

# Weiner & McCulloch, PLLC

Attorneys and Counselors at Law  
5599 San Felipe, Suite 900, Houston, TX 77056  
Phone (713) 961-1099 Fax (713) 624-4295

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## CHARITABLE PLANNING ...

### *The facts ...*

Charitable giving techniques are typically used for those who have accumulated wealth that is subject to estate tax at death. The estate tax rates are as high as 50% and those who have worked hard to create and accumulate assets will opt to utilize charitable giving techniques to minimize taxation while creating a lasting legacy without necessarily depriving family from benefitting from your assets. Charitable planning is also utilized to minimize income taxes (which can exceed 40%), and you can retain full control of your assets.

Charitable planning can also be effective when selling your business. When properly utilized, you can avoid paying income taxes on the sale of your business when sold.

Utilizing a charitable giving plan enables the donor to direct the use of his or her assets that would otherwise go to the IRS. Your assets can pass to your family, charities, or the IRS, but you must choose two out of the three. If you don't, the IRS wins by default.

There are many ways to do charitable planning, including Charitable Remainder Trusts and Charitable Lead Trusts.

Charitable Remainder Trusts enable you to:

- Transfer highly appreciated assets,
- Liquidate them with no tax consequence,
- Receive a charitable tax deduction against your current income, and
- Still receive the benefits from your assets for the balance of your life.

At death, the remainder goes to the charity of your choice.

Charitable Lead Trusts:

Provide income to a charity for a term of years, and at the end of the term, the remainder is paid to your family. A Charitable Lead Trust is primarily a gift-discounting technique that permits you to gift \$1 of assets to your family members, and the IRS will view it as less than \$1 (typically 30% - 60% less). This enables you to gift more than you otherwise would be able to.

Other charitable strategies include:

- Private Family Foundations.
- Donor Advised Funds.
- Special Funds as part of a Local Community Foundation.

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