Your Gift, Your Legacy

Support Healthcare with Heart

A **Charitable Remainder Trust** is for someone looking to avoid taxes on assets that have increased in value and make a gift at the same time. These trusts enable the door to gain some income while helping Wentworth-Douglass Hospital.

Do you own property, such as securities that you would like to give to Wentworth-Douglass Hospital, but you need the income your investments provide? Maybe you would like to generate more income, but you hesitate to sell appreciated investments because capital gain taxes would take a big bite out of investments. If this describes you, consider making a gift to a charitable remainder trust that can make payments to you for life.

A charitable remainder trust can make lifetime payments to you and your loved ones and also make a gift to Wentworth-Douglass Hospital to support the mission and community you care about. Charitable remainder trusts are tax-exempt, so the trust can sell your appreciated investments and avoid immediate capital gain taxation. One hundred percent of the proceeds of the sale of your investment are put to work first for you and ultimately for our community. In addition, you receive an income tax charitable deduction for a portion of the trust amount which you can use immediately to save on income taxes.

WENTWORTH-DOUGLASS HOSPITAL
MASSACHUSETTS GENERAL HOSPITAL SUBSIDIARY
CHARITABLE FOUNDATION

Wentworth-Douglass Hospital Foundation
789 Central Avenue
Dover, NH 03820
(603) 740-2687 | wdhospital.org/foundation

HOW A CHARITABLE REMAINDER TRUST WORKS

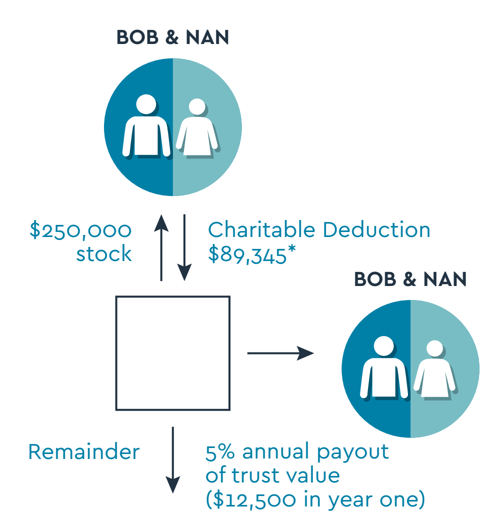
- You transfer assets to a trust. Trusts can be funded with cash, stocks (including closely-held stock), bonds, mutual funds, or real estate.
- You choose a trustee to oversee the operation of your trust or serve in that role yourself.
- You choose the income beneficiaries of the trust. It can be you, you and your spouse, loved ones, friends, or anyone else you wish. The trustee manages the trust assets and makes payments each year to your named beneficiaries.
- The payments made to beneficiaries may be the same amount each year, offering the security of fixed payments. Alternatively, the payments can be tied to the investment performance of the trust and vary each year depending on the investment returns in the trust.
- The donor selects the payout rate, usually between 5–7 percent, which gives the donor, and perhaps the donor's spouse or other beneficiary, an income every year for life. The higher the payout rate, the lower the charitable income tax deduction. If the trust is funded with long-term appreciated property, immediate capital gains taxes are avoided and future capital gains taxes are deferred.
- When the trust term ends, usually upon the passing of the income beneficiaries, the remaining assets go to Wentworth-Douglass Hospital for use as you direct or where most needed.

There are two types of charitable remainder trusts: the annuity trust and the unitrust. The **charitable remainder annuity trust** pays a fixed, guaranteed dollar amount, regardless of the trust's investment performance. The **charitable remainder unitrust** pays a percentage of the fair market value of the trust's assets as revalued annually. So long as the trust's investment returns are greater than the trust payment to the beneficiaries, the payments to the beneficiaries will increase annually. Likewise, if the trust loses money, the beneficiaries would receive less than the year before. Additional contributions may be made to a unitrust.

Example: Bob and Nan, ages 68 and 65, own $250,000 worth of stock they purchased years ago for $50,000. Instead of selling it and reinvesting the after-tax proceeds of $220,000, they contribute the stock to a charitable remainder unitrust with a payout rate of 5 percent for their lifetimes and receive an income tax deduction of $89,345*.

The trustee sells the stock (paying no tax on the gain), reinvests the proceeds, and earns a net total return of 7 percent. The trust pays Bob and Nan $12,500 (5% of $250,000) in its first full year. If trust principal continues to grow by a net 2 percent, the payments will increase each year. When the trust terminates, the hospital will receive the remaining principal to be used in accordance with the wishes of Bob and Nan. If you choose Wentworth-Douglass to act as your trustee, State Street Global Advisors will professionally manage your trust investment.

Table: Charitable Remainder Trust



For more information about charitable remainder trusts:
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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.

**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.*