



Trusts: Choose From Two Ways to Donate

Uncover the Option That Matches Your Goal

What if you could support Habitat for Humanity Seattle-King County and our work, provide for your heirs and reduce your taxes with one gift? With charitable trusts, you can do all of it. This guide offers helpful information on two popular types of charitable trusts.

There are two types of charitable trusts a charitable remainder trust and a charitable lead trust. Both types of trusts split the assets between a charitable and non-charitable beneficiary. The main difference between a charitable remainder trust and a charitable lead trust is when Habitat for Humanity Seattle-King County receives your gift.

Remainder trust: Habitat for Humanity Seattle-King County receives the remainder after your lifetime or a term of years.

Lead trust: Habitat for Humanity Seattle-King County receives the gift first, with the remainder going to individuals you choose.

The following few pages have detailed information on both types of trusts. Keep reading to uncover which type may be right for you.

Trusts

Receive Income for Life or a Term of Years

With a charitable remainder trust, you receive a stream of income for your lifetime or a set term of up to 20 years. The income may be greater than what the assets currently yield. If you wish, your spouse or another individual can receive an income from the trust after your lifetime. At the end of the trust term, the remaining balance goes to Habitat for Humanity Seattle-King County.

Use this chart to help you choose from two basic types of charitable remainder trusts.

Charitable Remainder Unitrust or Annuity Trust: Which Is Best for You?

Gift Plan	Charitable Remainder Annuity Trust	Charitable Remainder Unitrust
Payments	You receive fixed income for life or a term of years	You receive variable income (based on the trust's value each year) for life or a term of years
Donor Profile	<ul style="list-style-type: none">• Owns highly appreciated, low-yielding or low-basis assets• Seeks additional fixed income and diversification of assets	<ul style="list-style-type: none">• Owns highly appreciated, low-yielding or low-basis assets• Seeks additional income and diversification of assets• Likes the flexibility of adding additional assets over time• Wants to retain the power to add or remove charitable beneficiaries
Features	<ul style="list-style-type: none">• Fixed income• Income tax deduction• No up-front capital gains tax on transfer of assets• Significant gift to us in the future	<ul style="list-style-type: none">• Variable income• Income tax deduction• No up-front capital gains tax on transfer of assets• Allows additional gifts• Significant gift to us in the future
Funding	Cash or securities, typically \$100,000 or more	Cash, securities or other assets, typically \$100,000 or more

Trusts

Reduce Taxes and Give to Your Heirs

With a charitable lead trust you transfer cash or assets, which are appreciating in value, into a trust with the intention of supporting Habitat East Bay/Silicon Valley first, then returning the remaining assets to your family.

The major benefit of creating a lead trust is in transferring assets to family members at very little gift or estate tax costs. You could potentially pay a relatively small gift tax for eventually transferring a large amount of assets to your children. This type of gift provides you with a gift tax deduction, not an income tax deduction. But, if you are looking for an income tax deduction, a grantor charitable lead trust may be a better option for you. In this case, the trust assets are returned to you after the trust term ends. Check with your professional advisor to determine which type of trust is best for you.

Types of Payments

The trustee makes payments from the trust to the selected charity or charities as either a fixed annuity payment or a percentage of the trust.

An annuity payment: With this type of payment, Habitat for Humanity Seattle-King County receives the same amount annually whether trust assets appreciate or depreciate. If the trust income is insufficient, the trustee uses principal to make up the difference.

A unitrust payment: With this option, we receive a variable amount based on a specified percentage of the fair market value of the trust assets, valued annually. You set the percentage upon creating the trust. The payments fluctuate with trust appreciation or depreciation. If the trust income is insufficient, the trustee uses principal to make up the difference.

Trusts

Next Steps

We are here to help you. Contact us with any questions you have about creating a trust that benefits you and Habitat for Humanity Seattle-King County.

Habitat for Humanity Seattle-King County

500 Naches Ave SW, Ste 200

Renton, WA 98057

Amy Kathryn Farrier

Chief Development Officer

(206) 456-6943 | amy.farrier@habitatskc.org

Tax ID Number 91-1342397

© The Stelter Company

Information contained herein was accurate at the time of posting. The information on this website is not intended as legal or tax advice. For such advice, please consult an attorney or tax advisor. Figures cited in any examples are for illustrative purposes only. References to tax rates include federal taxes only and are subject to change. State law may further impact your individual results.