



# CHARITABLE REMAINDER ANNUITY TRUST



## Make a Gift & Receive Income For Life

Do you have an asset, such as securities or real estate, that you would like to give to Cooper Union, but you need the income the property provides? Or do you have an asset from which you would like to receive more income, but you hesitate to sell it because taxes on your capital gain would take a big bite out of your proceeds. If so, you should consider donating your asset to a charitable remainder trust.

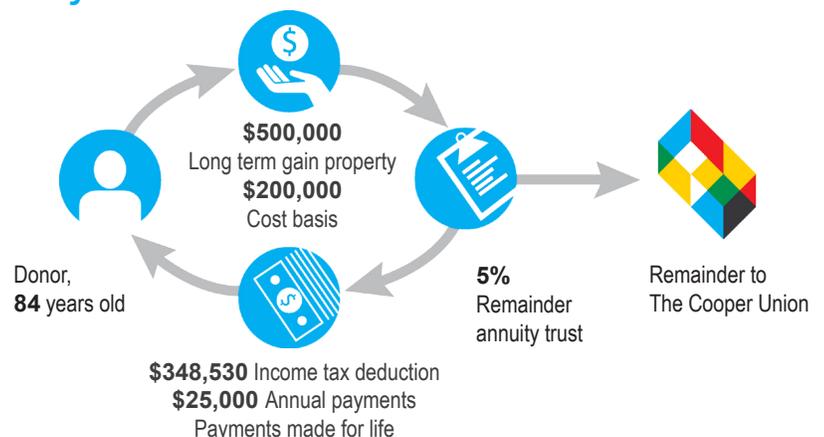
With a charitable remainder trust, you can make a gift to Cooper Union to support and receive lifetime income. Because a charitable remainder trust is tax-exempt, there is no capital gains tax when the trust receives your appreciated assets or when it sells them. The trust can put the full fair market value of your asset to work first for you and ultimately for Cooper Union. In addition, you receive an income tax charitable deduction for a portion of the trust amount which can be used immediately to save on income taxes.

## How a charitable remainder annuity trust works:

- You transfer assets to a trust.
- You choose a trustee to oversee the operation of your trust or serve in that role yourself.
- You choose the income beneficiaries of the trust. It can be you, you and your spouse, loved ones, devoted employees, or anyone else you wish. The trustee manages the trust assets and pays income each year to these beneficiaries.
- The payments made to beneficiaries may be the same amount each year, offering the security of fixed payments, or vary based on a percentage of the trust value, offering the possibility that payments may grow over time. (The latter is a charitable remainder unitrust.)
- When the trust term ends usually upon the passing of the income beneficiaries, its remaining assets go to Cooper Union for use as you directed.

### EXAMPLE: Charitable Remainder Annuity Trust

Anna, age 84, has various appreciated stocks in her brokerage account with a combined value of \$500,000. The stocks cost \$200,000 to purchase and provide her with approximately \$10,000 in annual dividend income. Anna would like to increase her cash flow, not worry about market fluctuations, and arrange for an endowment at Cooper Union.



Anna finds that creating a charitable remainder annuity trust will achieve her goals nicely. She transfers her \$500,000 in stock to an annuity trust with a 5.0% payout rate.

#### Benefits

- **Anna will significantly increase her cash flow** from her gift assets, from \$10,000/year to \$25,000/year.
- **She will receive an immediate income tax** charitable deduction of about \$348,530\*.
- **Her trustee will be able to sell her stock** immediately in order to diversify her trust's investments without paying any capital gains tax. As a result, all of her assets will be working for her and for Cooper Union.

\* Anna's income tax charitable deduction will vary depending on the timing of her gift.

## A trust can be tailored to your needs:

- Increase cash flow
- Provide supplemental retirement income
- Provide for other family members



“ In the course of a century there will, of course be a great number of graduates of the Cooper Union and the day will surely come when they, these graduates, will rally round this institution, and if the plans I have formed can be executed in no other way they will see they are carried out. ”

— Peter Cooper

## ➔ NEXT STEPS:

To receive further information and assistance on a charitable remainder trust, or to learn more about how your gift can help The Cooper Union, please contact Peter H. Congleton.

- (212) 353-4172
- [planned-giving@cooper.edu](mailto:planned-giving@cooper.edu)

\* Because everyone's situation is different, we encourage you to seek professional legal, estate planning, and financial advice before deciding on a course of action. This information does not constitute legal or financial advice and should not be relied upon as a substitute for professional advice.



By supporting Cooper Union with your philanthropic donations, you are supporting our mission of intellectual enrichment, innovative education, and active citizenship.

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