Gift planning allows you to give to Penn State in a way that best fits your personal circumstances and interests, so that you can align your charitable giving with your overall financial and estate plans. Many giving options even offer you financial benefits, allowing you to make the greatest impact on current Penn State students and programs while maintaining future security for you and your loved ones. A charitable lead trust is one of the most effective ways to pass wealth to the next generation with little or no transfer taxes and also help shape the future of Penn State.

With a charitable lead trust (CLT), assets valued at $500,000 or more are transferred irrevocably to The Pennsylvania State University as trustee. These assets may be cash, interest in a family business, or an income-producing property. The trust then makes annual annuity payments to the University for a prearranged term of years, providing critical support to the Penn State programs, colleges, or campuses selected by you. After the trust term ends, the remaining assets, including any appreciation, is distributed back to your children with little or no gift or estate tax consequences.

A CLT offers advantages to both you and your beneficiaries, including:

- The present value of the payments provided to Penn State reduces your gift and estate taxes.
- The amount and term of the payments to Penn State can be set so as to reduce or even eliminate the transfer taxes due when the principal passes to your children.
- You have the singular opportunity to be involved with the Penn State students and programs benefiting from your gift, and to experience your legacy in action.

Now is an excellent time to set up a charitable lead trust because the IRS discount rate is a low 3.0 percent. The discount rate is the critical factor used in valuing future gifts to a charitable institution over a period of years, in the same way that interest rates are used to value loans. At the current low discount rate, a charitable lead trust paying an annuity of 6.72 percent of the initial trust value for twenty years results in a gift and estate tax deduction that will eliminate 100 percent of the tax liability on the assets transferred to establish the trust. If one of your goals is to maximize the transfer of assets to children or grandchildren at the lowest possible tax cost, this is an opportune time to discuss charitable lead trusts with your financial adviser.

The staff at Penn State’s Office of Gift Planning is also available to help you explore your options and design a giving plan that fulfills your philanthropic goals. Their services are professional, confidential, collaborative, and provided without cost or obligation.

For more information:
Office of Gift Planning
Phone: 1-888-800-9170
E-mail: giftplanning@psu.edu
Website at giftplanning.psu.edu.