

# THE WILD ANIMAL Sanctuary

[www.WildAnimalSanctuary.org](http://www.WildAnimalSanctuary.org)

## **Turn a Donation Into a Steady Income for Life**

*[With a Charitable Remainder Annuity Trust]*

*Think of all the safety precautions you take day in and day out. If you're driving anywhere, you wear your seat belt. Maybe you keep a first aid kit on hand, just in case you need it. Before you turn in for the night, you lock the doors. All of these little things are ways you protect yourself.*

Protecting your finances is no different. If you're going to invest your money, you want to know that you can count on the income from your investments. The catch is that the more secure an investment, the lower the return. To get a higher yield, the trade-off is higher risk. Shouldn't there be a safer way?

There is, if you would like to eventually make a gift to a charitable organization such as Wild Animal Sanctuary. It's called a charitable remainder annuity trust.

### **Hassle-Free, Secure Income**

The charitable remainder annuity trust is specially designed to satisfy your financial needs. It's a deferred gift that lets you commit a substantial amount to support our mission down the road while securing income now. You donate assets to this unique trust and receive a fixed dollar amount each year for the rest of your life. If you wish, your spouse or other individuals can receive the same income after your lifetime. You decide at the outset the amount you wish to receive from your contribution, perhaps far more than the yield from your current investments.

Ultimately, the remaining balance in the trust (the charitable remainder), after the lifetimes of those you choose, will be distributed to us. But you have the satisfaction of creating your gift now, knowing the remainder will become a welcome contribution to our mission.

### **Getting Started**

You create the trust with your attorney. Then you give cash or securities (or both) to a trustee of your choosing. You determine how much to donate. The trustee is responsible for the prudent management of the trust. If you choose to name a professional trustee, you can free yourself from investment worries--the trustee will tailor the investment strategy to meet your trust's requirements. Or you can name yourself as trustee if you want to continue with the investment responsibilities.

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"Saving Captive Wildlife For Over 37 Years"  
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## Your Steady Income

You determine how much income you want to receive from the trust. The percentage of income you select must be at least 5 percent. Usually the percentage is 5 percent to 7 percent. The best rate for you will depend upon the number of beneficiaries you select and their ages.

The payments you receive will typically be taxable to you depending on what type of income your trust earned during the year. Each payment is treated first as ordinary income to the extent of the trust's ordinary income; second, as capital gains to the extent of the trust's capital gains; third, as tax exempt income to the extent of the trust's tax-exempt income; and lastly, as a tax-free return of your principal. Your trustee will tell you what to report, so you don't have to figure this out yourself.

## You Enjoy Tax Breaks, Too

In the year you create and fund your annuity trust, you qualify for a sizable federal income tax charitable deduction. Your income tax deduction is based on the amount our organization may receive in the future. When you use appreciated securities to fund the trust, you are not taxed immediately on any capital gain. Further, your tax deduction for a gift funded with long-term securities is based on their full fair market value—not their lower cost basis.

As you might expect, the older the beneficiary of a newly established annuity trust, the higher the charitable deduction. If someone else is named as an additional beneficiary, the charitable deduction will be lower because the payments should continue for a longer period of time than just one beneficiary's lifetime.

## Review the Benefits

1. You receive a fixed income for life.
2. You get an income tax charitable deduction and avoid immediate capital gains tax.
3. You have the potential to increase income from a low-yield holding.
4. You may choose to free yourself from further investment responsibilities.

## An Example

Betty is 80 years old. She owns stock she purchased several years ago for \$60,000 that is now worth \$100,000. She's pleased with the way her stock has steadily increased in value, but she would like to receive more income than the 2 percent to 3 percent dividends the stock currently pays.

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**Problem:** If Betty were to sell the stock to reinvest for more income, she would be required to pay a capital gains tax on the \$40,000 appreciation in value--an amount that totals \$6,000 in taxes at the maximum rate of 15 percent. This would leave her with only \$94,000 to reinvest.

**Solution:** Betty decides to give the \$100,000 of stock to a charitable remainder annuity trust. She elects a 7 percent payout, which means she will receive \$7,000 a year for life. She likes the idea that this payout won't change, regardless of the yield or the value of the charitable trust's investments.

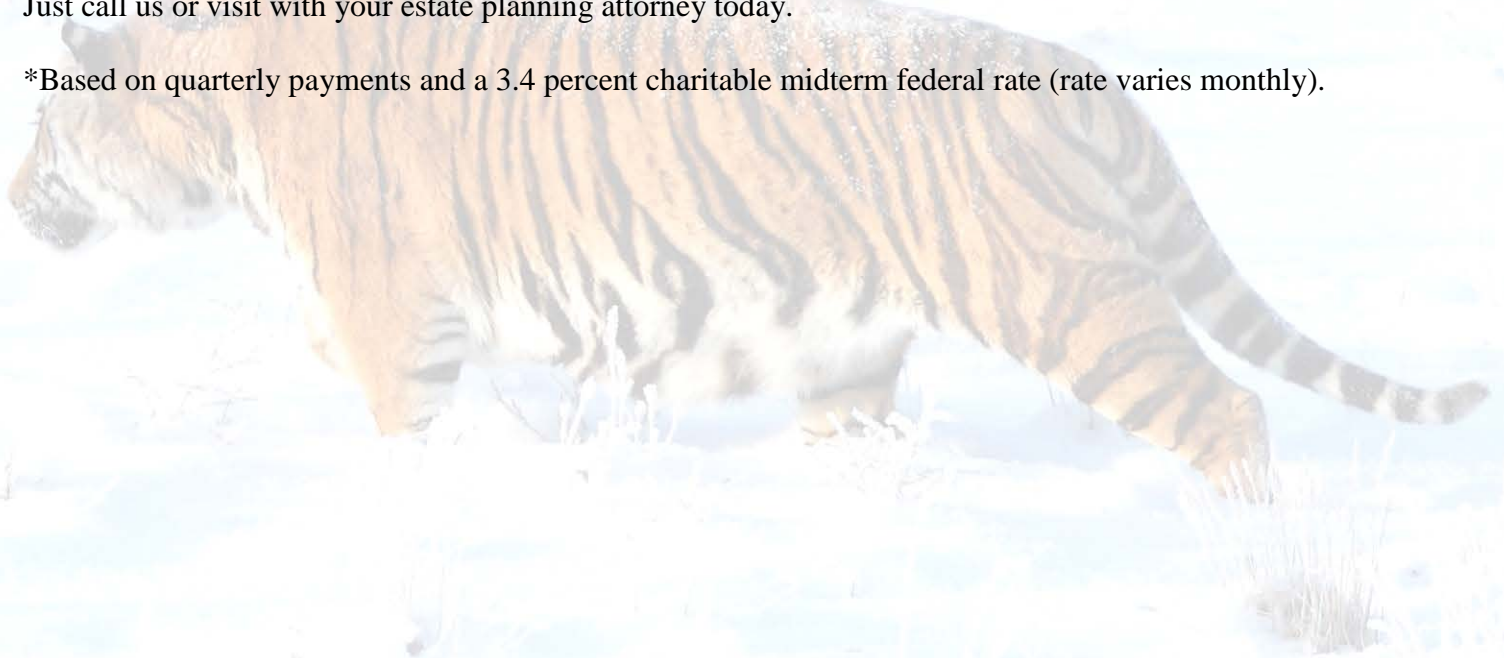
Based on her age, Betty is entitled to an income tax charitable deduction of \$51,917\* on the \$100,000 she used to fund her annuity trust, a savings of \$14,537 in her 28 percent income tax bracket. Plus, there is no up-front capital gains tax due, even when the trust later sells the stock.

Betty couldn't be happier: "I found a way to nearly triple my income, I benefited from all sorts of tax advantages, and best of all, I know I'm helping to support my favorite charitable organization."

## **For More Information**

If you would like more information about how a charitable remainder annuity trust could benefit you and our organization, we'll be glad to arrange a projection based on your particular circumstances at no obligation. Just call us or visit with your estate planning attorney today.

\*Based on quarterly payments and a 3.4 percent charitable midterm federal rate (rate varies monthly).



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