

CHARITABLE REMAINDER TRUSTS

SELF-REALIZATION FELLOWSHIP
PLANNED GIVING PROGRAM



Self-Realization Fellowship

FOUNDED 1920

Paravahusa Jogavanda

CHARITABLE REMAINDER TRUSTS

If you want to make a substantial gift to Self-Realization Fellowship (SRF), but feel it is necessary to keep the income from your assets to support yourself during retirement, you may wish to consider establishing a charitable remainder trust. A charitable remainder trust is a gift arrangement that can provide income to you and/or another beneficiary for life or for a term of years (up to twenty). At the end of the trust term, the trustee of a charitable remainder trust that names SRF as the remainder beneficiary will pay the balance of the trust assets to SRF.

BENEFITS OF CHARITABLE REMAINDER TRUST

A charitable remainder trust is an irrevocable trust, and it offers a number of attractive benefits:

- 🐾 Annual income for you, you and your spouse, or up to two beneficiaries you name
- 🐾 Immediate federal income tax charitable deduction
- 🐾 Elimination of capital gains taxes on the transfer of appreciated property
- 🐾 Federal estate tax savings
- 🐾 Gift to SRF of the assets remaining at the end of the trust term

APPROPRIATE ASSETS FOR FUNDING

You can use a variety of assets to fund a charitable remainder trust, including cash, real estate, publicly traded stocks, bonds, mutual funds, and other assets. Because there is no capital gains tax on the sale or exchange of any appreciated property held by the trust, funding the trust with appreciated property, such as stock or real estate, will provide an added tax benefit to you.

TYPES OF CHARITABLE REMAINDER TRUSTS

There are two basic kinds of charitable remainder trusts – the charitable remainder unitrust and the charitable remainder annuity trust.

The unitrust pays the income beneficiary(ies) a variable income, based on a fixed percentage of the net fair market value of the trust assets as determined on a yearly basis. Typically, the fixed percentage is between five percent and seven percent of the annual fair market value of the trust. One of the advantages of the unitrust is that your income from the trust can increase as the trust principal grows over time. You may make additional contributions to a unitrust at any time.

EXAMPLE

A 70-year old woman in the 39.6% tax bracket establishes a charitable remainder unitrust with assets valued at \$100,000, originally purchased for \$25,000. Annual payout rate is 5%, with payments to be made for life.

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|------------------------------|-----------|
| Trust Principal | \$100,000 |
| Income Tax Deduction | \$ 53,911 |
| Capital Gains Tax Savings | \$ 21,349 |
| Income (first year of trust) | \$ 5,000 |

The annuity trust pays the income beneficiary(ies) a fixed annual income determined at the time the trust is established. If you are more interested in the security of a constant return rather than in the long-term growth potential of a unitrust, the annuity trust is the appropriate charitable trust for you. While you may not contribute additional sums to an annuity trust, you can set up multiple trusts to achieve the same purpose.

HOW TO ESTABLISH AND ADMINISTER A CHARITABLE REMAINDER TRUST

The steps involved in establishing and administering a charitable remainder trust include:

1. Having legal counsel prepare the charitable remainder trust document for signature to establish the trust. The trust will need to:
 - ☛ Name the trustee – can be you or a bank with trust powers
 - ☛ Name the income beneficiary(ies) – up to two
 - ☛ Specify percentage of trust assets to be paid to income beneficiary (ies)
 - ☛ Specify length of payment – for life or up to twenty years
 - ☛ Name SRF as the charitable beneficiary
2. Funding the trust by transferring assets (cash, appreciated stock, bonds, etc.) to the trust.
3. Selling of a part or all of the trust assets for reinvestment purposes to generate income for income beneficiary(ies).
4. Distributing of income to income beneficiary(ies) on an annual basis.
5. At the end of the trust term, distributing the balance of trust assets to SRF.

MINIMUMS

Due to the fact that a charitable remainder trust involves start-up and ongoing administrative costs, and in order for the trust to be able to generate a meaningful level of income to the income beneficiary(ies), it is generally not recommended that you create a charitable remainder trust with less than \$250,000.

FOR MORE INFORMATION, PLEASE CONTACT:

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