

NON- GRANTOR CHARITABLE LEAD TRUST

Providing for your family and Duke's future

Non-Grantor Charitable Lead Trusts are used to transfer assets to loved ones and reduce or eliminate gift and estate taxes. These trusts also allow you to provide immediate support to Duke each year for a specified time period—either a person's life, or a term of years.

Benefits

Charitable lead trusts are often attractive to wealthier donors facing substantial gift or estate tax issues. Gifts are typically larger in value—about \$1 million or more. Benefits include:

- Transferring assets to heirs with reduced or eliminated estate and gift tax
- Providing a reliable source of income to Duke, directed to the area(s) most important to you
- Contributing almost any type of asset; cash and stock are most common

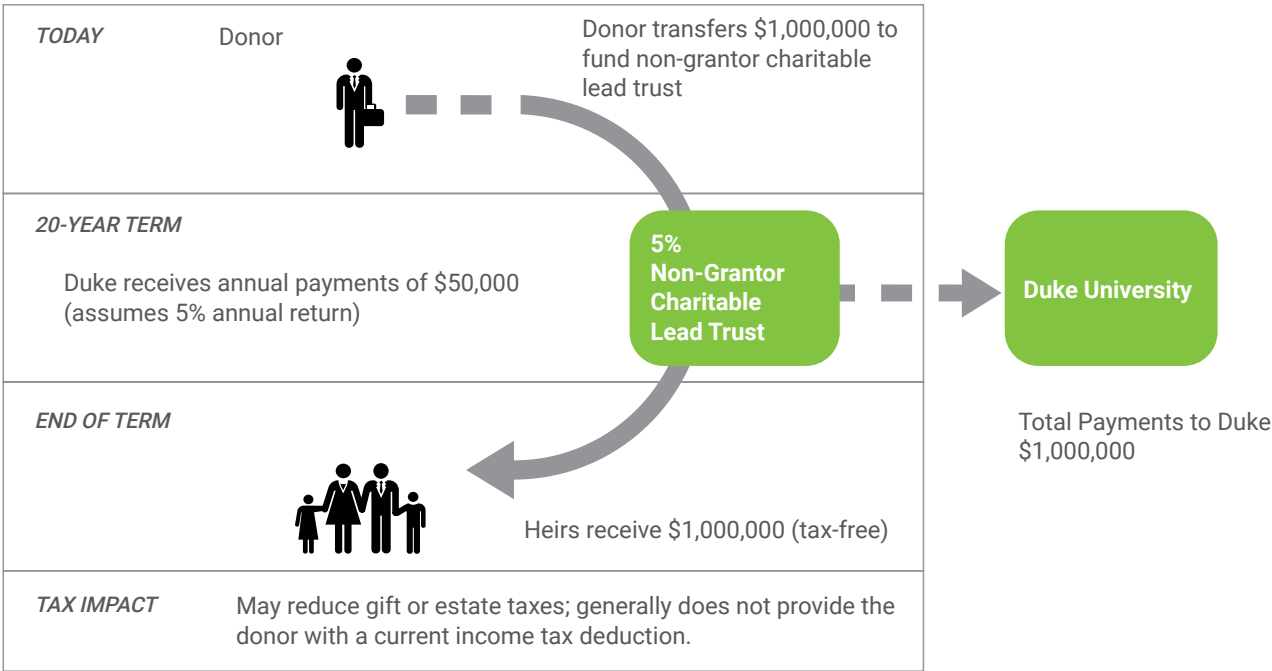
How it works

A donor first works with his or her financial advisors to establish a charitable lead trust and transfer assets to it. This transaction is irrevocable. The donor then chooses the dollar amount that Duke will receive from the trust each year. When the trust term ends, the trust's remaining assets pass to the donor's heirs.

Some annual payout amounts can reduce or eliminate gift and estate tax liability related to the trust's ultimate transfer of assets to the donor's heirs. Generally, the charitable payout rate can be lower in a low interest rate environment, leaving more assets to heirs when the trust's term ends.

This primer outlines a charitable lead trust that would pay Duke a fixed dollar amount each year for a term of years, then transfer remaining assets to the donor's heirs at the end of that term. This is often called a "non-grantor charitable lead annuity trust," but there are several types of similar arrangements.

For example, consider a non-grantor charitable lead trust funded with a gift of \$1 million in 2024 . If the trust pays Duke a fixed amount of \$50,000 each year for 20 years, and the trust's investments achieve an annual return of 5 percent, the heirs would receive roughly \$1,000,000 in year 20, free of gift or estate taxes.



The tax impact of a charitable lead trust relies, in part, on an underlying "discount rate" published each month by the IRS. The illustration above relates solely to a lead trust established in 2024. Please contact Duke's Office of Gift Planning for an updated illustration.

Connect with us to get started

Duke University's Office of Gift Planning has charitable planning professionals available to work with you and your financial advisors to explore charitable giving strategies that support your financial goals now and in the future.

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