



Mass Audubon

Photographer:  
Phil Doyle

## Giving through a **Charitable Trust**

**For those with significant assets, a Charitable Trust can help further their charitable goals while providing an income stream or preserving an asset. A Charitable Trust is a sophisticated, tax-efficient tool for asset and estate planning.**

### What is a Charitable Trust?

A Charitable Trust is an irrevocable trust which is established for a term of years or one or two lifetimes. During the term, an income is paid annually to an individual or to a charitable organization like Mass Audubon. When the trust ends, the remainder is paid out to the named beneficiary(s). A trustee manages the trust, investing the assets and ensuring payments are made according to the trust documents. Charitable trusts have either a fixed annual payout (annuity trusts) or variable payout based upon a percentage of the trust assets (unitrusts). With Charitable Trusts the type of trust, Lead or Remainder, determines who receives the income stream and to whom the remainder reverts at the end of the trust's term.

#### Charitable Lead Trust (CLT)

CLTs are established by donors who wish to generate an income stream for Mass Audubon or another nonprofit for a term or lifetime while preserving an asset by reducing gift or estate taxes. The assets, which may appreciate over the term of the trust, revert to a named beneficiary or to the donor when the trust terminates.

#### Benefits:

- Mass Audubon's mission is supported immediately, with the consistency of a yearly payment
- A powerful estate planning tool, often used to maintain the value of an asset for the donor or their heirs
- Minimizes capital gains tax
- Donor receives an income tax or gift tax deduction, depending on the structure of the trustbe donated in this fashion.

#### Charitable Remainder Trust (CRT)

The reverse of a CLT, a CRT generates an income for a donor or loved one over a term or lifetime. At the end of the trust term, the remaining assets are transferred to the charitable beneficiary(s) such as Mass Audubon. The trust is tax exempt, so the income beneficiary pays taxes on the income generated based on the source of funds.

#### Benefits:

- Create a legacy of giving with the promise of a future gift to Mass Audubon
- Donor or beneficiary(s) receives income for their lifetime or for a term of years
- Partial or full reduction in capital gains and income taxes, as trust is tax exempt, and income beneficiary pays taxes only on realized income
- Receive a charitable deduction when trust is funded
- Flexible vehicle for giving, as remainder beneficiary can be changed

Regardless of what trust type you choose, we invite you to join our Tern Society for planned and legacy donors when you name Mass Audubon as beneficiary of your trust. As a member, you gain access to a network of people who share your ideals and values, as well as recognition of your gift and invitations to special events.

## How Does it Work?

### To set up a Charitable Trust:

1. Contact Mass Audubon and your tax and financial advisors to consider your options.
2. Charitable Trusts are complex. They are subject to specific IRS rules and you will need legal and financial advice to establish one.
3. You'll need to consider:
  - a. Your goals in establishing the trust.
  - b. Beneficiaries of the trust's annual payout and remainder.
  - c. Trust term (a period of years or one or two lifetimes).
  - d. Asset(s) that will be used for the irrevocable funding of the Trust and whether you want the ability to add to the Trust in the future.
  - e. The Trustee (If the trust is funded with at least \$100,000, Mass Audubon may act as Trustee - please contact us to discuss this possibility).
4. Trust documents are prepared and the trust is funded with an irrevocable transfer of assets.

Photographer: Jamie Musler



## Further Questions & More to Consider

If you're interested in making a planned gift but aren't sure that a Charitable Trust is right for you, please reach out. We'd be happy to talk with you about your wishes and help you explore the many options available for gift planning. Many plans allow you full control and use of your assets during your lifetime, and there are also options which would pay you an income during your lifetime.

Visit [massaudubon.plannedgiving.org](https://massaudubon.plannedgiving.org) for more information or contact us directly.

We look forward to hearing from you. Thank you for considering Mass Audubon in your estate plans.

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### Contact the Gift Planning Department

Betsy Townsend, *Director of Gift Planning*  
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Planning your estate and legacy for future generations, including your charitable interests, takes careful evaluation. We encourage you to consult with your Advisors, as Mass Audubon does not provide individual legal or tax advice.

