for Academy Prep Foundation to expand and strengthen its programs for years to come.

SAMPLE CASE STUDY *The following is an example of a way to remember Academy Prep Foundation with a unitrust. As with other estate plans, seek the advice of your financial advisor.*

■ **Ms. Jacobs**, at age 64, funded a 5% Unitrust with long-term appreciated securities having a basis of \$10,000 and a value of \$100,000. The annual payment from the trust for the first year was \$5,000. The charitable deduction was \$45,680 with an income tax savings of \$12,790, based on her 28% tax rate. \$90,000 of long-term capital gain was avoided, saving \$18,000.*

*Based on calculations in effect at the time of printing and subject to change.
The charitable portion of your gift will be determined as of the date of the gift.