

LEGACY SOCIETY

Rather than make a bequest to Homeless Solutions, Inc., you may find it extremely advantageous to create a lifetime trust under which you will be paid annual benefits for life and the trust property will pass to us only after your death.

Why would a friend of HSI decide to create a charitable trust? Consider these facts:

- ✓ An immediate income tax deduction is available when you create a qualified charitable trust during your life. The amount of the deduction will depend on your age and the amount of the benefits you want to receive each year.
- ✓ You can transfer appreciated property to the trust without paying any capital gains tax.
- ✓ You can decide the amount of benefits you will receive each year and the nature of the benefits. Further, in many cases, your lifetime benefits will be favorably taxed.
- ✓ The cost of settling your estate will be minimized and there may be valuable estate tax advantages as well.
- ✓ The trust you establish to benefit Homeless Solutions, Inc. generally can be tailored to meet your individual financial needs and objectives.

We hope you will seriously consider a charitable trust – for the good your commitment to HSI can accomplish, the personal satisfaction of acting now, the tax and financial rewards and your personal objectives. Please feel free to ask us for specific information.

This publication is prepared for the information of our friends and donors and illustrates general concepts and ideas in tax and estate planning. The articles are not intended as legal services or advice. You should, accordingly, consult with competent tax and legal professionals as to the applicability of any items to your personal situation.

YOUR BEQUEST IN TRUST TO HOMELESS SOLUTIONS, INC.

The magic of a trust permits our friends to split the enjoyment and the benefits of a single piece of property or a single fund of money between their families and HSI. This concept of providing meaningful benefits from a single asset will also produce tax and financial rewards.

A trust for Homeless Solutions, Inc. can follow two basic patterns:

- Provide a fixed or variable income to your family for a period of time – with the assets ultimately going to

Homeless Solutions, Inc.

- Provide a fixed or variable income to HSI for a period of years – with the assets then going to your family.

Both trust arrangements will help Homeless Solutions, Inc. while providing for the security of your family, and may result in major estate tax and income tax savings.

We hope you will care to request any of our complimentary booklets, which discuss trusts for the benefit of HSI as well as personal tax and financial planning.

Homeless
Solutions
A HAND UP
NOT A HAND OUT

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TRUSTS IN YOUR

FINANCIAL PLANNING



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TRUSTS IN YOUR FINANCIAL PLANNING

In your will you can – and possibly should – create a trust for your beneficiaries. Many of our friends have found that a well-planned trust will not “tie up” their property, will not be interpreted as a lack of confidence in their beneficiaries and will not be a burdensome expense. Indeed, you may find that a trust in your will is the best method of providing financial security for your family and other beneficiaries.

The trust you create need not be complex. You simply direct, as part of your will, that certain property be transferred to a trustee, to be held and managed by the trustee for the benefit of the persons or institutions you name.

A husband, for example, may name a trustee of his own choosing to invest the trust property and to handle all the other burdens of property ownership. He will also make specific provisions for the future enjoyment of the property. “Pay all the income to my wife for her life” may be one direction given to the

trustee. “Pay my wife as much principal as she needs for her customary support” may be an additional direction. The trustee may also be directed to divide whatever property remains at the wife’s death equally among his children, or the husband may direct that the final distribution be made to the children in such proportions as his wife may direct in her will. Such a trust, known variously as a “family trust” or “credit shelter trust,” also can save federal estate taxes at the wife’s death – all assets in the trust will bypass the tax collector.

The practical advantages of a trust are obvious. The trustee will take care of all investments and management, give the beneficiaries periodic reports, even attend to the personal finances of the beneficiaries in times of illness or disability. The beneficiaries can have all the advantages and rewards of property ownership without its burdens and frustrations.

POINTS TO CONSIDER IN ESTABLISHING A TRUST

In deciding whether a trust makes sense in your estate planning, consider these additional points:

- ✓ *Trusts are highly flexible. You can tailor your trust to meet your own goals and the specific needs of your beneficiaries.*
- ✓ *You name a trustee of your own choosing and you define the powers and duties of the trustee.*
- ✓ *You direct exactly how the income will be distributed . . . when it is to be paid, to whom it is to be paid and under what circumstances changes can be made.*
- ✓ *You define the circumstances under which all or part of the principal can be paid out to a beneficiary.*
- ✓ *You direct how long the trust will last – for the life of one beneficiary or the lives of several beneficiaries, or until your children reach a certain age.*
- ✓ *You direct how the trust property is to be eventually distributed or you can permit someone else to determine the ultimate beneficiaries.*

REVOCABLE LIVING TRUSTS – A SPECIAL TRUST PLAN

Does the very popular “revocable living trust” plan fit into your estate objectives? Here’s how it can work:

STEP ONE: Create a revocable trust right now . . . one you can change or cancel at any time and for any reason as long as you live.

STEP TWO: Direct that the trust become irrevocable at your death and provide directions as to who will then be the beneficiaries and how

you want the trust property used for their benefit.

STEP THREE: Name the trust as the beneficiary of your life insurance policies and your employee death benefits.

STEP FOUR: Change your will so as to direct that certain estate property will be transferred to the trust at death.

STEP FIVE: Decide whether you want to leave the trust unfunded during your life or whether you want to use it

yourself for investment management.

As you can see, this technique permits you to coordinate all your assets – those passing under your will as well as those passing outside your will – into a single fund that will be administered by the trustee you have chosen in accordance with the specific directions you have provided in a single, well-thought-out and skillfully drafted trust

agreement. Assets you place in the trust during life avoid probate. Your trust also may relieve you of investment responsibilities – and possibly provide protection should you become incapacitated.

If you would like more information about a trust in your will, or a revocable living trust, or various forms of trust for your family and our future, we invite you to return the enclosed card.

GIVING THROUGH YOUR LIVING TRUST

You can make lifetime gifts for our benefit through your revocable living trust, or provide vital assistance after your death, with excellent tax results.

Any lifetime gifts made by your trustee will generate an income tax charitable deduction for your *personal* tax return. And any amount we receive from your trust after death will pass absolutely free of federal estate taxes. You might leave us a percentage of the trust principal, or particular assets you have

placed in trust. These gifts at death are easier to arrange through a trust than a will and can be adjusted without the formalities required for changing a will.

Note: You can direct that your revocable trust will become *irrevocable* after your death and provide income to family members plus future funds for our use. If properly structured, such a trust can save substantial taxes for your estate. For details, send for our new planning booklet.