



Office of Advancement

Charitable Remainder Unitrust

A Charitable Remainder Unitrust (CRT) is a separately invested and managed charitable trust that pays a percentage of its principal (re-valued annually) to you or other named income beneficiaries for life or a term of years (up to a maximum of 20). At the end of the term, the balance is transferred to Hobart and William Smith Colleges to be used as you designate. You also receive a charitable income tax deduction for a portion of the value of the assets you place in the trust, and if funded with appreciated securities, you could greatly reduce (or even possibly eliminate) capital gains taxes. Of the life income gift options, a unitrust provides the most flexibility.

Is a CRT right for you?

A Charitable Remainder Unitrust could be the right gift if you:

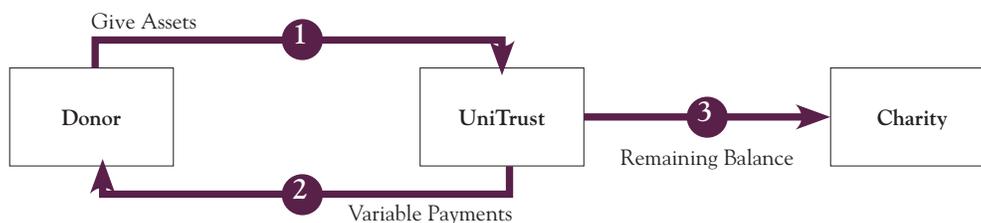
- would like to make a significant gift to the Colleges while retaining or increasing your income
- desire maximum flexibility in your gift, including choosing: your payment percentage (4%-6% is typical), the person or entity who administers the trust and guide its investments, and the trustee, which could be the Colleges
- hold appreciated property, such as securities, a closely-held business, real estate or partnership interests, and would like to avoid capital gains tax associated with a sale
- want the opportunity for your income to grow over time

How does it work?

- The Colleges provide you and your attorney with a draft trust instrument & you execute duplicate original trust agreements
- You irrevocably transfer cash, securities, or other property to the trust
- You receive an income tax deduction and pay no capital gains tax on the transfer
- The trust pays a percentage of its value each year to you and/or other named beneficiaries
- At the end of the term, the trust transfers the remaining principal to the Colleges

What are the tax benefits?

- You make a substantial gift to HWS, while receiving income
- You receive a federal income tax deduction for a portion of your gift and avoid capital gains tax on appreciated assets transferred to the unitrust
- You may reduce your future estate tax liability by removing a large taxable asset from your estate



HOBART AND WILLIAM SMITH COLLEGES

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PREPARING STUDENTS TO LEAD LIVES OF CONSEQUENCE