CHARITABLE REMAINDER UNITRUST

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and

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DECLARATION OF PRINCIPLES

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for further information, please contact

Winton Smith or Martin Shenkman

THE BEST PLAN IN 2026

Federal Income Tax Rate of 43.4%

Capital Gains Rate of 23.8%

Estate Tax of 40%

Estate Tax Exemption of $15,000,000

CASH - 2026

Gift of Cash

100,000

Income Tax Savings @ 43.4% Rate

43,400

Net Cost of Gift

56,600

CASH - 2026

Gift of Cash

1,000,000

Income Tax Savings @ 43.4% Rate

434,000

Net Cost of Gift

566,000

APPRECIATED PROPERTY

Stocks

Real Estate

Family Business

THE GIFT THAT SAVES TWICE - 2026

Gift of Appreciated Stock or Real Estate

100,000

Income Tax Savings @ 43.4% Rate

43,400

Capital Gains Tax Savings @ 23.8% Rate

23,800

Total Tax Savings

67,200

Net Cost of Gift

32,800

THE GIFT THAT SAVES TWICE - 2026

Gift of Appreciated Stock or Real Estate

1,000,000

Income Tax Savings @ 43.4% Rate

434,000

Capital Gains Tax Savings @ 23.8% Rate

238,000

Tax Savings

672,000

Net Cost of Gift

328,000

CASH	Stock
$100,000	$1,00,000
$56,600	$32,800
$1,000,000	$1,000,000
$566,000	$328,000

Charitable Deduction 2026

CASH	60%
Long Term Appreciated Property	30%

Year of Gift plus 5 Year Carryforward

0.5% AGI Floor on Charitable Deductions

Charitable Deduction 2026

$1,000,000 AGI loses charitable deduction on first $5,000 of charitable donations.

First $10,000 gift - $5,000 charitable deduction

Marginal value of charitable deduction for top bracket taxpayers limited to 35%

Charitable Deduction 2026

New Above-the-Line charitable deduction.

Cash gifts to public charities.

$1,000 for Single Filers

$2,000 for Married Filing Jointly

FAMILY BUSINESS INTERESTS

The Big Gifts

Income Tax Savings

Corporation Pays for the Gift

FAMILY BUSINESS INTERESTS

The $50,000,000 Family Business

The 1,000,000 Charitable Gift

Income Tax Savings

Corporation Pays for the Gift

FAMILY BUSINESS INTERESTS

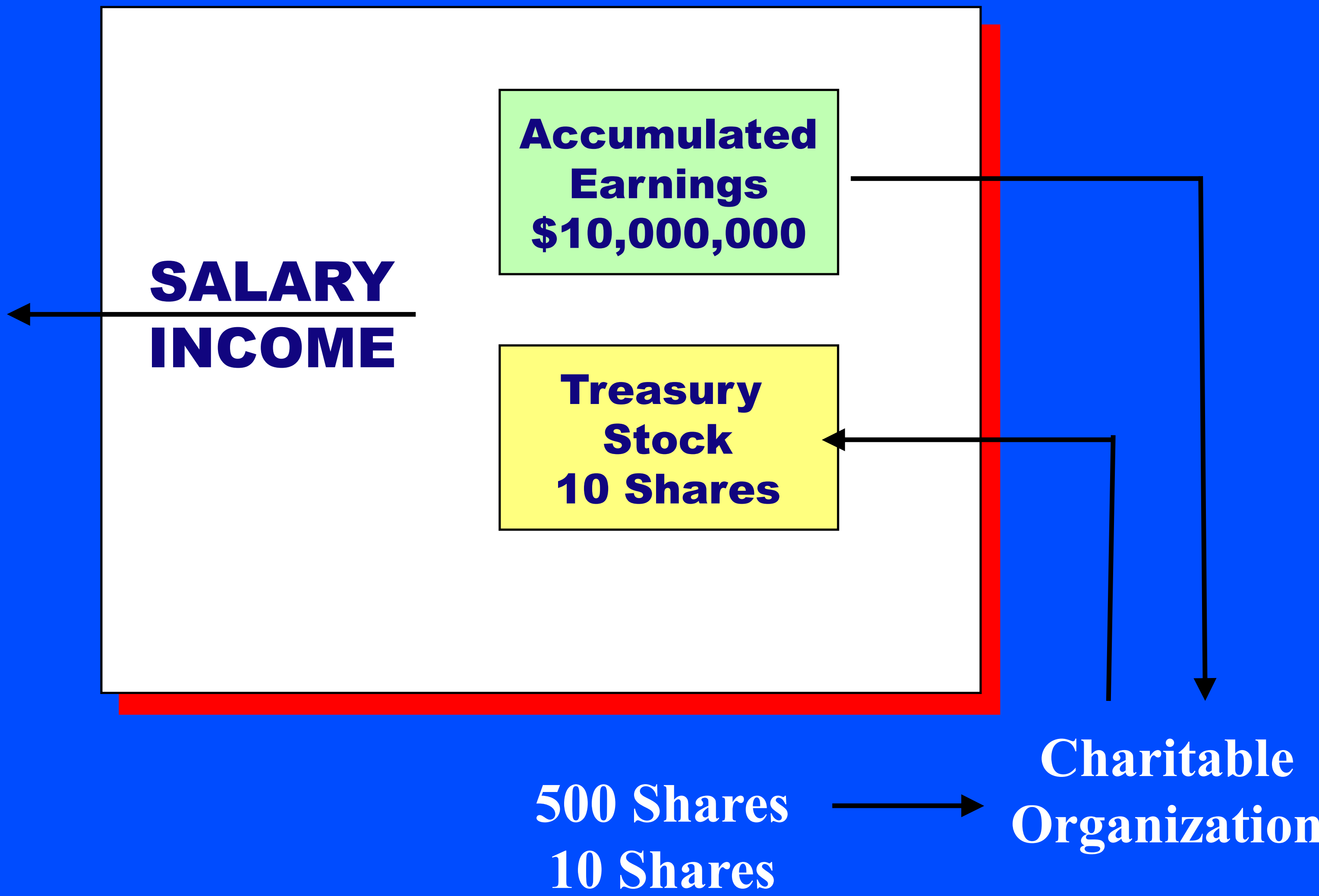
The $50,000,000 Family Business

500 Shares @ 100,000

10 Shares @ 100,000

1,000,000 Charitable Gift

Family Business Gifts



THE PALMER CASE

Palmer V. Commissioner

62 T.C. 684 (1974)

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FAMILY CORPORATION LAW

Rev. Rul. 78-197

PLR 86-230-07

PLR 86-470-01

PLR 86-390-46

C CORPORATION

Donor makes $1,000,000 Gift

Donor saves $400,000 Income Tax

Corporation pays for the Gift

Corporation reduces Accumulated Earnings

GIFTS – LIFE INCOME

Charitable Remainder Unitrust

Charitable Remainder Annuity Trust

Charitable Gift Annuity

Deferred Payment Gift Annuity

Pooled Income Fund

WHY CLIENTS CONSIDER UNITRUSTS

Increase Current Income

Income Tax Savings

Capital Gains Tax Savings

Estate Tax Savings

The Joy of Making a Gift

IDEAL CLIENTS FOR UNITRUST

Increase Spendable Income

Appreciation of Stock, Real Estate, Business or Other Assets

Sale of Appreciated Assets

Charitable Bequest in Will

SAVING CAPITAL GAINS TAX

$0 Original Purchase Price of the Stock

$1,000,000
Sell Price

$1,000,000
Profit

$238,000
Capital Gains Tax

$1,000,000
Transfer into Trust

CHARITABLE REMAINDER UNITRUST

Partial Income Tax Char. Ded. $500,000

Mr. & Mrs. John Jones

$1,000,000

Trustee

Tax - Free Sale

8% Payout →

↓

Charitable Organization

John & Mary receive $80,000 Income Payment

CHARITABLE REMAINDER UNITRUST

RESULTS

- **$20,000 – $80,000** Increase in Income
- **$200,000** Income Tax Savings
- **$238,000** Capital Gains Tax Savings
- **$400,000** Estate Tax Savings

TAXATION OF UNITRUST INCOME

Ordinary Income

Capital Gains Income

Tax-Free Income

Return of Principal

WEALTH REPLACEMENT TRUST

What About the Children?

Gift Tax Exemption in 2026

Income Tax-Free Growth

Estate Tax-Free Transfer

WEALTH REPLACEMENT TRUST

$1,000,000

Trustee

Owner

Insured

Parents

Beneficiaries–Children

Estate Tax-Free

HOW TO GIVE & REPLACE THE GIFT FOR YOUR CHILDREN

Charitable Remainder Unitrust

BENEFITS

↓

Income Tax Savings
Capital Gains Tax Savings
Tax-Free Growth
Maximum Income →

↓

Charitable Organization

Donors for Life

Wealth Replacement Trust

BENEFITS

↓

Provides Children's Inheritance
Estate Tax-Free

↓

Children

IDEAL CLIENT FOR UNITRUST

Billionaire

Charitable Intent

Real Estate

Give Real Estate to CRUT

SAVING CAPITAL GAINS TAX

$0 Original Purchase Price: Real Estate

$100,000,000
Fair Market Value

▼

$100,000,000
Profit

▼

$23,800,000
Capital Gains Tax

$100,000,000
Transfer into Unitrust

CHARITABLE REMAINDER UNITRUST

Partial Income Tax Char. Ded. $500,000

Mr. & Mrs. John Jones

$100,000,000

Trustee
REAL ESTATE

Tax - Free Sale

8% Payout →

John & Mary receive $8,000,000 Income Payment

↓

Charitable Organization

CHARITABLE REMAINDER UNITRUST

RESULTS

- **$0– $8,000,000** Increase in Income
- **$20,000,000** Income Tax Savings
- **$23,800,000** Capital Gains Tax Savings
- **$40,000,000** Estate Tax Savings

CHARITABLE REMAINDER UNITRUST

$8,000,000 Income

$20,000,000 Income Tax Savings

$23,800,000 Capital Gains Tax Savings

$40,000,000 Estate Tax Savings

I am very philanthropic I want a Unitrust

QUESTIONS

Can I be the Trustee?

Can I choose the Charity or Charities?

Can I change the Charity or Charities after creating the Unitrust?

MORE QUESTIONS

Can I revalue the Unitrust property each year?

Will the Charity pay my legal fees?

Will the Charity pay the real estate appraiser?

REAL ESTATE

Some Charities are afraid of Real Estate

This is absolutely not a problem

I have a buyer waiting in the wings.

Is that a problem?

REAL ESTATE

We put the Real Estate in the Unitrust.

The Trustee gives me $8,000,000 a year.

REAL ESTATE

I give the Real Estate

The Trustee gives me $8,000,000 a year.

How often can I get the income?

UNITRUST

8,000,000 Income Payment

Monthly or Quarterly

Semi-Annually or Annually

Let's Close this Gift

CHARITABLE REMAINDER UNITRUST

Partial
Income Tax
Char. Ded.
$500,000

Mr. & Mrs. John Jones

$100,000,000

Trustee
REAL ESTATE

Tax - Free Sale

8% Payout →

John & Mary receive $8,000,000 Income Payment

↓

Charitable Organization

TYPES OF UNITRUSTS

Standard Unitrust

Net Income Unitrust

Net Income Plus Makeup Unitrust

Flip Unitrust

CHARITABLE RETIREMENT PLAN

Flexible

Net Income-Plus Makeup

Flip Unitrust

Growth Oriented

CHARITABLE RETIREMENT PLAN

Personal

Save Income Tax

Save Capital Gains Tax

Tax-Free Build-up

Magnificent Retirement Income

Joy of Making Eventual Charitable Gift

CHARITABLE RETIREMENT PLAN

55 - 55 - Single or Repeat Contributions

Partial Income Tax Charitable Deduction

$500,000

5% Income

$1,000,000

$50,000 Income

$1,000,000
Charitable Organization

FAMILY BUSINESS INTERESTS

The Big Gifts

Income Tax Savings

Corporation Pays for the Gift

FAMILY BUSINESS INTERESTS

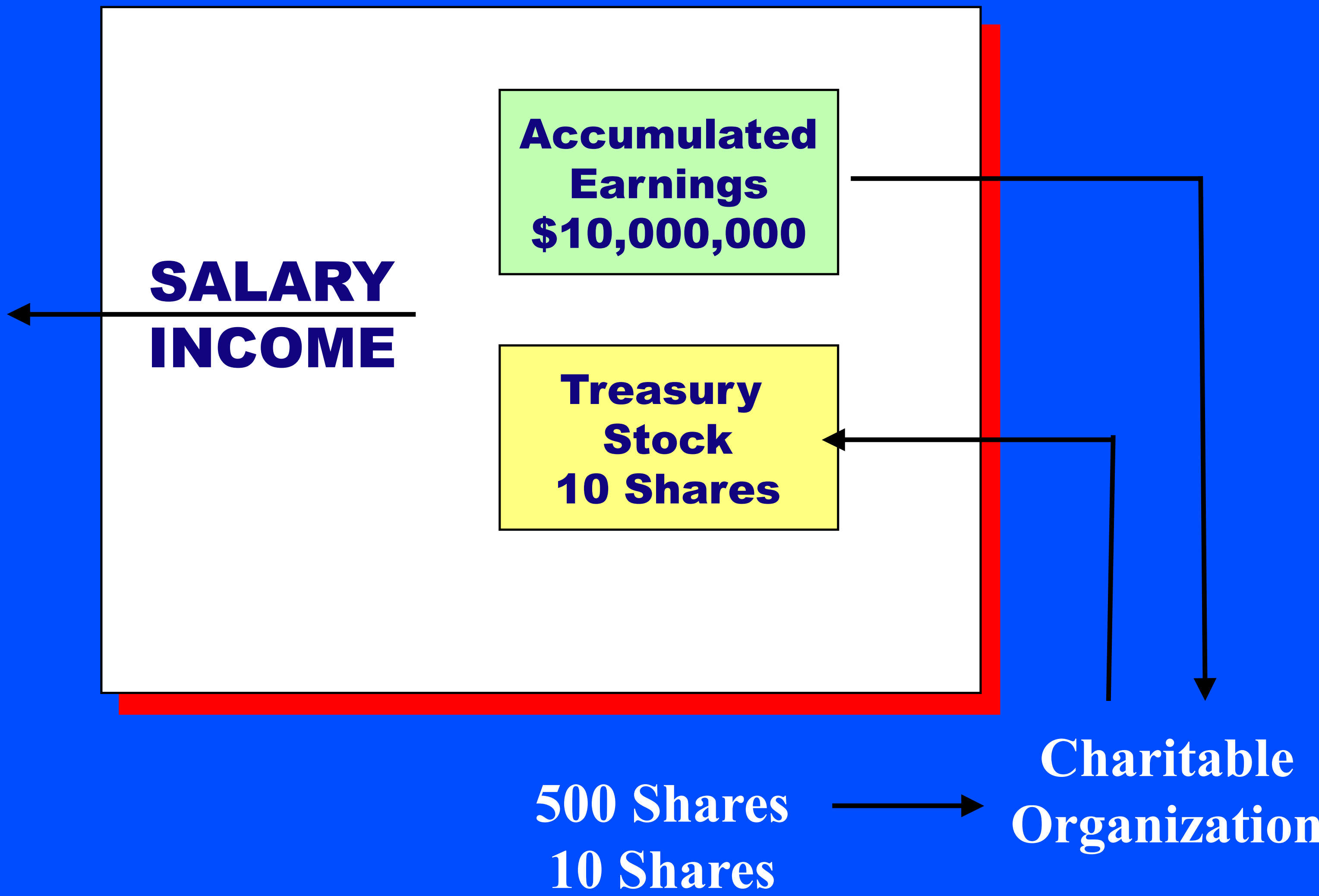
The $50,000,000 Family Business

500 Shares @ 100,000

10 Shares @ 100,000

1,000,000 Charitable Gift

Family Business Gifts



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FAMILY BUSINESS INTERESTS

The $100,000,000 Family Business

The 20,000,000 Charitable Gift

Income Tax Savings

Corporation Pays for the Gift

CHARITABLE STRATEGY
FAMILY BUSINESS

Gift of C Corporation Gift Stock

Increase Spendable Income

saves income and capital gains tax

saves gift and estate tax

transfers family business tax-free

provides a magnificent gift

JONES COMPANY
Family Business

C Corporation

$100,000,000

TOTAL OF 500 Shares

$200,000

OWNERSHIP OF SHARES

Mr. & Mrs. Jones	300	60%
Katie	200	40%

VALUATION

Mr. & Mrs. Jones 300 Shares

$60,000,000

Katie Jones 200 Shares

$40,000,000

SAVING CAPITAL GAINS TAX

$0 Original Purchase Price of Jonesco, Inc.

$20,000,000
Sell Price

$20,000,000
Profit

$4,760,000
Capital Gains Tax

$20,000,000
Transfer into Trust

CHARITABLE REMAINDER UNITRUST

Partial Income Tax Charitable Deduction $5,000,000

Mr. & Mrs. John Jones

$20,000,000

Trustee

100 Shares of Jonesco, Inc.

5% Payout →

John & Mary receive $1,000,000 Annual Income Payment

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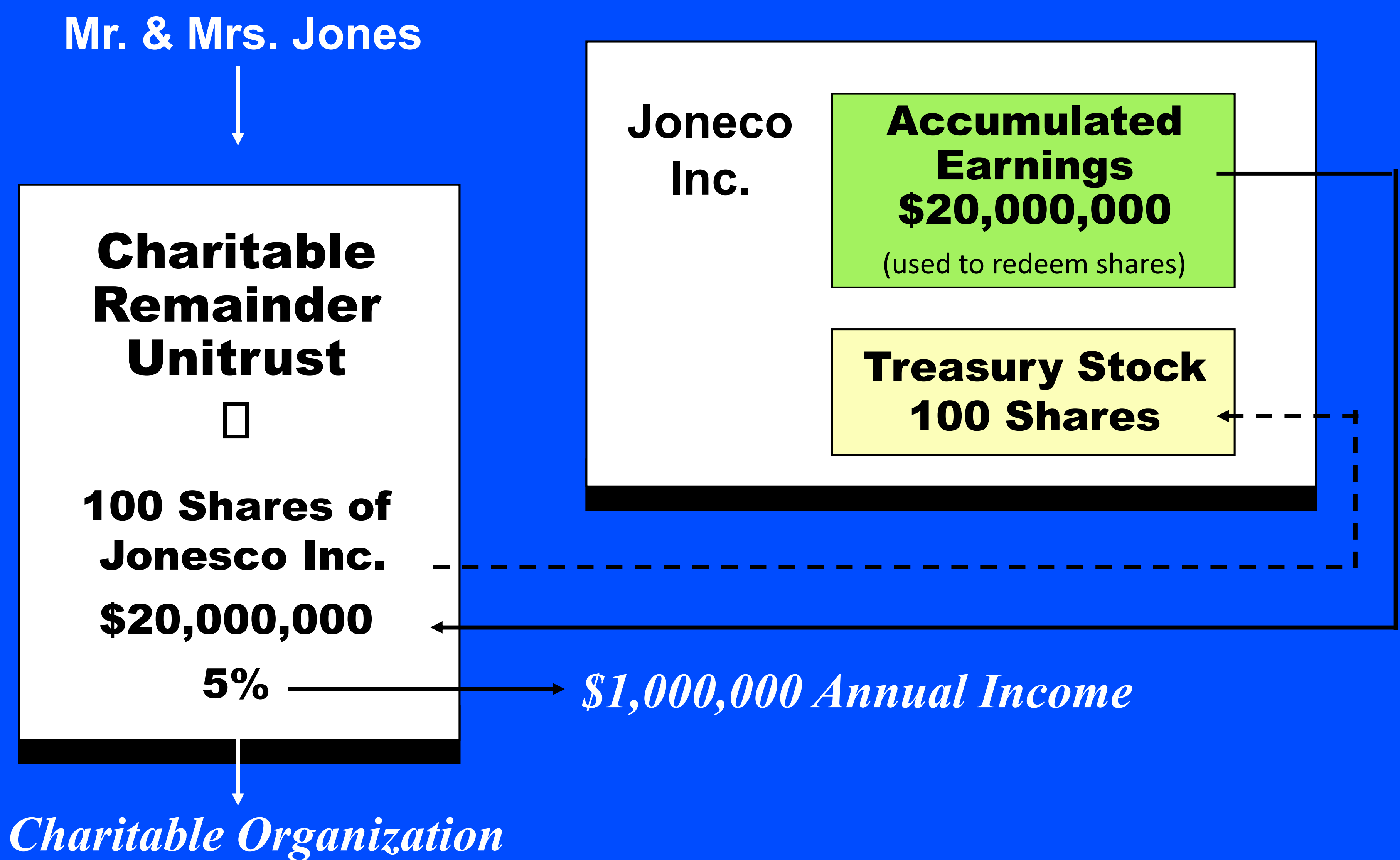
Charitable Organization

CRUT & STOCK REDEMPTION



FAMILY BUSINESS TRANSFER

Estate Plan of John & Mary Jones

Before The Unitrust

	# SHARES	% BUSINESS
Mr. & Mrs. Jones	300	60%
Katie	200	40%

After The Unitrust

	# SHARES	% BUSINESS
Mr. & Mrs. Jones	200	50%
Katie	200	50%

Charitable Remainder Unitrust And Wealth Replacement Trust

Charitable Remainder Unitrust

BENEFITS

Income Tax Savings
Capital Gains Tax Savings
Tax-Free Growth
Maximum
Retirement Income

Donor & Spouse

Charitable Organization

Wealth Replacement Trust

BENEFITS

Increases
Children's Inheritance
Estate Tax-Free

Children

CHARITABLE GIFTS OF INCOME INTERESTS?

Income Tax Savings

For your Client

and

Major Current Gift

for their charitable interest

WHY TERMINATE LIFE INCOME GIFTS?

Cash for your Client

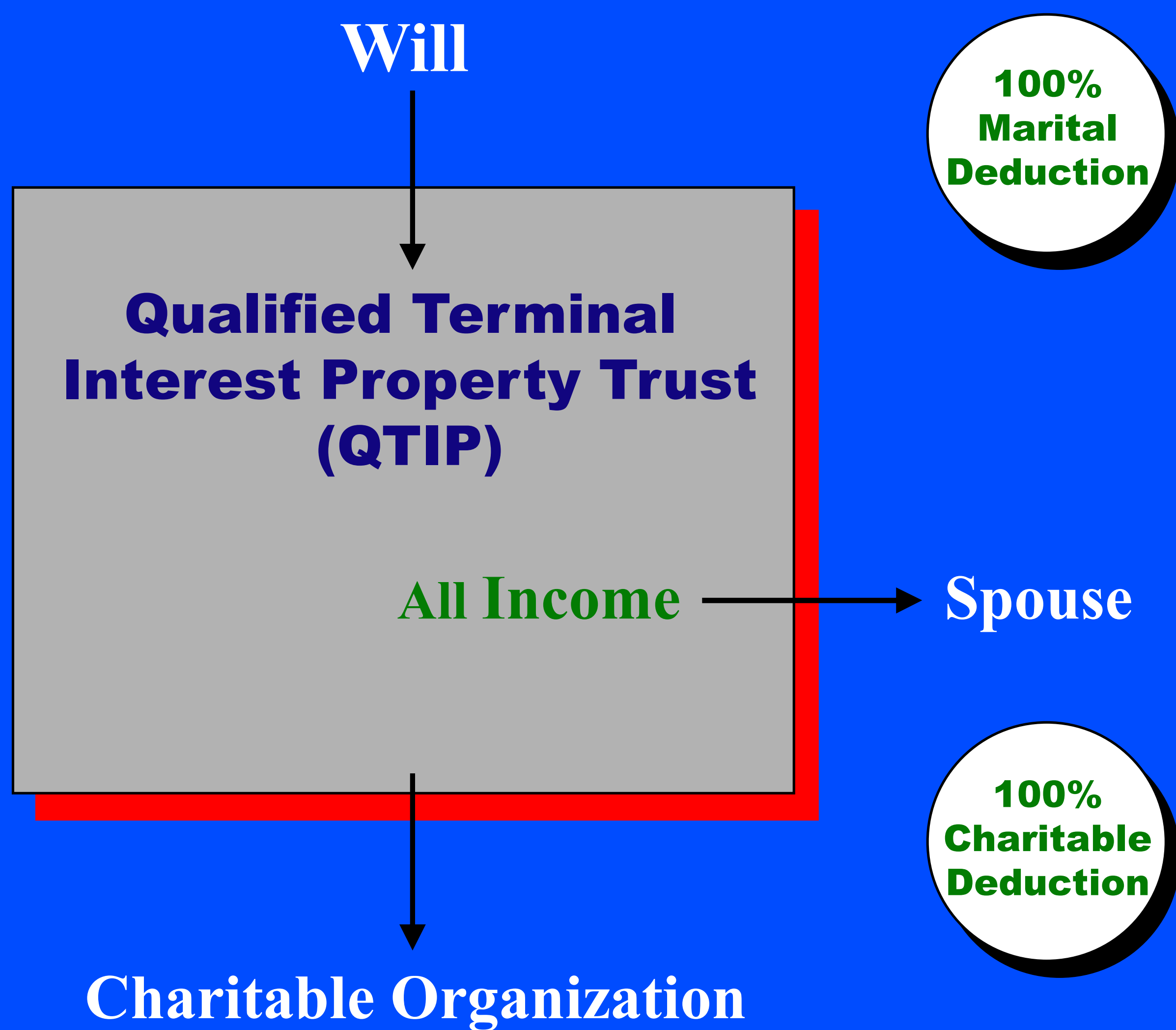
and

Cash for their charitable interest

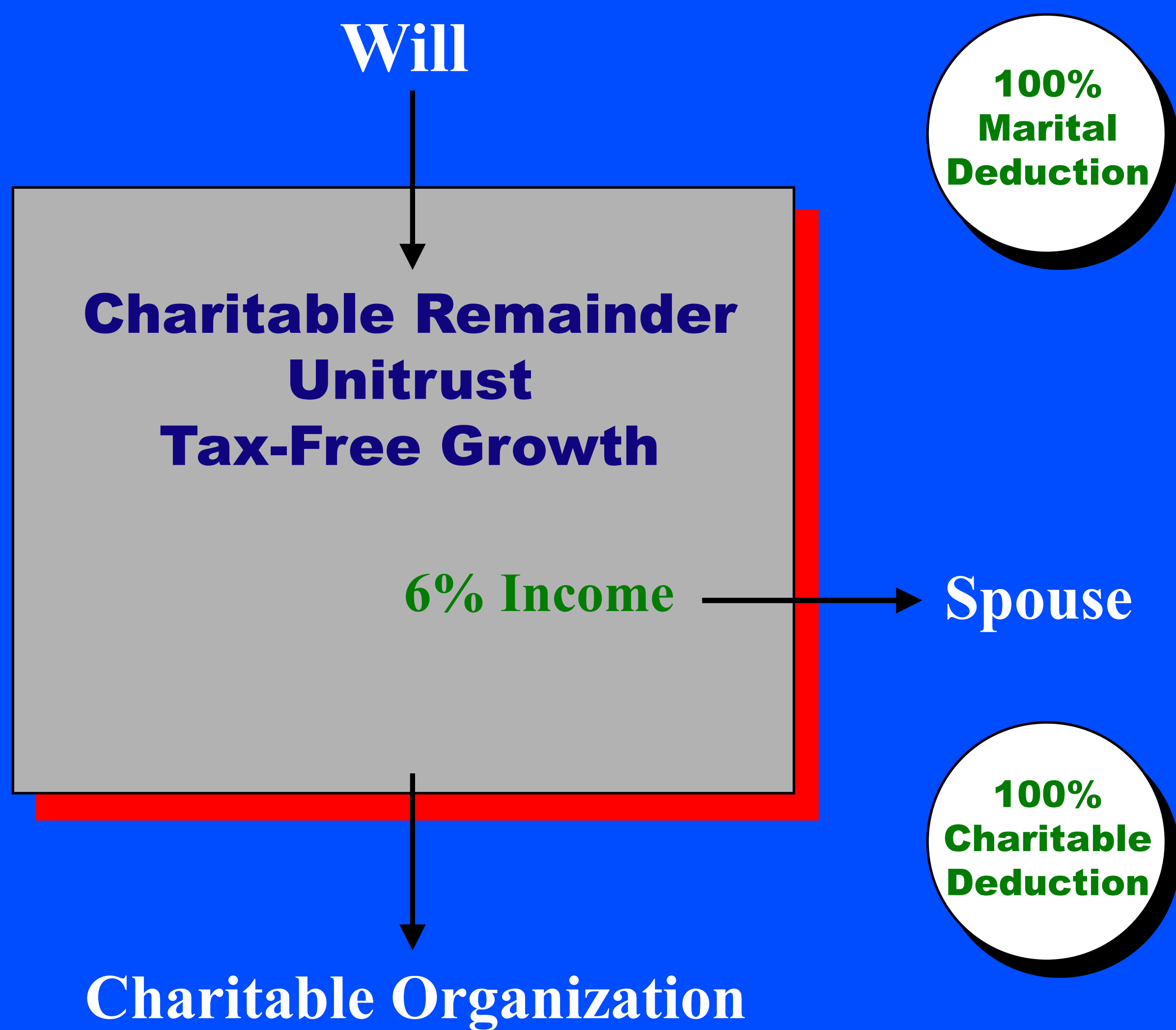
WILLS, REVOCABLE TRUST, & TESTAMENTARY UNITRUSTS

Testamentary Unitrusts that Provide an income to a spouse, children, grandchildren, or others and then provide a gift to your charitable interests.

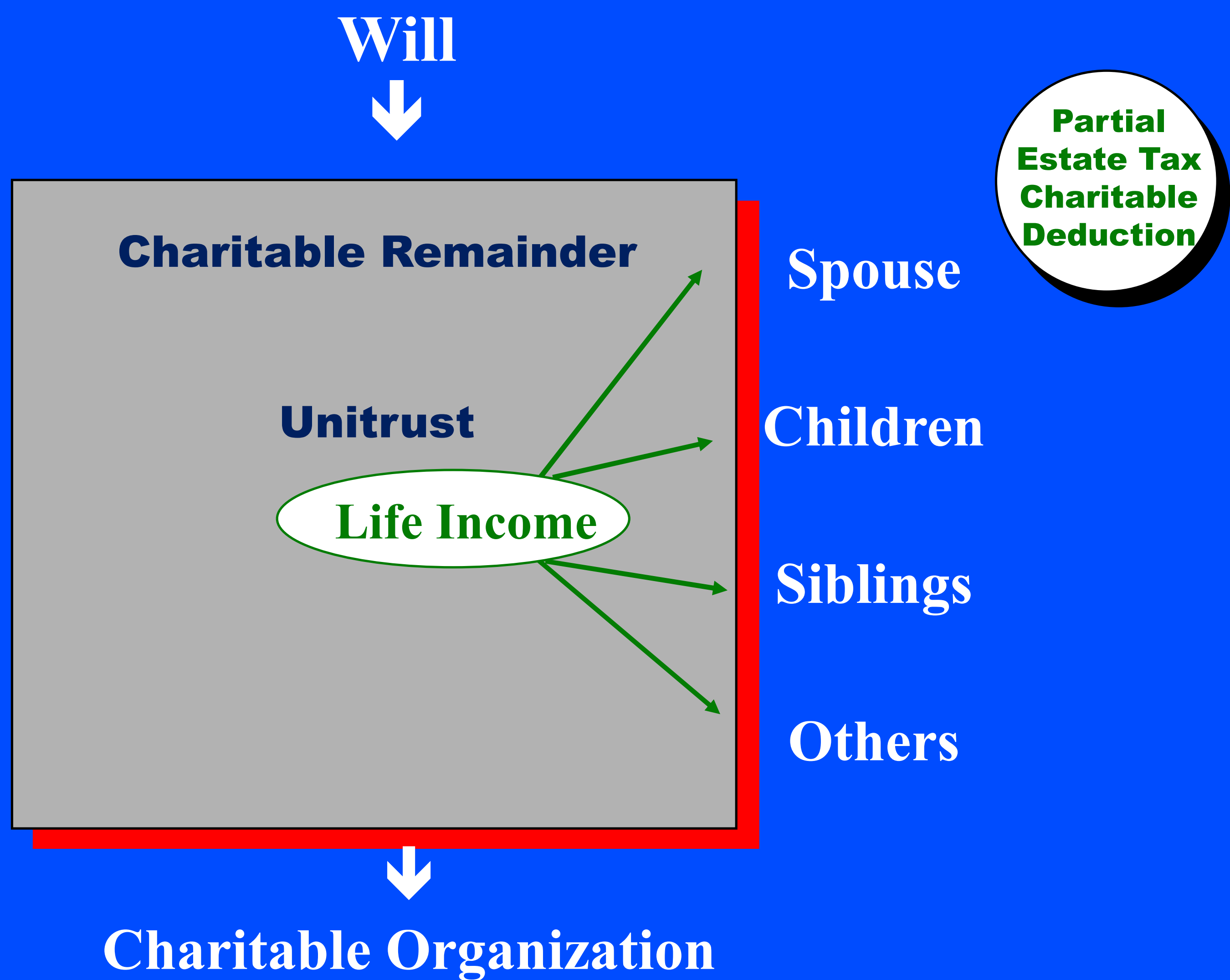
MARITAL TRUST



TESTAMENTARY UNITRUST



TESTAMENTARY UNITRUST



INDIVIDUAL RETIREMENT ACCOUNTS

AND

CHARITABLE REMAINDER UNITRUSTS

SECURE ACT

HUGE TAX INCREASE

Requires IRA & Qualified Plans to be distributed over the Spouse's lifetime and no more than 10 additional years

CONFISCATORY TAXATION

Federal Estate Tax
40%

Federal Income Tax
40%

THE BEST CHARITABLE BEQUEST

- IRD Assets
- Individual Retirement Account Beneficiary Designation
- Eliminates Estate and Income Tax

MARRIED IRA ACCOUNT OWNER

First Spouse's Death

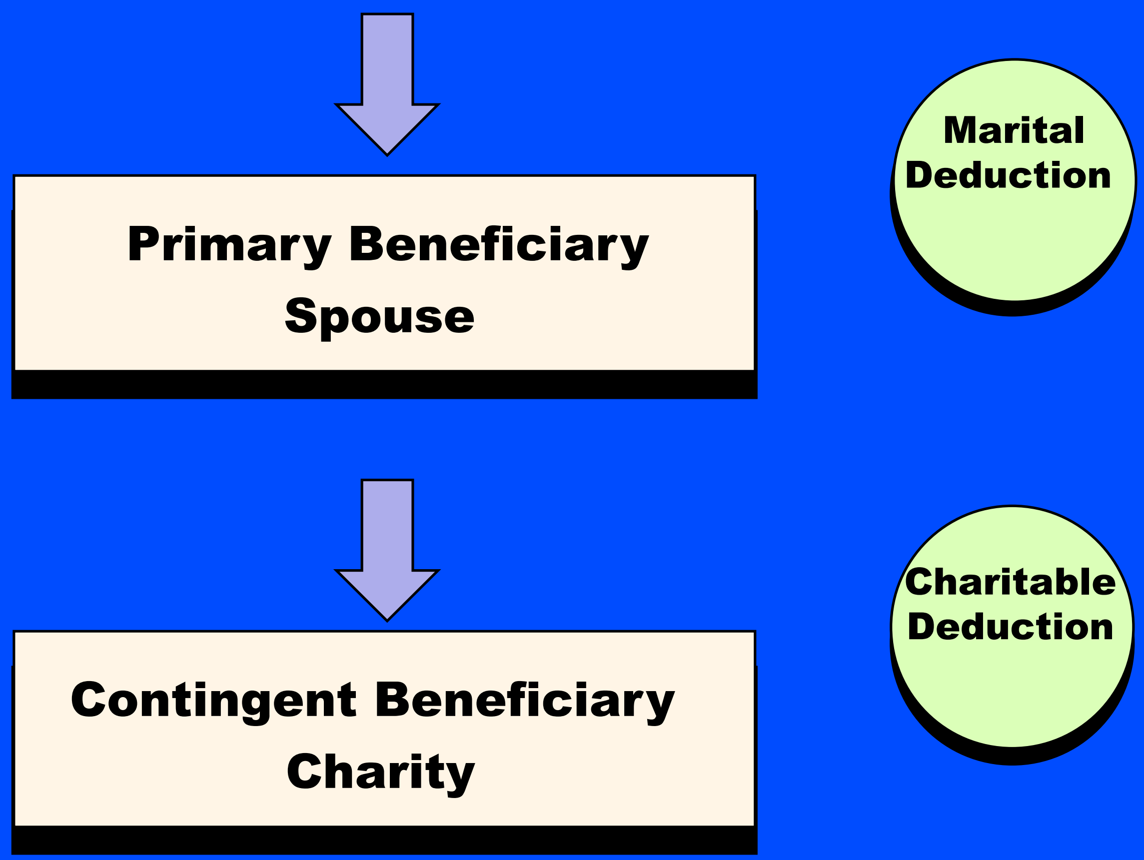
Roll over into Surviving Spouse's IRA

100% Marital Deduction

Surviving Spouse's IRA names Charitable Organization

100% Charitable Deduction

MARRIED IRA ACCOUNT OWNER



MARRIED IRA ACCOUNT OWNER WITH CHILDREN

Primary Beneficiary

Spouse

100% Marital Deduction

Secondary Beneficiary

Child	20%
Child	20%
Child	20%
Child	20%
Charity	20%

Estate Tax and Income Tax

20% Income & Estate Tax Deduction

MARRIED IRA ACCOUNT OWNER WITH CHILDREN

Planning Consideration

The IRA account at the death of the surviving spouse can be spread over ten (10) years, and the amount that provides for charity totally escapes income tax and estate tax.

IRA BENEFICIARY PLANNING

Providing Long Term Tax Free Growth

for

Spouse, Children, Partner, Friends and Charitable Interests

MARRIED IRA ACCOUNT OWNER

Individual Retirement Account

STANDBY CRUT

Recipient of IRA
5% Income

Spouse

100% Marital Deduction

Charitable Organization

100% Charitable Deduction

MARRIED PERSON PLAN FOR SPOUSE, CHILDREN & CHARITY

Charitable Deduction & Exemptions

STANDBY CRUT

Recipient of IRA
5% Income

Spouse and Children

100% Charitable Deduction

Charitable Organization

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MARRIED PERSON PLAN FOR SPOUSE, CHILDREN & 20 YEARS

Charitable Deduction & Exemptions

STANDBY CRUT

Recipient of IRA
5% Income

Spouse and Children Plus 20 Years

Charitable Organization

100% Charitable Deduction

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IRA OWNER FOR NIECES, NEPHEWS & CHARITY

STANDBY CRUT

Recipient of IRA

5% Income

Charitable Deduction & Exemptions

Term of 20 Years

Charitable Organization

100% Charitable Deduction

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SINGLE PERSON

Primary Beneficiary
Charity

Estate and Income Tax-Free

Secondary Beneficiary
Alternate Charity

Estate and Income Tax-Free

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SINGLE PERSON PLAN FOR SURVIVOR & CHARITY

STANDBY
CRUT or CRAT

recipient of retirement fund
6% Income

Charitable Deduction and Exemption

Partner
Parent
Brother
Sister
Other

100% Charitable Deduction

Charitable Organization

CHARITABLE IRA ROLLOVER

Age 70 & 1/2

$111,000 Charitable Gift

$222,000 Married Couples

CHARITABLE IRA ROLLOVER

Required Minimum Distribution
Can Be
Directed to Charity

CHARITABLE IRA ROLLOVER

Trustee to Public Charity

Private Foundations and Donor Advised Funds are not included

CHARITABLE IRA ROLLOVER

Tax-Free Transfer to Charity

No Income Tax Charitable Deduction

CHARITABLE IRA ROLLOVER TO UNITRUST OR CGA

Charitable Deduction & Exemption

ROLLOVER TO CRUT or CGA

Limit: $55,000 One Time

$55,000 Income → SPOUSE

Charitable Organization

100% Charitable Deduction

CHARITABLE IRA GIFT

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Donor may be able to take an IRA distribution and then give the cash to Charitable Organization and produce a zero tax. It depends on the 50% charitable contribution deduction limitation.

MORE INFORMATION

Please Contact

Winton Smith, Esq.

or

Martin Shenkman, Esq.