

Charitable Lead Trusts:

In a charitable lead trust (a "CLT"), a donor contributes property to a trust in which CFPA receives a specified payment from the trust each year for a term of years. Similar to a CRT, the donor may create the trust during lifetime or in a Will. When the CLT ends, the trustee distributes the CLT property to non-charitable beneficiaries selected by the donor (such as the children or other heirs). The payments to charity each year may be either annuity payments or unitrust payments (similar to the payments to non-charitable beneficiaries in a CRT).

Example: In his will, A leaves stock with a \$100,000 value to his son as Trustee to pay \$5,000 annually to his favorite charity for 20 years, with the remainder then passing to his then living grandchildren in equal shares. The present value of the charitable annuity is deductible in computing A's taxable estate.