

Charitable Remainder Unitrusts

ALLOW YOU TO:



Make a **gift** of cash, stock, or real estate to Carleton

Receive a tax **deduction** for a portion of your gift

Receive variable **income** from your unitrust for life

HOW YOU BENEFIT

- The income from a unitrust can grow over time, providing you with a potential hedge against inflation.
- You can claim a charitable income tax deduction for a portion of your gift amount.
- If you fund your trust with stock or real estate, you also avoid paying immediate capital gains taxes on the appreciation.
- Unitrust income is taxed at favorable rates, since it usually consists of part ordinary income and part capital gains.
- You can structure a unitrust to pay income to multiple people, either for their lifetimes (if they are age 50 or older) or for a specific number of years (up to 20).
- All Carleton unitrusts are invested and administered by Kaspick & Company, an industry leader in tax-efficient charitable trust management.

HOW CARLETON BENEFITS

When the term of the unitrust is over, the trust assets are transferred to Carleton to support the college's mission or for a purpose you designate.

PLANNING TIPS

Unitrust income is based on the trust assets' annual fair market value and will vary from year to year. Many Carleton donors choose a 5 percent rate to help preserve their purchasing power over time.

It is possible to fund a unitrust now while deferring most of the trust income until a later date. This option, known as a flip unitrust, allows you to receive a current income tax deduction, enjoy tax-free growth on trust assets, and diversify your retirement income sources.

A flip unitrust can also allow you to fund a unitrust with an illiquid asset, such as real estate, then defer receiving income until after the asset is sold.

MINIMUM GIFT

The suggested minimum for establishing a charitable remainder unitrust through Carleton is \$100,000, or periodic gifts totaling that amount.

ONLINE RESOURCES

To see how a charitable remainder unitrust might work for you, use the "Gift Calculator" at go.carleton.edu/giftcalc to run the numbers.

FOR MORE INFORMATION

Phone: 800-492-2275 or 507-222-4200

Email: planned-giving@carleton.edu • **Web:** giftplanning.carleton.edu

Mail: One North College Street, Northfield, Minnesota, 55057

Disclosure: This information is not intended as legal advice. Please consult your attorney or financial adviser to learn if a charitable remainder unitrust is appropriate for your situation.

This gift qualifies you for membership in the

**JOSEPH LEE
HEYWOOD
SOCIETY**

Jon and Peggy Watterson '66

ACTIVELY SHAPING THEIR FUTURE—AND CARLETON'S



“We wanted to do something more substantial, and, since we needed an income stream, this was a good mechanism.”

—PEGGY WATTERSON '66

Staying active when they retired (or at least semi-retired) has been important to Jon and Peggy Watterson—whether it be biking cross country, helping Turkish and Vietnamese seed scientists with research, caring for their enormous garden, or planning for their financial future.

The two former biology majors had given to Carleton through the annual fund for many years, and in 2012 they decided to do something more significant. They considered a few options but ultimately decided a charitable remainder unitrust was the right fit for them.

“We saw it not only as a way to give back to the college but also get an income stream as well as a partial tax deduction,” Jon says.

“We had lots of options where we could give gifts,” Peggy says. “Both of us have benefited from Carleton a great deal, and the connections that we still keep with Carleton are pretty important.”

In fact, some of those connections are practically next door. After graduate school, the Wattersons followed a pair of fellow Carls to Davis, Calif., and they’ve been there

ever since. Both have enjoyed long careers, and they say the liberal arts education they received at Carleton allowed them to branch out further than their biology majors. Jon, for example, began his career in plant pathology, then moved into plant breeding and molecular biology before managing research and development in Europe, South America, and Asia. Peggy taught general science courses to middle school students and directed a University of California-Davis project called Reading and Writing in the Content Areas that engaged teachers statewide in multiple disciplines.

“If I had gone anywhere but Carleton, I probably never would have gotten involved,” Peggy says.

The one thing their Carleton education did leave them with time for, they say, was traveling off campus. So they’ve dedicated the money from their unitrust to biology majors studying abroad.

With their unitrust, the Wattersons were able to give a significant gift to Carleton and receive a percentage of its assets each year. What also appealed to the Wattersons was that they could easily add to the unitrust at any time—so a few years back, they added more funds, received another tax deduction, and increased the income they received.

“We see good things happening at Carleton, and that’s where we wanted to put our resources,” Peggy says.

HOW DOES UNITRUST INCOME VARY?

This is an example of how a 5% unitrust funded with \$100,000 in 1985 performed

