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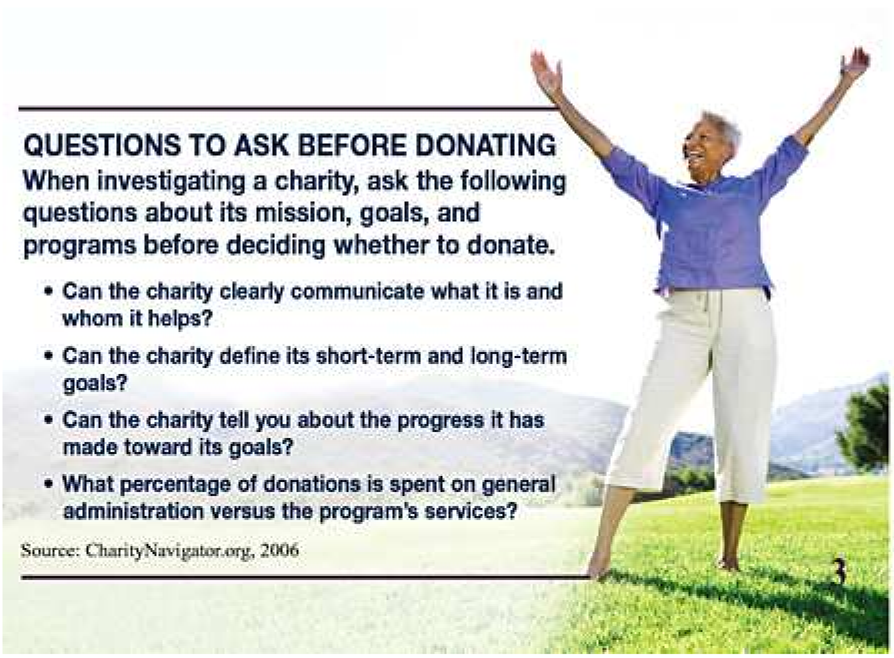
Charity That Pays

If there's one thing Americans know about, it's the pursuit of happiness. According to a recent survey, spending money on ourselves offers no measurable boost in happiness, yet spending money on others or giving it to charity significantly raises levels of happiness and satisfaction with life.[1] It's no wonder that over 83% of all the money given to charity in America is donated by individuals.[2]



By organizing your giving, you can make it more effective, allowing your largess to benefit not only the intended charity, but potentially yourself and your heirs. Two popular ways to structure your giving are charitable lead trusts and charitable remainder trusts.

Charitable Lead Trust (CLT)

A CLT is set up to provide the designated charity with any income produced by the trust's assets during your lifetime. After you die, the remaining assets are distributed to your heirs. This type of trust can help reduce current income taxes on trust income, as well as help reduce gift and estate taxes on appreciated assets that are eventually transferred to your heirs.

Charitable Remainder Trust (CRT)

With a CRT, you can make a donation to your favorite charity and avoid capital gains taxes on highly appreciated assets. You can receive a regular income from the trust for a set period or your lifetime. Afterward, the assets remaining in the trust are given to the charity. The assets you transfer to the trust may be partially tax deductible, and any appreciated assets sold by the trust are exempt from current capital gains.

Keep in mind that donations to both types of trusts are irrevocable; therefore, the assets cannot be withdrawn once the trusts are formed. Not all charitable organizations are able to use all possible gifts, so it is prudent to check first. The type of organization you select can also affect the tax benefits you receive.

The use of trusts involves a complex web of tax rules and regulations. You should consider the counsel of an experienced estate conservation professional and your legal and tax advisors before implementing such strategies. For more information on how insurance and other financial solutions can fit into your overall financial plan, contact **Jason M. Woodward, J.D.** today at (603) 264-7550 or financialattorney@gmail.com.

1) LiveScience.com, 2008
2) Better Business Bureau, 2007