Dear Penn State Supporter:

As longstanding supporters of Penn State, we know the deep satisfaction that comes from giving to programs and initiatives that are meaningful to us, and we make philanthropy to the University an important part of our financial planning. Of course, we also want to make smart decisions that will best provide for our family in the years to come—which includes keeping our taxes as low as possible. We recently took advantage of a giving vehicle that lets us meet all of these goals: a charitable lead trust.

By working with our attorney and Penn State’s Office of Gift Planning, we learned that we could use a charitable lead trust to make substantial annual gifts to Penn State starting now and later transfer the remaining trust assets to our children at the lowest possible tax cost. In short, most of our money goes where we want it to go: to our family and to the Penn State programs that we are passionate about. Here’s an overview of charitable lead trusts and how they might benefit you.

A Unique Opportunity

Many charitable trust plans are designed to pay annual income to you or your family before the remainder passes to a charity. But the often-overlooked charitable lead trust (or CLT)—created to save gift and estate taxes—does just the opposite.

How It Works

You transfer an asset (cash, securities, or other property) to create a charitable lead trust, which makes annual payments to the Penn State program of your choice for a predetermined number of years. At the end of the term, the remaining assets—and any growth realized—are passed back to your family (or to a trust for their benefit) at a reduced gift or estate tax cost. Generally, a lead trust does not qualify for an income tax charitable deduction; however, there is an immediate gift tax deduction.

Benefits of a Lead Trust

By funding a CLT now, you may be able to exclude the trust income from your gross income and its future appreciation from your estate. You will also be eligible for a gift tax deduction for the present value of the interest provided for the Penn State program of your choice. Because interest rates are lower, the gift tax deduction is larger, which means more dollars will be available through your estate for your heirs. And you’ll have the opportunity to see your gift dollars in action at Penn State during your lifetime and be involved with the program if you so choose.

With the end of the tax year approaching, now may be the right time to consider establishing a charitable lead trust at Penn State. We encourage you to review the accompanying information about this innovative technique for maximizing the transfer of the assets to your family. For more information, contact Mike Degenhart, director, or any of the expert gift planning officers in the Office of Gift Planning by phone (toll free 888-800-9170) or e-mail (GiftPlanning@psu.edu).

For the Glory,

Paul and Eleanor Chadderton

Office of Gift Planning
The Pennsylvania State University
214 103 Building
University Park, PA 16802
814-865-0872
888-800-9750
www.giftplanning.psu.edu
October 2011

Dear Drs. Joyce:

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