



# The U.S. Charitable Gift Trust®

Planned giving with appreciated securities

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Investment Managers

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## The U.S. Charitable Gift Trust® (the “Trust”)

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The U.S. Charitable Gift Trust® (the “Trust”) is a tax-exempt public charity that receives donations from individuals, corporations and others, and that makes grants to numerous charitable organizations throughout the United States, including charities selected by the Trust and those recommended to the Trust by donors and others authorized by the donor to make grant recommendations. The Trust is located at Two International Place, Boston, MA 02110. Charitable contributions accepted by the Trust are irrevocable. Donors have no right to income or principal other than as provided by Pooled Income Fund accounts, and account values will fluctuate. The Trust and its Pooled Income Funds are not guaranteed or insured by any governmental body. The Trust is not available in Puerto Rico. A financial statement of the Trust, for which the solicitation is being made, and a copy of the Declaration of Trust will be provided upon request. Prospective donors are encouraged to consult their tax advisors regarding their specific tax status before contributing.

**Eaton Vance Distributors, Inc. (“EVD”) is a paid solicitor that provides services to the Trust. EVD receives compensation, including certain costs, expenses and fees from the Trust for its work on the solicitation campaign. For more complete information about the Trust and such compensation that EVD receives, please see the Trust’s Gifting Booklet dated March 26, 2018, as it may be amended, which should be read carefully before contributing.**

Neither U.S. Charitable Gift Trust nor Eaton Vance provide legal or tax advice. The discussion herein is general in nature and is provided for informational purposes only. There is no guarantee as to its accuracy or completeness. Individuals should consult their own legal and tax counsel as to matters discussed.

## 2018 Tax Planning

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- Highest tax bracket is 37% (capital gains as high as 23.8% with the Medicare surtax)
- Estate, Gift and GST tax exemption is at \$11.18M for single or \$22.36M for married
- Increased limitation of 60% of Adjusted Gross Income (AGI) on cash donations
- Annual gift tax exemption is \$15k single or \$30k for joint
- Standard deductions have doubled to \$12k for single and \$24k for joint
  - “Bunching donations”
- Qualified Charitable Distribution (QCD)

Source: Tax Foundation, January 2, 2018, <https://taxfoundation.org/2018-tax-brackets/>; Tax Cuts and Jobs Act (TCJA), The Tax Cuts and Jobs Act, Communications and Policy Details, U.S House of Representatives, Committee on Ways and Means, 2018.

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## Agenda: Planned giving can help

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- Minimize taxes
- Simplify your giving
- Create your family legacy

## Statistics in philanthropy

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- Many Americans give now
- \$410 billion given to charities in 2017
- Individuals account for three-quarters of total charitable giving in the U.S.
- About 70 to 80 percent of Americans contribute annually to at least one charity

Source: Giving USA 2018 report, a publication of Giving USA Foundation™, researched and written by Center on Philanthropy at Indiana University.

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## How are Americans giving?

Which may be the best asset to give?



CASH



CHECK



STOCK

## Hypothetical case

- A simple comparison of the income tax benefits
- A gift of \$100,000 cash vs. a long-term appreciated stock at the current top tax rates.
- Assumes
  - Income tax rate: 37%
  - Capital gains rate: 23.8%
    - Incl. 3.8% Medicare surtax

	Cash	Stock (basis = \$20,000)
<b>Amount Charity Receives</b>	\$100,000	\$100,000
<b>Income Tax Savings (37% Bracket)</b>	\$37,000	\$37,000
<b>Capital Gains Tax Savings (23.8% Capital Gains Rate<sup>1</sup> - includes 3.8% surtax)</b>	\$0	\$19,040
<b>Total Tax Savings</b>	\$37,000	\$56,040
<b>Total "Cost"<sup>2</sup> of Gift</b>	\$63,000	\$43,960

<sup>1</sup>Rate is applicable to long-term capital gains. Long-term capital gains are from assets held longer than one year. <sup>2</sup>"Cost" is the net amount that the donor would effectively pay for a gift to a charity after the tax savings are factored in in this hypothetical example. Assumes top tax rate for families with income over \$600,000 (\$500,000 for single). The maximum federal long-term capital gains rate applied toward the potential recognized gain of \$80,000 is 23.8% (includes the 3.8% Medicare surtax). Deductions, phase-outs and state taxes are not taken into consideration. Clients should consult their tax advisors prior to making a contribution. Assumes that the donor is eligible to itemize his/her charitable deductions.



# Donor Advised Funds (DAFs)



CLIENT WHO GIVES TODAY:

*“I write many checks to various non-profits every year... I wish there were an easier... tax-smart way.”*



Consider a  
**Donor  
Advised Fund**

## Donor Advised Funds (DAFs)

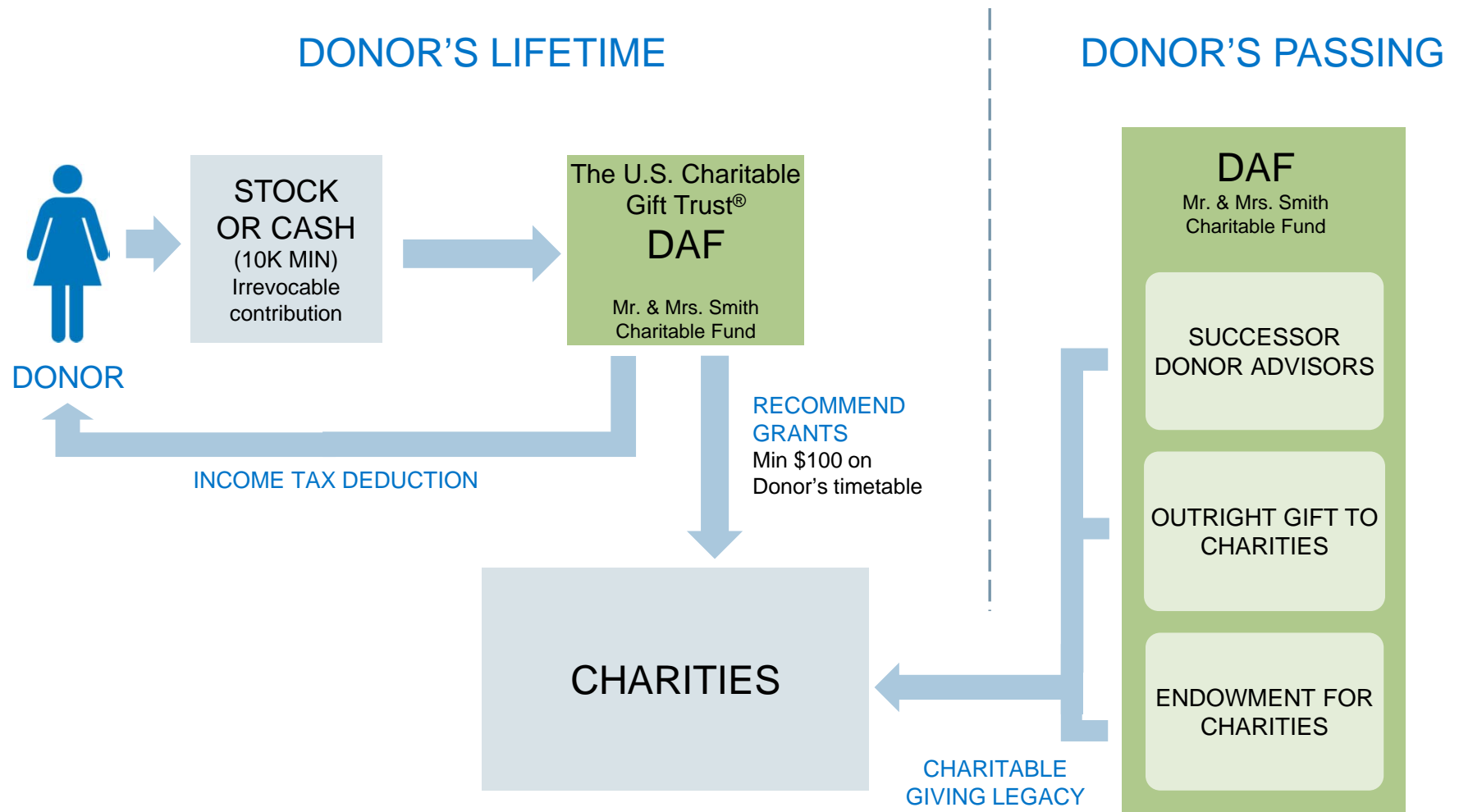
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### Features

- Contribute appreciated securities instead of cash
- Give today; decide tomorrow
- No capital gains
- Income tax deduction

## How DAF accounts work

A turnkey charitable account similar to setting up a private foundation



For illustrative purposes only.

## Who can benefit from a DAF account?

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- Currently give cash/checks to charity
- Own appreciated stock and/or mutual funds
- Need income tax deductions



# Pooled Income Funds

CLIENT SEEKING INCOME  
TODAY, GIVING TOMORROW

*“How can we get  
income from our long-  
term appreciated XYZ  
stock without paying  
capital gains?”*



Consider a  
**Pooled  
Income Fund  
Account**

## Pooled Income Fund (PIF)

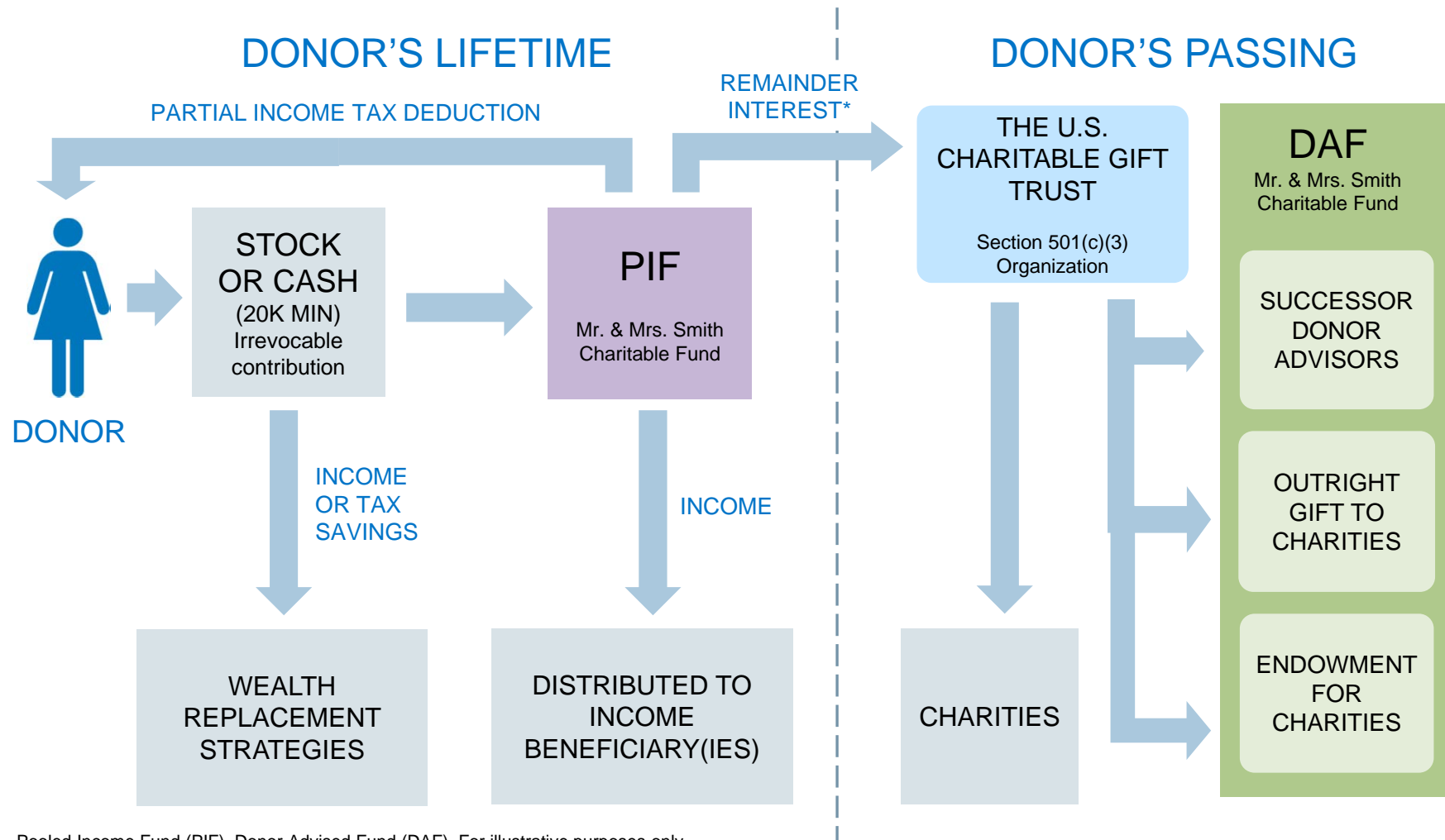
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### Features

- Avoid capital gains taxation
- Potential income stream
- Charitable legacy later

## How PIF accounts work

A turnkey charitable account with a lifetime income interest component.



Pooled Income Fund (PIF), Donor Advised Fund (DAF). For illustrative purposes only.

\* Donor's remainder interest in the PIF will be transferred to a DAF account of The U.S. Charitable Gift Trust at the death of the last income beneficiary associated with the account.



## Who may benefit from a PIF account?

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- Own appreciated positions
- Desire an income tax deduction
- Want to generate income without paying capital gains tax
- Looking for income now and be able to gift later on



# Getting started is easy!

Please call your financial advisor for further information or visit us on the web at [www.uscharitablegifttrust.org](http://www.uscharitablegifttrust.org)



# The U.S. Charitable Gift Trust®

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