

# Life Income Arrangements



A life income fund can allow you to make a substantial gift to WRHS while still providing for your financial needs. This type of gift is very attractive to donors because it offers substantial tax benefits and may increase spendable income to the donor or other beneficiary, depending upon the asset contributed. The suggested minimum fair market value for assets transferred to gift annuities and pooled income funds is \$5,000. The suggested minimum for trust arrangements is \$100,000 (in order to justify the donor's start up costs for legal and accounting fees of \$1,500 or more).

## *Pooled Income Funds*

This method of giving involves a minimum of paperwork and legal complications. A pooled income fund is a charitable trust that acts like mutual fund-gifts of many donors are combined and assigned units. The "pool" of money is managed by professional investment advisors and you receive quarterly payments from the WRHS Pooled Income Fund based upon your share of the total assets. The pooled income fund allows single life payments or a joint and survivor income payment option.

## *Charitable Gift Annuities*

The WRHS Gift Annuity is a very simple plan. In return for cash or marketable securities, WRHS agrees to pay you a fixed annual payment for life. The amount of the annuity payment, depending upon the age of the annuitant an interest rate assumptions, can offer a payout rate as high as 12%. Annuity agreements may include a wide variety of gift assets. Payments can begin now or can be deferred until a future date, such as upon retirement. Gift annuities can be written for single life income payments for the donor and surviving spouse.

Another popular feature of both pooled income gifts and gift annuities is that there are no legal costs incurred by the donor for document preparation since these types of gifts are simple agreements between the donor and WRHS. Donors are, however, encouraged to seek the advice of their attorney before making this type of gift.

## *Charitable Remainder Unitrusts*

The unitrust allows you to design an arrangement specifically suited to your needs. In addition, these trusts have much more flexibility in the type of property donated. For example, real-estate may be held by the trust. Municipal bonds may also be used so that you receive tax-free income. This type of variable life income plan may also provide you with the opportunity for increased income for future years. A fixed percent (not less than 5%) of the value of the trust principal, valued annually will be paid to you. Another feature of this trust is that assets may be added after the trust has been established.

## *Charitable Remainder Annuity Trust*

The WRHS Annuity Trust produces a larger initial deduction than the unitrust. On the other hand, this trust does not protect you against inflation like the unitrust does. The annuity trust offers you income in the form of fixed payments established at the outset. It is similar to the gift annuity as payout rates are also based upon interest rate assumptions and your age.

Both the charitable remainder annuity trust and the charitable remainder unitrust pay income to you for life, or for a term not to exceed 20 years. Both of these types of trusts also may allow donors to diversify assets tax-free while protecting them from creditors.

***The information provided is intended as a general guide. Tax Laws are changed frequently and you should contact your financial advisors about the tax consequences of any gift.***