

You Can Acquire a
Special Edge



Renaissance
Earning Your Trust Every Day

If you could gain the ability to:

Retain dollars during your lifetime that you would otherwise pay to the government in income, capital gain, inheritance and estate taxes and put them to work for the benefit of you and your family...

Choose today the social, religious, community and cultural causes that will benefit at your death from the dollars that you and your family benefited from during life and would have otherwise paid in taxes...

Would You Be Interested?

You can own a “special financial edge” that will provide these benefits, and more!

Get the Edge...

It's the "Edge" America's wealthiest families have used for years.

People with financial savvy look at wealth on a broader scale. They understand the need to acquire and preserve wealth and quite often they realize the value of putting some of their wealth back into the communities in which they have prospered.

Achieving the first objective, acquiring and preserving wealth, requires a sound investment program and the avoidance of taxes to the maximum extent permitted by law.

Returning some of that wealth to the community can be accomplished in several ways. First, through taxation. Second, by charitable contributions to deserving causes.

The first option, taxation, is the way most people redistribute their wealth. The problem is that taxation is not voluntary, and a taxpayer has no direct control over how his tax obligation will be used for the benefit of society. Paying taxes is an obligation and a duty and to many people becomes an onerous task.

On the other hand, a charitable contribution is a voluntary act. The donor can direct how and where the donation is to be spent. Far from an onerous act, charitable giving makes a positive statement about the convictions and beliefs of the donor and often enhances prestige and influence within the community.

What is a Charitable Remainder Trust?

There is a planning tool that was created by Congress more than thirty years ago that allows individuals to establish the gift of specific assets to a qualified charity today, but retain the rights to income from that asset throughout their life and the life of others who may have need of income, such as a spouse. The asset passes to the charity only after the death of all income beneficiaries.

Using this tool the donor, during life, receives numerous financial and tax benefits, and is able to make substantial gifts to favorite charitable causes after death. By electing to use this tool, donors benefit themselves, their families and their communities. Everybody wins!

In the past the cost of establishing and administering this tool limited its use to a very wealthy privileged few. Today, thanks to computer technology and specialized organizations, this powerful tool can be used by millions of Americans.

What is it? What does it do?

It is called a Charitable Remainder Trust. It was created by Congress in 1969 in what has proven to be one of the most sound pieces of financial and social legislation ever enacted.

It allows individuals to give assets to a favorite charitable cause in the future, while at the same time retaining lifetime income and investment rights to those assets for the life of the donor, spouse and any other individual who may need income benefits from the asset. It is also possible to enhance the ultimate inheritance the heirs will receive, using a wealth replacement trust.

Assets inside the trust grow tax free. Since the trust pays no tax, there is no capital gain liability on proceeds from the sale of appreciated assets contributed to the trust before they are sold. Income paid by the trust to the donor and other selected income beneficiaries can be tax favored and in some instances tax free depending on the type of assets contributed.

What does this mean to you?

- For different people, at different times in their lives, it can mean a great deal. It can be the difference between taking advantage of all the benefits we've mentioned or passing them by.
- For one individual, it can mean the ability to build a retirement income supplement that is not restricted by the limits of qualified retirement plans.

- For the individual at or near retirement, it is a way to convert highly appreciated but low yielding assets to much higher income producing assets without having principal eroded by capital gain tax.
- For individuals interested in avoiding estate tax, it provides a way to reduce the amount of assets in their taxable estate while still retaining the income rights to those assets, and can simultaneously improve the benefits their heirs will receive.
- For people who have a desire to maximize their ability to contribute to a favorite charitable cause, it is a way to leverage their charitable contribution.

How many of these financial situations will you encounter in your lifetime? Perhaps only one or two, perhaps all. No one knows.

What is certain is that a Charitable Remainder Trust can work to your benefit in any of these situations and more, *BUT* only if you are knowledgeable and comfortable with how the trust works and what this truly flexible planning tool can do.

If you are like most people, the idea of turning "lost" tax dollars that go to the federal government into "working" dollars that directly benefit your community is appealing. And if you are like most people, you may not have realized that you actually have such a choice. It's all a matter of how you choose to use a powerful but little-understood portion of your wealth called Social Capital.

What is Social Capital?

Social Capital is that portion of your wealth that you don't keep. If you think about your wealth, you can see that you spend some to live and save some for future use, either by you or your heirs. Together, this wealth is called *personal financial capital* because you and your family keep it and use it.

But what about the rest of your wealth? It goes either to the government as taxes or to your community as charitable gifts. In either case, it is money you don't keep. This wealth is called *personal social capital* because it goes to meet needs beyond yourself and your family. Again, if you are like most people, much (if not all) of your social capital leaves your hands in the form of taxes — never to be seen again.

There is, however, another way to *control* all your wealth if you have the special edge. And it brings benefits many people don't realize.

Make it work for you

Once you have established your Charitable Remainder Trust, it is ready to go to work; today, tomorrow and throughout your entire lifetime.

In one lifetime this single powerful tool can be used over and over again. For example, here is how one individual used the trust:

- At 32 he is making annual contributions to build a future supplemental retirement fund. *He receives a small income tax deduction and avoids tax on the growth of the assets.*
- At 41 he uses it as a means of avoiding capital gain on the sale of an appreciated stock portfolio. *He keeps \$50,000 he would have otherwise paid in tax.*
- At 45 he is publicly recognized by his alma mater for the forethought of including the school as a charitable beneficiary of a portion of his trust assets.
- At 58 he uses it as an effective means of transferring a highly appreciated family business interest while avoiding capital gain tax and maximizing the economic value of the transaction. *He makes the transaction worth an extra \$250,000 over his lifetime.*
- At 62, although retired, he continues to maintain high recognition and importance in the community, because of the charitable impact he has made through establishing his trust. *He also begins receiving income from the supplemental retirement program he started 30 years ago.*

Retirement and Estate Planning Techniques using the

- At 74 he uses it to fine tune his personal estate plan, maximizing the benefits for his heirs and chosen charities and minimizing exposure to estate tax.

He reduces his estate tax by several hundred thousand dollars while increasing his own income.

At his death, and the death of all other income beneficiaries, assets from the trust pass to the chosen charities and are used to: create a scholarship fund at his alma mater, fund a youth athletic program, and make major contributions to the community symphony and local hospital foundation. His heirs can also receive a substantial inheritance from a wealth replacement trust. All of this was possible even after the trust creator, and those he loved, enjoyed a lifetime of benefits from the assets which were placed inside the trust.

How will you use your Charitable Remainder Trust?

Financially, that will depend on what you and your financial advisors think is best. Charitably, that will depend on what you believe in and where and how much of a difference you want to make!

If you own a Charitable Remainder Trust, it will expand your horizons financially and socially in ways you never thought possible. If you don't own one, you'll never know what a difference you could make for yourself, your family and your community.

If you wait, when the best time comes to utilize this powerful tool, it may be too late.

1

- Increase income from low-yielding assets
- Avoid long-term capital gain tax on the sale of appreciated assets
- Generate current income tax deductions
- Increase inheritance for heirs
- Reduce or eliminate estate taxes

2

- Produce a lifetime income
- Protect trust assets from creditors

3

- Overcome the cap on retirement plan contributions
- Avoid penalties imposed on distributions prior to age 59½
- Avoid other problems associated with qualified retirement plans

4

- Make a future gift to charitable causes of your choice.

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