YOUR ESTATE PLAN – CHARITABLE GIVING.

If you share your estate with charity, it can significantly reduce your estate tax bill. Direct bequests to charity are fully deductible for estate tax purposes. If you were to leave your entire estate to charity, you'd drop your estate tax bill to zero. But what if you want to make a partial bequest to charity and a partial bequest to your natural beneficiaries? Once gain, a trust can provide an answer.

Your will can create a *Charitable Remainder Trust* at the time of your death that will pay income to your family beneficiaries for a certain period of time. At the end of the specified time the remaining assets of the trust would pass to your designated charitable organization.

For example, let us say that you wanted to provide for your elderly father. Income from the charitable remainder trust you create goes to him until he dies. At that time, the remainder passes to charity. In this way, you get your wish - you provide for both your father and charity. And, since you are making a partial charitable donation at the time of your death, your estate receives a deduction for a portion of the trust's value. There are IRS tables that determine the size of the estate tax deduction based upon the value of the assets in the trust, the term of the trust and the income to be paid to the beneficiary.

But what if you wanted to provide income to a charity for a set period, with the remainder passing to your beneficiaries? The *Charitable Income Trust* provides for such a scheme, and would also provide a partial charitable deduction for your estate.

As you may suspect, the above techniques can be used during your lifetime as well as at death. If you create a charitable trust during your lifetime, you may be entitled to a current income tax deduction for the portion that government tables calculate to the charitable gift. By creating these trusts during your lifetime, you can reduce both your income and estate taxes.