



Tax Impact of Including Charity

Chester County
COMMUNITY FOUNDATION

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Here is an illustration of the tax effects on several types of Charitable Trusts. This chart is based upon the following assumptions: a \$1,000,000 gift; 6% annual yield; all payments made annually; applicable Federal Estate Tax rate of 35%; the IRS §7520 rate of 2.0%. Figures provided courtesy of Gawthrop Greenwood.

SCENARIO	TAX DUE	BENEFICIARY RECEIVES	CHARITY RECEIVES	TOTAL ASSETS TRANSFERRED
Outright Transfer Amount: \$1,000,000	\$350,000	\$650,000	\$0	\$650,000
Transfer to CRAT Amount: \$1,000,000	\$286,150	\$50,000 per year for 20 years (\$1,000,000)	\$1,367,885 at end of 20 year period	\$2,367,885
Transfer to CRUT Amount: \$1,000,000	\$221,889	5% of trust balance for 20 years (\$1,100,950)	\$1,220,190 at end of 20 year period	\$2,321,140
Transfer to CLAT Amount: \$1,000,000	\$68,850	\$1,367,855 at end of 20 year period	\$50,000 per year for 20 years (\$1,000,000)	\$2,367,855
Transfer to CLUT Amount: \$1,000,000	\$127,114	\$1,193,293 at end of 20 year period	5% of trust balance for 20 years (\$1,088,976)	\$2,282,269



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