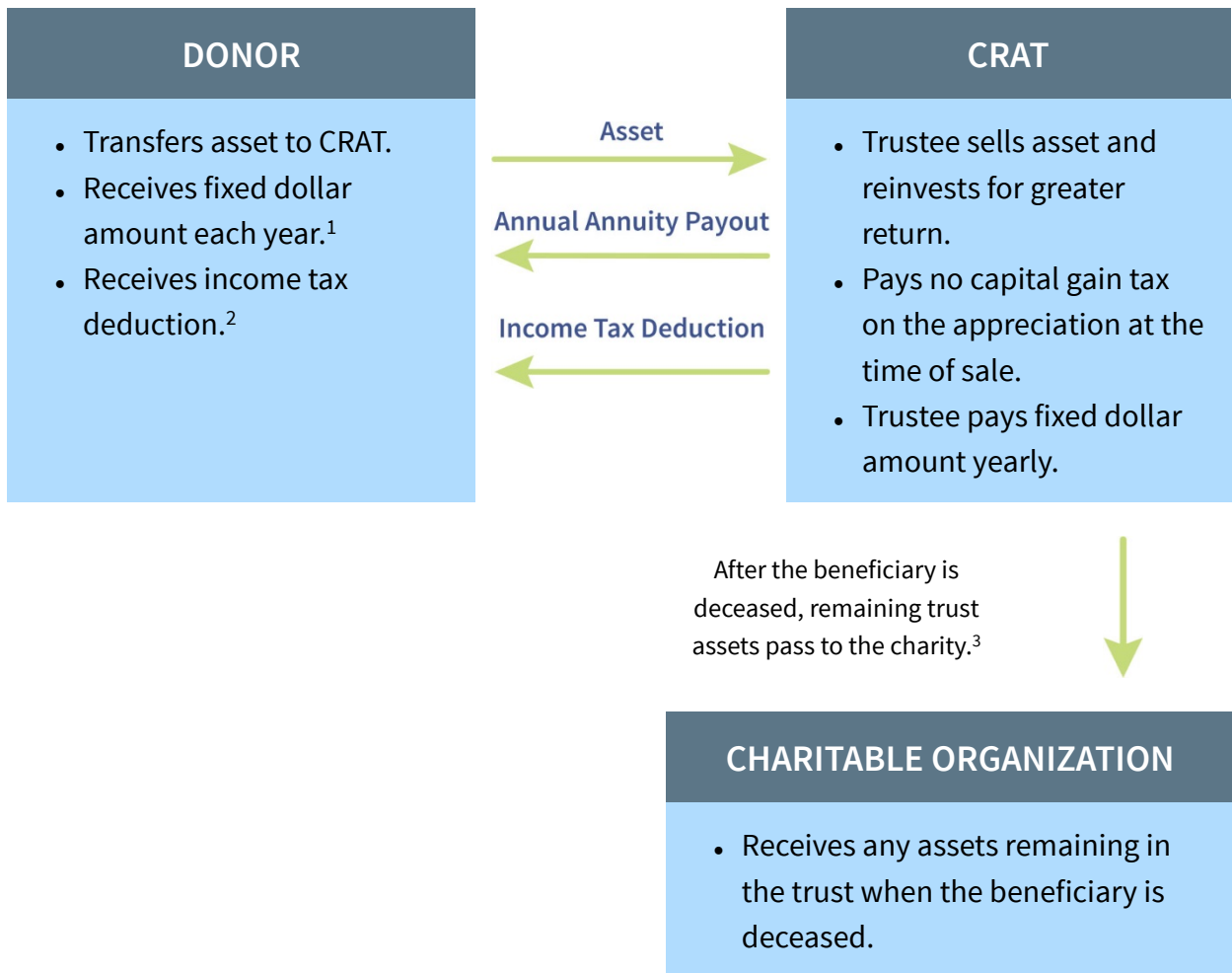


How a Charitable Remainder Annuity Trust Works

The donor transfers an asset to the trustee of the charitable remainder annuity trust (CRAT) and receives a fixed dollar amount for each year thereafter. A current income tax deduction is also available.

When the donor or other named beneficiary dies or the trust term ends, the remaining trust assets pass to one or more designated charities.



¹ The annual annuity payout is taxed under a four-tier system. Generally speaking, ordinary income is paid first, followed by capital-gain, other income, and trust principal.

² The income tax deduction is based on a government determined applicable federal rate and may have to be spread over more than one year, if it exceeds certain percentage of income limitations.

³ If a surviving spouse "elects" to claim a part of a deceased spouse's estate, the income and estate tax benefits of a CRAT may be lost.