

An Update

Several changes have occurred since *Planning and Drafting Charitable Lead Trusts* was published in 2011.

■ The example on page 4 notes that in a 35% estate tax bracket, the tax savings for establishing a lead trust would be \$253,750. With the existing 40% bracket, the donor's estate tax savings would now be \$290,000.

■ The example on page 7 shows estate tax savings of at least \$446,600 from a lead trust, assuming a 35% tax bracket. The savings in a 40% tax bracket would be at least \$510,400.

■ On page 23, more recent figures from the Internal Revenue Service's Winter 2014 Statistics of Income Bulletin show that 6,496 tax returns were filed for charitable lead trusts in 2012. Of these, 4,085 had net assets of less than \$1,000,000, while 2,087 had between \$1,000,000 and \$10,000,000 in assets and 324 had assets exceeding \$10,000,000 in value.

■ The charts on page 6 and the example on page 10 were calculated using a §7520 rate of 3%, a rate last seen in May 2011. Since that time, rates have stayed below 3%, dropping as low as 1% in November 2012. The rates, which are issued monthly, impact the deduction available for charitable lead trusts, with lower rates yielding higher deductions. Donors can choose to use the rate for the month of the gift or either of the two prior months, whichever is more favorable.



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