



CHARITABLE LEAD TRUST

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A charitable lead trust (CLT) is designed to reduce the cost in taxes of transferring assets to the next generation while providing a gift for Moravian University now. A CLT minimizes the taxes your beneficiaries pay by first contributing a portion of the trust's overall return to Moravian University and then, after a specified period of time, transferring the remainder of the trust to your beneficiaries.

WHY MIGHT A CLT BE APPROPRIATE FOR ME?

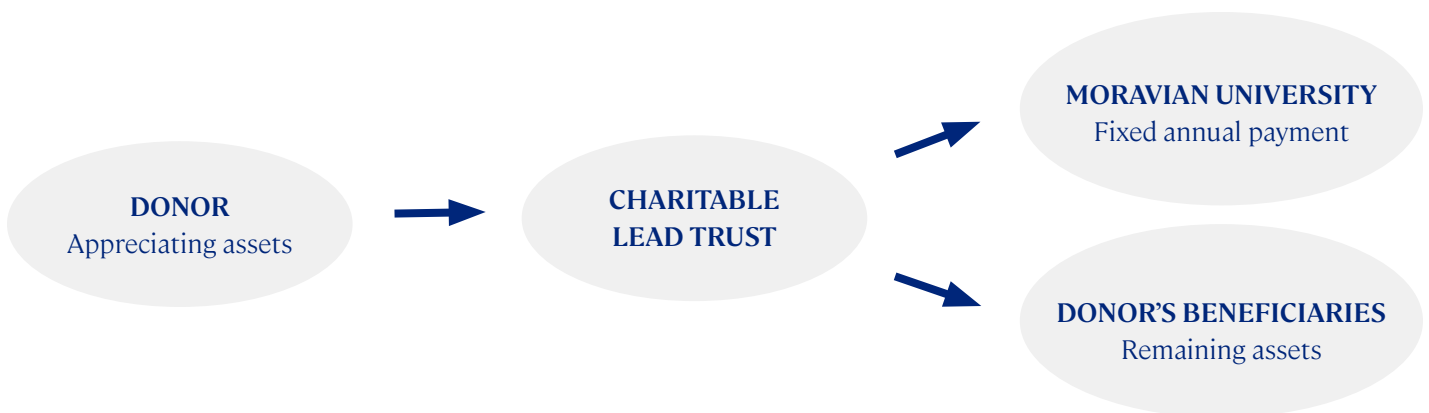
For people who have significant assets, a CLT provides gift and estate tax relief.

- Assets valued at \$500,000 or more are contributed irrevocably to a trust. You choose the term of the trust and other specifications.
- The trust gives regular payments to the program or fund of your choice at Moravian University.
- When the trust term ends, the remaining assets, including any appreciation of the assets, are paid to your designated heirs.
- The taxable value of the gift to your heirs is offset by a deduction for the present value of the payments that will be made to Moravian University.

WHAT ARE THE ADVANTAGES OF A CLT?

Some of the advantages include:

- The present value of the payments provided to Moravian University reduces your gift and estate taxes.
- Income earned from trust assets is not included in your individual taxable income.
- The amount and term of the payments to Moravian University can be used to reduce or even eliminate the transfer taxes due when the principal passes to your heirs.
- You have the pleasure of providing needed funds through the charitable payments from the trust.
- Your family benefits from the University's expert money management without a fee.



MORAVIAN UNIVERSITY

HOW DO MY HEIRS BENEFIT FROM A CLT?

Your heirs enjoy many tax advantages:

- The taxable value of the gift to your heirs is reduced or discounted because they will not actually receive it until sometime in the future.
- All appreciation that takes place in the trust, after the payments to Moravian University are made, goes gift- and estate-tax free to your heirs. (Generation-skipping taxes may apply in some situations; however, they may be minimized through careful planning.)

WHAT ARE SOME OTHER OPPORTUNITIES FOR USING A CLT?

In the case of closely held stock or other business interests, a charitable lead trust offers an opportunity to retain ownership and control within the family. To minimize gift and estate taxes, the lead trust may be used in combination with other estate planning techniques, such as a family limited partnership or family dynasty trust.

Best Assets to Use

Cash—maximize this low-yield asset.

Interests—in family business and/or family limited partnerships.

Income-producing property—with a high appreciation potential (allows eventual transfer to family at a low transfer cost).

Discount Rates are Low

Now is a good time to set up a charitable lead trust.

The present IRS discount rate is a low 3.4%. (The discount rate is the critical factor in valuing future gifts to a charitable institution over a period of years, just as interest rates underpin the future value of money loaned.)

At the current low discount rate, a charitable lead trust paying 6.97% for 20 years will result in a gift and estate tax deduction that will eliminate 100% 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 the creation of a charitable lead trust with your financial adviser.

LET US HELP YOU PLAN

The Department of Development & Alumni Engagement is available to answer any questions and provide you with a confidential, no obligation illustration to show how a charitable lead trust would benefit you and your specific situation. As with any charitable gift agreement, we encourage you to consult with your financial adviser as well.

Contact us at 800-429-9437 (toll-free) or legacygiving@moravian.edu, or visit moravian.edu/legacygiving.