

A Temporary Gift from Your Will

Charitable lead trusts, discussed earlier, also represent one of the finest *estate planning* techniques available. Here is one possible arrangement:

- In your will you establish a charitable lead trust that will pay your favorite charity a specific amount of income for, say, five years.
- After the five-year period ends, all the property in the trust returns to any beneficiary you wish to name.

Results? Obviously, you have provided substantial benefit for the future of your favorite charity. But you have also qualified your estate for a substantial federal estate tax deduction for the value of your favorite charity's right to receive income for five years.

If the trustee invests prudently, the trust would have more than enough income to pay your favorite charity the designated amount for five years. So the eventual family beneficiary would likely get about the same amount as if there had been no trust. True, the beneficiary would lose the use of the trust property for five years. But if the beneficiary is in a high income tax bracket during the five-year term, any lost income may be insignificant.