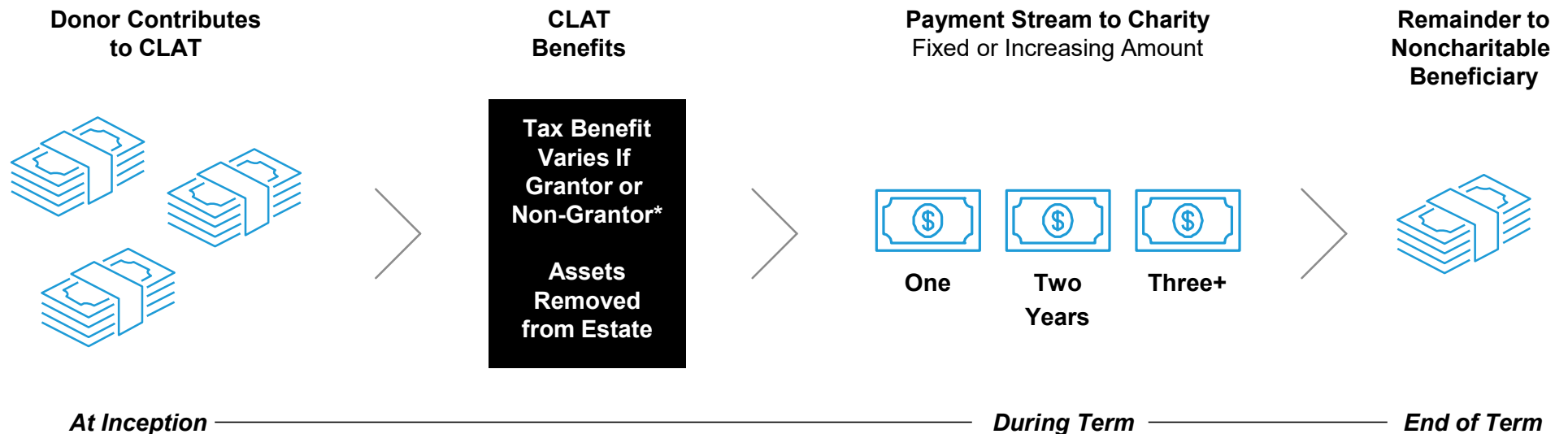


How a Charitable Lead Annuity Trust Works



*A non-grantor CLAT is not exempt from income taxes but is entitled to an annual charitable deduction equal to the lesser of the annuity distribution to charity or the trust's income. There is no charitable income-tax deduction for the donor. A grantor CLAT is a grantor trust, and the grantor is responsible for any income tax generated by the assets in the trust. In the year he or she makes a contribution to the CLAT, the grantor receives a charitable income-tax deduction based on the size of the contribution; the deduction can be carried forward for five years.

Source: IRS and Bernstein