COMPELLING PLANNING IDEAS IN THIS NEW ERA FOR CHARITABLE TAX PLANNING

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For over 19 years, Brad Gornto has practiced law throughout Florida in the areas of complex estate & charitable planning, business law, probate and trust administration, and income tax planning. In addition to his law practice, Brad is the President of Effectual Giving, LLC, which is a professional consulting firm that assists charitable organizations, philanthropic families, and allied professionals across the country in the actual implementation of planned giving solutions and donor-specific recommendations. Finally, Brad is also the President and Founder of iCLAT Solutions, LLC, which is the one of the nation's leaders in the establishment and funding of "reversionary" charitable lead trusts for individuals and companies who are annual donors to public charities, churches, ministries, private foundations and donor advised funds. Brad earned his undergraduate degree (Marketing) from Florida State University in 1995, his law degree (J.D.) from the University Of Florida College Of Law in 1998, and his Masters in Taxation (LL.M.) from the University Of Miami School Of Law in 2000. Brad's the current volunteer service includes: (i) current President and Board Member of the Charitable Gift Planners of Central Florida; and (ii) Development Advisor to the Board of Directors for the C.S. Lewis Study Center based in Northfield, Massachusetts. Brad is a past President of the Estate Planning Council of the Fun Coast, Inc. (Volusia, Flagler and St. John's Counties). Brad is also an active member of his local church and various Christian ministries. Brad is married to his wife of 19 years, Cindy, and together they are raising their 4 children, Bryce, Owen, Joel & Daisy.

ROADMAP FOR TODAY

- BACKGROUND: Current Trends and New Charitable Tax Laws

- PLANNING TOOL #1: the iCLAT
  - a "Reversionary CLAT" – Compelling Option for Clients Who Give Annually (CURRENT GIVER)

- PLANNING IDEA #2: "Young" Pooled Income Funds
  - Compelling Option for Clients Who Want to Charity At Death (TESTAMENTARY GIVER)

Shifting TRENDS for Charitable Giving

- Greater emphasis on <u>INCOME</u> Tax savings in charitable giving & lesser emphasis on ESTATE Tax savings in charitable giving

- Increased volume of lifetime gifts from "qualified charitable distributions" (QCDs) from IRAs for Donors Over Age 70 ½ (so-called Charitable IRA Rollover) ** can't be made to DAFs or Private Foundations*

- The Meteoric Rise of Donor Advised Funds
  - Allows for Anonymous Giving on the Client's Timeframe
  - "BUNCHING" annual gifts to a DAF because of higher standard deduction
  - Makes Gifting of Complex/Non-Marketable Assets Easier!

- Emphasis on charitable planning strategies that produce the best outcomes in <u>CONTINUED HISTORICALLY LOW INTEREST RATE ENVIRONMENT!</u>

Key Changes to Tax Law from TCJA of 2017

- Lower Income Tax Rates & New 0% Tax Bracket
- Estate, Gift & GST Tax Rates (Exemptions Doubled to $11.4M/$22.8M)
- **Standard Deduction Has Doubled (For all Taxpayers)**
- **Major Changes to Itemized Deduction & the Charitable Income Tax Deduction Improved**
  - **AGI Limit for Cash Gifts (from 50% to 60%)**
  - **Pease Limitation Suspended - HUGE BENEFIT!**
- MANY OTHER MAJOR CHANGES….not directly related to charitable giving
  - Reduced corporate income tax rate from 35% to 21%
  - New 199A Deduction for Qualified Business Income
  - Lower corporate taxes…means more $ to give to charity

The Standard Deduction Has Doubled (For all Taxpayers)

Filing Status	2017 Standard Deduction	2018 Standard Deduction	2019 Standard Deduction
Single Person	$6,350	$12,000	**$12,200**
Married	$12,700	$24,000	**$24,400**
Head of Household	$9,325	$18,000	**$18,350**

KEY TAKEAWAY: While its good news for the general public, the doubled standard deduction amount will prevent many donors from receiving any income tax savings from their charitable gifts.

*According to the Tax Policy Center, Urban Institute/Brookings Institution, 21 million taxpayers will stop taking the itemized charitable deduction as a result of the TCJA of 2017.

Planning Tool #1: The iCLAT

Let's start with the basics…

What is a charitable lead trust? (working definition):

- From the client's perspective: a charitable lead trust is a trust that makes charitable distributions on an annual (or more frequent) basis for a set number of years, and then the remaining trust assets either: (i) pass to family members; or **(ii) *return back to the grantor (client).***
  - *To be a "qualified" charitable lead annuity trust, the charity's interest must be a "guaranteed annuity interest" see IRC 170(f)(2)(B) & Treasury Reg. 1.170A-6(a)(1) & (c)(2)*
- From the charity (or DAF) perspective*:* all CLTs are basically a pledge-like arrangement with an annual donor, but with "enhanced" income tax benefits

Why is the “reversionary” aspect of an iCLAT so important?

- MUCH MORE FOCUSED OBJECTIVE - designed solely for accelerated income tax savings – not estate tax savings or estate planning
- EASIER TO EXPLAIN, ESTABLISH AND ADMINISTER TO CLIENTS AND DONORS
- DIFFERENTIATES iCLAT FROM TRADITIONAL “Wealth Transfer” CLTs
- IT MAKES THE iCLAT a “grantor trust” for income tax purposes IRC §673

Key Benefit of the iCLAT

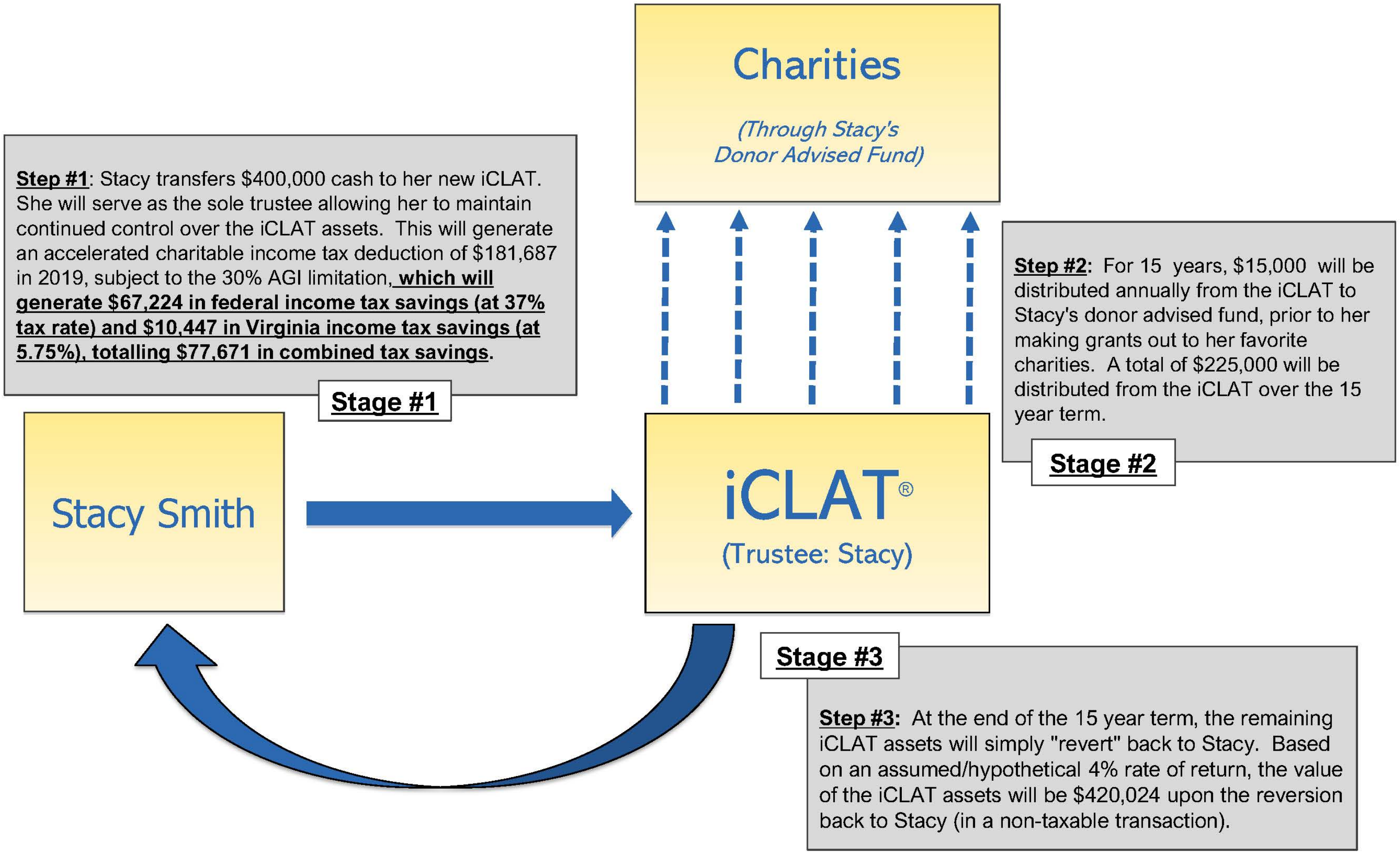
- An iCLAT will generate a LARGE "ACCELERATED" INCOME TAX CHARITABLE DEDUCTION for the client/donor in YEAR 1- which based on the "present value" of the sum of its annual charitable distributions
  - Treas Reg. 1.170A-6(c)(3) : the 170 charitable deduction is equal to the fair market value of the term interest (a/k/a guaranteed annuity interest) on date of the contribution
  - The LOW IRS Interest Rates (the §7520 Rate for September 2019 is 2.2%) will generate a CURRENT YEAR charitable deduction, which typically ranges between 80% and 95% of the sum of the CLT's annual distributions over its term.
- Let's take a look at a couple examples….

Large *Accelerated* Year 1 Charitable Income Tax Deduction

Term of the iCLAT	iCLAT's Annual Charitable Distribution	iCLAT's Total Charitable Distributions	Current Year Charitable Deduction	% of Total Charitable Distributions
3 Years	$50,000/yr	$150,000	**$143,635**	**96%**
5 Years	$50,000/yr	$250,000	**$234,310**	**94%**
10 Years	$50,000/yr	$500,000	**$444,464**	**89%**
15 Years	$50,000/yr	$750,000	**$632,955**	**84%**
20 Years	$50,000/yr	$1,000,000	**$802,010**	**80%**

Illustration: Basic Structure of the iCLAT

Facts: 15 Year / $ 15,000 Annual Payments to Charity
Initial Assets to Fund the iCLAT: $ 400,000 Cash
IRS §7520 Rate: 2.8%



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Client Name:		**Stacy Smith**
Value of Assets Contributed to iCLAT:		**$ 400,000**
Type of Assets Contributed to iCLAT:		**Cash**
Desired Term of iCLAT (# of Years)		**15**
Annual Payments to Charity:		**$ 15,000**
Preferred Charity Recipient (if any):		**Stacy's Donor Advised Fund**
Assumed Annual Income /Growth Rate:	**3% 1%**	**4%**
IRS §7520 Interest Rate:		**2.8%**

iCLAT

Year	**Beginning Principal**	**Assumed Net Income Rate**	**Assumed Net Income Amount**	**Assumed Growth Rate**	**Assumed Growth Amount**	**Annual Charitable Distributions to Stacy's DAF**	**Year-End Principal**	**Net Growth in Principal**
1	$ 400,000	3.0%	$ 12,000	1%	$ 4,000	**$ 15,000**	$ 401,000	$ 1,000
2	$ 401,000	3.0%	$ 12,030	1%	$ 4,010	**$ 15,000**	$ 402,040	$ 1,040
3	$ 402,040	3.0%	$ 12,061	1%	$ 4,020	**$ 15,000**	$ 403,122	$ 1,082
4	$ 403,122	3.0%	$ 12,094	1%	$ 4,031	**$ 15,000**	$ 404,246	$ 1,125
5	$ 404,246	3.0%	$ 12,127	1%	$ 4,042	**$ 15,000**	$ 405,416	$ 1,170
6	$ 405,416	3.0%	$ 12,162	1%	$ 4,054	**$ 15,000**	$ 406,633	$ 1,217
7	$ 406,633	3.0%	$ 12,199	1%	$ 4,066	**$ 15,000**	$ 407,898	$ 1,265
8	$ 407,898	3.0%	$ 12,237	1%	$ 4,079	**$ 15,000**	$ 409,214	$ 1,316
9	$ 409,214	3.0%	$ 12,276	1%	$ 4,092	**$ 15,000**	$ 410,583	$ 1,369
10	$ 410,583	3.0%	$ 12,317	1%	$ 4,106	**$ 15,000**	$ 412,006	$ 1,423
11	$ 412,006	3.0%	$ 12,360	1%	$ 4,120	**$ 15,000**	$ 413,486	$ 1,480
12	$ 413,486	3.0%	$ 12,405	1%	$ 4,135	**$ 15,000**	$ 415,026	$ 1,539
13	$ 415,026	3.0%	$ 12,451	1%	$ 4,150	**$ 15,000**	$ 416,627	$ 1,601
14	$ 416,627	3.0%	$ 12,499	1%	$ 4,166	**$ 15,000**	$ 418,292	$ 1,665
15	$ 418,292	3.0%	$ 12,549	1%	$ 4,183	**$ 15,000**	$ 420,024	$ 1,732
TOTALS			$ 183,768		$ 61,256	**$ 225,000**	**$ 420,024**	$ 20,024

Current Year "Accelerated" Charitable Income Tax Deduction		**$ 181,687**
Federal Income Tax Savings	*U.S. Rate: 37%*	**$ 67,224**
State Income Tax Savings	*Virginia Rate: 5.75%*	**$ 10,447**
	TOTAL ACCELERATED INCOME TAX SAVINGS*	***$ 77,671***
**To receive ALL income tax savings on 2019 tax return, AGI needs to be at least: $605,624*		
	Value* of iCLAT Assets at End of Term to Revert to Stacy Smith	**$ 420,024**
	**Illustrated value, not a guaranteed value*	
	Total Charitable Distributions to Stacy's Donor Advised Fund	**$ 225,000**

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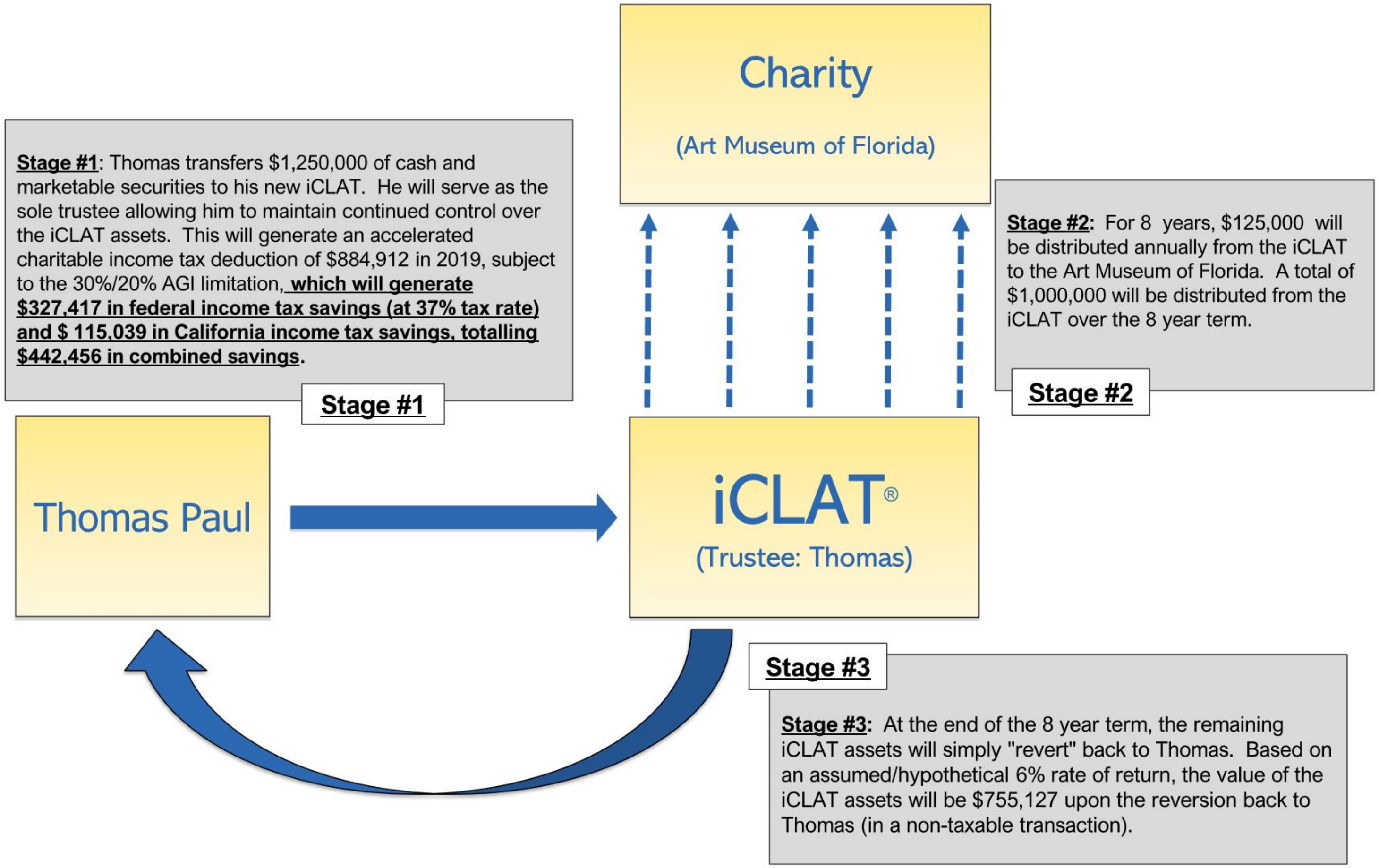
Illustration: The Basic Structure of the iCLAT

FACTS: 8 Year / $ 125,000 Annual Payments to Charity
Initial Assets to Fund the iCLAT: $ 1,250,000 Cash (50%) & Marketable Securities (50%)
IRS §7520 Rate: 2.8%



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Client Name:		**Thomas Paul**
Value of Assets Contributed to iCLAT:		**$ 1,250,000**
Type of Assets Contributed to iCLAT:		**Cash (50%) & Marketable Securities (50%)**
Desired Term of iCLAT (# of Years)		**8**
Annual Payments to Charity:		**$ 125,000**
Preferred Charity Recipient (if any):		**Art Museum of Florida**
Assumed Annual Income /Growth Rate:	2% 4%	**6%**
IRS §7520 Interest Rate:		**2.8%**

iCLAT

Year	Beginning Principal	Assumed Net Income Rate	Assumed Net Income Amount	Assumed Growth Rate	Assumed Growth Amount	Annual Charitable Distributions to Art Museum of FL	Year-End Principal	Net Growth in Principal
1	$ 1,250,000	2.0%	$ 25,000	4%	$ 50,000	**$ 125,000**	$ 1,200,000	$ (50,000)
2	$ 1,200,000	2.0%	$ 24,000	4%	$ 48,000	**$ 125,000**	$ 1,147,000	$ (53,000)
3	$ 1,147,000	2.0%	$ 22,940	4%	$ 45,880	**$ 125,000**	$ 1,090,820	$ (56,180)
4	$ 1,090,820	2.0%	$ 21,816	4%	$ 43,633	**$ 125,000**	$ 1,031,269	$ (59,551)
5	$ 1,031,269	2.0%	$ 20,625	4%	$ 41,251	**$ 125,000**	$ 968,145	$ (63,124)
6	$ 968,145	2.0%	$ 19,363	4%	$ 38,726	**$ 125,000**	$ 901,234	$ (66,911)
7	$ 901,234	2.0%	$ 18,025	4%	$ 36,049	**$ 125,000**	$ 830,308	$ (70,926)
8	$ 830,308	2.0%	$ 16,606	4%	$ 33,212	**$ 125,000**	$ 755,127	$ (75,182)
TOTALS			$ 168,376		$ 336,751	**$ 1,000,000**	**$ 755,127**	$ (494,873)

Current Year "Accelerated" Charitable <u>Income</u> Tax Deduction		**$ 884,912**
Federal Income Tax Savings	*U.S. Rate: 37%*	**$ 327,417**
State Income Tax Savings	*California Rate: 13%*	**$ 115,039**
	TOTAL ACCELERATED INCOME TAX SAVINGS*	***$ 442,456***

**To receive ALL income tax savings on 2019 tax return, AGI needs to be at least: $3,539,647*

Value* of iCLAT Assets at End of Term to Revert to Thomas Paul **$ 755,127**

**Illustrated value, not a guaranteed value*

Total Charitable Distributions to Art Museum of Florida **$ 1,000,000**

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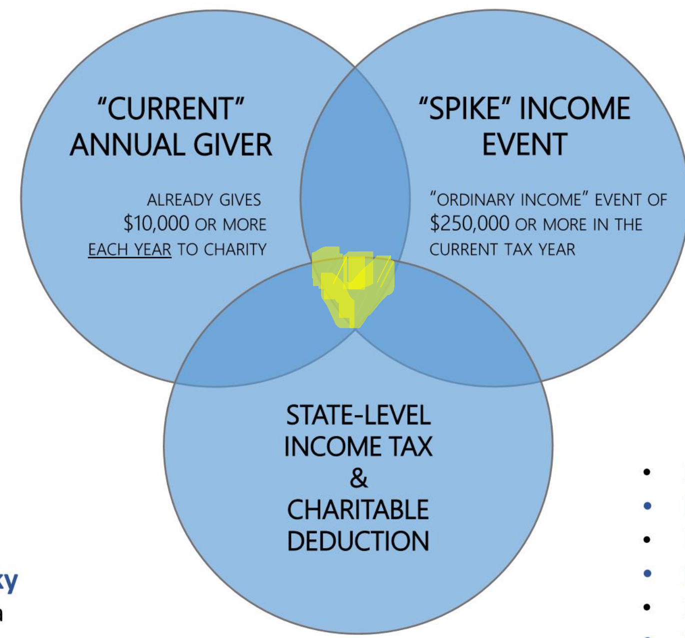
IDEAL SCENARIO #1

IDEAL SCENARIO #2

iCLAT®

The Simpler Charitable Lead Trust Alternative

IDEAL SCENARIO #1



- **Alabama**
- Arizona
- Arkansas
- **California**
- **Colorado**
- **Delaware**
- **Georgia**
- **Hawaii**
- **Idaho**
- **Iowa**
- Kansas
- **Kentucky**
- Louisiana
- **Maine**
- **Maryland**
- **Massachusetts**
- Michigan
- **Minnesota**
- Mississippi
- **Missouri**
- Montana
- **Nebraska**
- New Mexico
- **New York**
- **North Carolina**
- North Dakota
- Oklahoma
- **Oregon**
- Rhode Island
- **South Carolina**
- Utah
- **Vermont**
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Additional TAKEAWAYS for the iCLAT (Page 1 of 2)

- Client/donor can serve as trustee and retain CONTROL over the iCLAT assets ….no 2036 issues

- In addition to cash and marketable securities, an iCLAT can also be funded with **rental real estate, S Corp stock, LLC or LP interests** (generally, <u>NOT</u> "owner-occupied" rental property nor operating businesses).

- **Great <u>alternative</u> planning tool to "BUNCHING" multiple years of annual gifts into a single year**
- **Compelling way to fund a DAF or Private Foundation**

- No taxable gift involved. No need for added complexity needed for to "zero-out" the remainder. *Remember, the charitable income tax deduction from an iCLAT is not based on the value of assets transferred to it. Unlike a CRT, unlike a DAF, etc.*

Additional TAKEAWAYS for the iCLAT (Page 2 of 2)

- The client/donor does not need to be a person….an LLC, S Corporation, and C corporation (even a publicly traded company), or another trust can establish an CLT.

- **The iCLAT is an excellent "PLAN B" strategy" because of "prearranged sale doctrine" is already applicable to a particular transaction.**

- The iCLAT will not disrupt the client/donor's existing estate plan – the iCLAT contains a "pour-over" provision to his or her revocable trust or last will & testament.

- The CLT's annual payments to charity do not need to be fixed, the payments to charity can increase each year, even balloon ("shark-fin" or "balloon" CLAT- Rev. Proc. 2007-45). This planning variation helps increase value of reversionary amount returning back to the donor at end of term.

Planning Tool #2: “Young” Pooled Income Funds

- Background for Pooled Income Funds (PIFs)
  - Pooled Income Funds were established in 1969 (defined under IRC §642(c)(5))
  - The PIF is a “deferred” form of charitable planned gift that provides lifetime income to the client (tax-free diversification), similar to CRTs and CGAs
  - The PIF pays all “income” (variable) to the client (and/or other family member) for life based on “rate of return” on a per share/unit basis (like a mutual fund)
  - The PIF principal assets can never be invaded to benefit the donor, so usually a PIF will leave a larger remainder interest gift to charity than a comparable CRT or CGA

What is “Income” in a PIF?

- The PIF’s trust document established by a public charity can define “income” to include any of the following items (think of “FAI“ concepts):
  - Interest & Dividends
  - Rents & Royalties
  - Short Term Capital Gain
  - Receipts from Closely Held Entity; and
  - 50% of post-gift Realized Long Term Capital Gain

- Remember…..the “income” distributed from a PIF is **VARIABLE**
  - Whatever the PIF earns in net income is simply distributed each year to the donor, or other named beneficiary.

So what is a “Young” pooled income fund?

- **It is simply a PIF that has been in existence for < 3 years**
- **For a “Young” PIF,** the donor’s current charitable income tax deduction is calculated by using an arbitrary rate defined in Treasury Regs.
  - SEE §1.642(c)-6(e)(4): the highest average 7520 rate from past 3 years reduced by 1% is how the PIF’s highest rate of return from the prior 3 years is determined)
  - The CURRENT “YOUNG” PIF RATE for 2019 is **2.2%** (it was 1.4% in 2018)
- THIS IS WHY THE DEDUCTION FROM A “YOUNG PIF” IS LARGER THAN A COMPARABLE CRT

- **For PIFs that are > 3 years old**, the donor’s charitable income tax deduction is calculated using a discount rate that is equal to the Fund’s actual highest rate of return during the past 3 years

“Young” PIF vs. CRT
Charitable Income Tax Deduction

“Young” PIF

- **Facts:**
  - **75 year old donor**
  - **$500,000 asset to “Young” PIF**
- **Charitable Deduction**
  - **$396,590**
- **79%** **of total value of gifted asset**

Charitable Remainder Trust

- **Facts:**
  - **75 year old donor**
  - **$500,000 asset to CRT**
  - **5% lifetime payout to donor**
  - **July 2019 7520 Rate (2.6%)**
- **Charitable Deduction**
  - **$302,440 (CRUT)**
- **60%** **of total value of gifted asset (CRUT)**

“Young” PIF vs. CRT
Charitable Income Tax Deduction

“Young” PIF

- **Facts:**
  - **fbo 35 year old son of Client**
  - **$500,000 asset to “Young” PIF**
- **Charitable Deduction**
  - **$202,545**
- **<u>41%</u> of total value of gifted asset**

Charitable Remainder Trust

- **Facts:**
  - **fbo 35 year old son of Client**
  - **$500,000 asset to CRT**
  - **5% lifetime payout to donor**
  - **July 2019 7520 Rate (2.6%)**
- **Charitable Deduction**
  - **$73,075**
- **<u>14%</u> of total value of gifted asset (CRUT)**

"Young" PIF vs. CRT
Charitable Income Tax Deduction

"Young" PIF

- **Facts:**
  - **fbo 22 year-old grandchild of donor**
  - **$500,000 asset to "Young" PIF**
- **Charitable Deduction**
  - **$165,830**
- **33%** **of total value of gifted asset**

Charitable Remainder Trust

- **Facts:**
  - **fbo of 22 year-old grandchild of donor**
  - **$500,000 asset to CRT**
  - **5% lifetime payout to donor**
  - **July 2019 7520 Rate (2.6%)**
- **Charitable Deduction**
  - **$0**
- Can't do it, this CRT fails the 10% remainder test

ECONOMIC SCHEDULE - POOLED INCOME FUND

Donor Name(s):				Janet Smith
Value of Assets Transferred to Pooled Income Fund			$	500,000
Cost Basis of Transferred Assets	$ 100,000			
"Actuarial" Life Expectancy		Age 75		13 Years
Assumed Annual Income /Growth Rate		3% 1%		4%

Year	Beginning Principal	Assumed Income Rate	Assumed Income Amount	Assumed Capital Apprec. Rate	Assumed Capital Apprec. Amount	Annual Payments of "INCOME" to Janet Smith	Year-End Principal of PIF	Net Growth in Prinicpal
1	$ 500,000	3.0%	$ 15,000	1%	$ 5,000	$ **15,000**	$ 505,000	$ 5,000
2	$ 505,000	3.0%	$ 15,150	1%	$ 5,050	$ **15,150**	$ 510,050	$ 5,050
3	$ 510,050	3.0%	$ 15,302	1%	$ 5,101	$ **15,302**	$ 515,151	$ 5,101
4	$ 515,151	3.0%	$ 15,455	1%	$ 5,152	$ **15,455**	$ 520,302	$ 5,152
5	$ 520,302	3.0%	$ 15,609	1%	$ 5,203	$ **15,609**	$ 525,505	$ 5,203
6	$ 525,505	3.0%	$ 15,765	1%	$ 5,255	$ **15,765**	$ 530,760	$ 5,255
7	$ 530,760	3.0%	$ 15,923	1%	$ 5,308	$ **15,923**	$ 536,068	$ 5,308
8	$ 536,068	3.0%	$ 16,082	1%	$ 5,361	$ **16,082**	$ 541,428	$ 5,361
9	$ 541,428	3.0%	$ 16,243	1%	$ 5,414	$ **16,243**	$ 546,843	$ 5,414
10	$ 546,843	3.0%	$ 16,405	1%	$ 5,468	$ **16,405**	$ 552,311	$ 5,468
11	$ 552,311	3.0%	$ 16,569	1%	$ 5,523	$ **16,569**	$ 557,834	$ 5,523
12	$ 557,834	3.0%	$ 16,735	1%	$ 5,578	$ **16,735**	$ 563,413	$ 5,578
13	$ 515,151	3.0%	$ 15,455	1%	$ 5,152	$ **15,455**	$ 520,302	$ 5,152
TOTALS			$ 205,692		$ 68,564	$ **205,692**	$ **520,302**	$ 68,564

RESULTS:

2019 Charitable Tax Deduction to Janet Smith		$ 396,590	
Income Tax Savings *assumed income tax rate of:	37.0%		$ **146,738**
Subject to 30% AGI limitation			
Capital Gains Taxes Saved from Gift to PIF			$ **95,200**
LTCG Tax Rate: 23.80% *(includes 3.8% Medicare Tax)*	LTCG:	$ 400,000	
TOTAL TAX SAVINGS FROM THE GIFT TO THE POOLED INCOME FUND			$ **241,938**
Janet's Total Income Distributions *(at 3% income rate per year)*			$ 205,692
Future Distribution from Pooled Income Fund to Janet's Donor Advised Fund			$ 520,302
*(*after Janets death)*			

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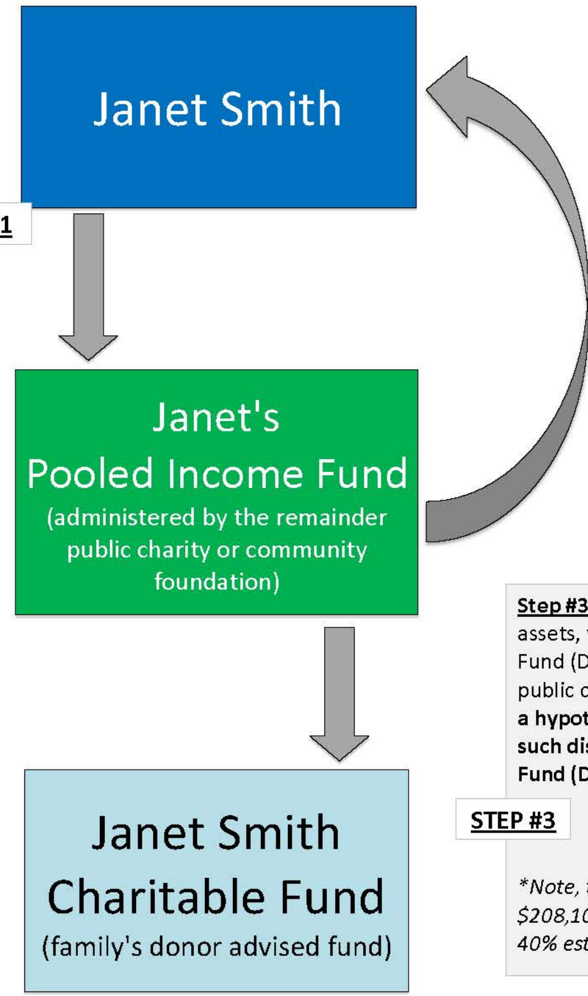
9/10/2019

FLOWCHART - Pooled Income Fund

STEP #1

<u>**Step #1**</u>: Janet Smith transfers $500,000 appreciated stock to her new Pooled Income Fund (the "PIF"), which is administered through a public charity or community foundation.

* **<u>On her 2019 income tax return, Janet will receive a current charitable income tax deduction of $396,590 which, at 37% income tax rate, will save $146,738 in actual income taxes. *Additionally, it will save Janet the $95,200 of unrealized capital gain taxes on the appreciated stock gifted to her PIF.</u>**



STEP #2

<u>**Step #2**</u>: Each year for the rest of her life, Janet will receive her pro rata share of the entire "income" from the PIF. At age 75, Janet's actuarial life expectancy is 13 years. **Assuming a 3% annual income rate of return, Janet will receive a total of $205,692 over her remaining life.**

STEP #3

<u>**Step #3**</u>: After Janet's death, the remaining PIF assets, will be distributed to Janet Smith Charitable Fund (DAF), which is administered by the sponsoring public charity or community foundation . **Based on a hypothetical 3% annual capital appreciation rate, such distribution to the Janet Smith Charitable Fund (DAF) will be valued at $520,302.**

**Note, this 2019 gift to the PIF will also save over $208,100 in potential estate taxes (based on current 40% estate tax rate).*

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9/10/2019

Comparison:
"Young" Pooled Income Fund vs. CRT

Benefits to Donor/Client	"Young" Pooled Income Fund	Charitable Remainder Trust
Charitable Income Tax Deduction in Year 1	**Much LARGER than a comparable CRT (or CGA)**	Much SMALLER than a comparable Young PIF
Capital Gains Tax "Avoidance"	**Pre-Contribution Capital Gains Taxes are completely avoided by donor**	Capital gains are "trapped" in CRT, subject to the 4-tier accounting rules
Multiple Generation Planning for Donors	**YES 10% Remainder requirement of CRTs does NOT apply**	NO 10% Remainder requirement prevents Multi-Generational Planning
Applicable For Younger Clients/Donors (20s, 30s, and 40s)	**YES (10% remainder requirement of CRTs does not apply)**	NO 10% Remainder requirement prevents younger donors from using CRTs (and CGAs for that matter)
Set Up Costs & Time	**NOMINAL ; only a few days need to set up**	Significant up-front costs and time with attorney/CPA, annual tax returns & admin
Amount of Initial Gift	**Lower Threshold (as low as $25,000)**	Higher Threshold (usually $250,000 minimum)
Donor Control	NONE PIF must be maintained by the recipient charity (the remainder charity must be trustee or have trustee removal power)	**Much greater control, the Donor can serve as trustee**

Comparison:
"Young" Pooled Income Fund vs. CRT

Benefits to Donor/Client	"Young" Pooled Income Fund	Charitable Remainder Trust
Structure Life Interest	Must be based on life (or lives) and must be paid each year	**Can be for term (up to 20 years) or based on life (or lives); delayed, turned on & off**
"Sprinkling" Life Interest	NO (only a spray distributions based on set %'s to defined beneficiaries)	**YES (trustee can have discretion to "sprinkle" to class of beneficiaries)**
Recipient of Life Interest	ONLY individuals	**Individuals, corporations, LLCs, other trusts**
Debt Encumbered Property	**LESS PROBLEMS**	HUGE PROBLEMS
Commingling with Other Gifts to Same Charity	YES	**NO**
Donor Control	NONE PIF must be run or owned by and administered by the recipient charity	**Much greater control, the Donor can serve as trustee**
Annual IRS Filing Requirements	**NONE**	IRS Forms 5227 & Form 1041 K-1s EACH YEAR

Thank you!

Any Questions?

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