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 Brigham (BWH), 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 Brigham and Women’s Hospital 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 the Brigham and Women’s Hospital and Brigham. 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 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.
- When the trust term ends, usually upon the passing of the income beneficiaries, its remaining assets go to Brigham and Women’s Hospital for use as you directed.

EXAMPLE: CHARITABLE REMAINDER ANNUITY TRUST

Audrey Chen is 76 years old and her husband John is 75. Many of the stocks in their portfolio have appreciated substantially in value over the many years the Chens have owned them. They are enthusiastic about making a major gift to support Brigham and Women’s Hospital, but they also would welcome a way to receive greater income from their investments without paying a big capital gains tax.

After consulting with their advisor, the Chens find that a 5% charitable remainder unitrust funded with $500,000 in assets will meet their needs perfectly. They fund their unitrust with $400,000 in stocks plus $100,000 from a money market fund. They paid a total of $75,000 for the stocks, which currently produce about 2% in dividends each year. Their money market fund has been earning about 2% interest annually.

* The actual amount of the charitable deduction will depend on the value of the asset contributed, the ages of the beneficiaries, the trust payout rate, the timing of the trust payments, and the IRS discount rate in effect at the time. (September 2017)
A trust can be tailored to your needs:

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

"Brigham and Women’s Hospital is everything to me. Thanks to Dr. Stevenson and Dr. Sweeney, I feel fortunate I can make a difference in the lives of others who need life-saving care."
— Marie Ann Labrie

**NEXT STEPS:**

To receive further information and assistance on a charitable remainder trust, or to learn more about how your gift can help Brigham and Women’s Hospital, please contact Kathleen S. Duffy.

- Call (617) 424-4326
- Email Kduffy1@bwh.harvard.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 Brigham and Women’s Hospital with your philanthropic donations, you help us continue to find new ways to predict, prevent, and treat the most challenging diseases, while delivering world-class care with a profoundly human touch.

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