A Wonderful Way to Give — And to Receive

Thank you for considering a life income legacy gift to benefit the Law School. Life income gifts can provide you (or your designees) with a steady payment stream for life, and then provide a wonderful legacy for future generations of students and faculty.

One of the most flexible of the “life income” gift options is a charitable remainder trust. Charitable remainder trusts are available in a variety of formats and can be funded with a wide range of assets, including low-dividend stock, cash or real estate. A charitable remainder trust provides annual payments to you and/or other beneficiaries you designate for life or for a designated term. The remainder is then put to use by the Law School as you direct.

Regular Payments
You and your beneficiaries will receive regular trust payments throughout the trust term.

- With a charitable remainder annuity trust (CRAT), your annual payment will be a fixed percentage of the initial value of your trust and will not fluctuate during the trust term. This means that your payments will be predictable and steady regardless of trust performance. Increases in the trust value will inure to the Law School’s benefit, but decreases in the trust value will deplete the trust corpus, leaving a smaller legacy for the Law School.

- With a charitable remainder unitrust (CRUT), your annual payment will vary each year as a fixed percentage of the trust’s annual valuation. Your “unitrust” payment will increase when the trust value increases during favorable markets, but will decrease if the trust value declines. You and the Law School will bear the upside and downside together.

Tax Benefits
Because part of your trust contribution is considered a charitable donation by the Internal Revenue Service, you will be eligible to claim an income tax charitable deduction in the year of your contribution. You may also avoid or bypass capital gains tax on appreciated assets and benefit from a reduction in estate taxes.

A Few Important Notes
- For a minimum funding level of $50,000, you may appoint the University of Virginia as trustee of your trust, and the trust assets will be managed by the University of Virginia Investment Management Company. For charitable remainder unitrusts, the trust assets can be invested in units of the University’s endowment.
• You may choose a trust payout rate that complies with Federal tax law. Payments typically range between 5% and 7% of the trust value if the University of Virginia serves as your trustee. The lower the payments to you, the higher your initial income tax deduction and the larger the gift to the Law School.

• If you want to fund a trust with a gift of real estate (or other hard-to-sell assets), you can establish a “Flip” CRUT. Until the trust sells the real estate, you will receive net income annually. After the sale, you will begin receiving annual unitrust payments as described above. A “Flip” CRUT can provide a great way to convert unneeded illiquid assets into a regular payment stream for you and a wonderful legacy for the Law School.

**Your Legacy for the Law School**

As with any gift to benefit the Law School, you may define the purpose of your trust remainder. Whether your gift supplements the Law School’s unrestricted funds or is directed to meet particular needs (for example, scholarships, professorships, public service loan forgiveness, or curricular initiatives), it will provide meaningful support that sustains and strengthens the Law School.

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**EXAMPLE**

Mr. and Mrs. Minor are 69 years old. Together, they fund a charitable remainder unitrust with $75,000 in appreciated securities.

Based on a 6% unitrust payment, the Minors will receive a **$4,500** unitrust payment in the first year. In following years, that amount will change based on the trust’s annual value. The unitrust payment will be paid to both of the Minors while they are both living, then to the survivor.

The Minors will be eligible to claim a charitable income tax deduction of almost **$25,000** in the year they establish their trust.

The money left at trust termination will support the Law School in the way the Minors designated when they established their trust.

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Thank you for your interest in participating in the Law School’s future. For more information about charitable remainder trusts or other life income legacy gift options, please contact Elizabeth Leverage Hilles ’92 at the Law School Foundation, 580 Massie Road, Charlottesville, Virginia 22903-1738; email us at eleverage@virginia.edu; or call 1-877-307-0158. You can also find information about additional legacy gift options at [www.law.virginia.planyourlegacy.org](http://www.law.virginia.planyourlegacy.org).

*The University of Virginia Law School Foundation does not provide legal or tax advice. We recommend that you seek your own legal and tax advice in connection with gift and planning matters. This communication is not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties.*