



WHAT IS A CHARITABLE LEAD TRUST (CLAT)?

A charitable lead trust is a trust that makes annual or more frequent payments to one or more charities for the charitable term. The charitable term can be a fixed number of years or it can be based on the lifetime of the donor or certain related individuals. At the end of the charitable term, any property remaining in the lead trust is distributed to or held in further trust for individual beneficiaries (typically the donor's children or grandchildren). The amount paid to charity each year may be an annuity (a stated dollar amount) or a unitrust interest (a stated percentage of the value of the trust assets, as calculated annually). There is no minimum or maximum percentage that must be paid to charity. The percentage or amount to be paid to charity can remain the same each year or can be designed to increase over the charitable term.