

**CHARITABLE TRUSTS CAN  
BE IMPORTANT COMPONENTS  
OF ANY ESTATE PLANNING  
PROGRAM.**

The Charitable Lead Trust is an attractive alternative to the traditional income trust for those seeking to reduce potential gift tax assessments, and to ultimately benefit a charitable cause as well as family members.

A Charitable Lead Trust enables a Grantor to make an irrevocable gift to the trust during his or her lifetime, with income from the trust paid to one or more charities for the term of the trust. The charity receives income from the trust for a specified period of years, or until a specified event occurs. At the end of the trust term, the remaining trust assets are distributed to designated family members or trusts established for their benefit. Additionally, the tax value of the Grantor's initial gift of appreciated assets to the trust is reduced by the actuarial value of the lead interest going to the charity.

The Charitable Lead Trust is appropriate for individuals who wish to include charitable beneficiaries in their overall estate plan. This trust arrangement is also appealing to individuals who expect to have significant estate tax liabilities, as it enables them to make future transfers of assets to family members at reduced gift tax costs.

### **Benefits of the Charitable Lead Trust**

- Benefits charity and may provide Grantor with a charitable income tax deduction.
- Freezes value of assets for transfer tax purposes—none of the appreciation in the trust's assets is subject to gift or estate tax.
- Sustainability reduces gift valuation—the longer the trust runs, the less the value of the gift for tax purposes.
- Family assets stay in the family; the ultimate disposition is to the family.

### **The Advisory Trust Company of Delaware**

The Advisory Trust Company of Delaware (Advisory Trust) provides directed trustee, trust administration, and back-office services for high-net-worth individuals and families. We work exclusively with professional advisors, assisting them in helping their clients achieve their financial goals by using the full range of trust strategies available under Delaware law.

Advisory Trust is part of the Wilmington Trust corporate family, which has been in the wealth management business for 105 years, serving as trustee and advisor for prominent individuals, families, and foundations. Founded in Wilmington, Delaware, in 1903 by T. Coleman du Pont, one of the great industrialists and entrepreneurs in our nation's history, Wilmington Trust currently serves wealth advisory clients in all 50 states and 36 countries.

Advisory Trust has offices in Wilmington, Delaware, and Phoenix, Arizona, and currently oversees approximately \$1.3 billion in assets for more than 1,200 personal trust accounts, providing tax and administration services.

## **Trusted Solutions.**

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