



**THE CHICAGO  
COMMUNITY TRUST**  
EQUITY • OPPORTUNITY • PROSPERITY



# Benefit Charitable Causes in the Future with The Chicago Community Trust

For individuals seeking to make a gift today that will support charitable causes in the future, The Chicago Community Trust offers a range of options.

## Bequests

A bequest is a gift made from a donor's will or trust, allowing the donor to determine who benefits from the assets they own. Donors often choose this option when they would like to give to charity, but have concerns such as:

- Outliving their assets
- Leaving too much to their children or family members
- Not having any heirs
- Owning estate taxes

Charitable bequests take many forms, including gifts of:

- An asset, such as a home or shares of stock
- A specific amount of money
- A portion or all of the remaining assets of an estate, after making gifts or paying expenses

Any of these gift types may also be made dependent upon a condition being met, such as the donor's heirs having predeceased the donor.

## Beneficiary Designations

A beneficiary designation leaves the assets remaining in a donor's retirement savings plan, or the proceeds from a life insurance policy, to charity. The gift is made when a donor completes a beneficiary designation form, provided by the plan administrator or policy issuer, specifying which charity will receive the assets. A charity can be the sole beneficiary or one among several, including a spouse and other loved ones.

Donors choose this option for many of the same reasons they make bequests. They also choose charities as the beneficiary of qualified retirement plans because of tax advantages. Retirement plans are typically funded with pre-tax dollars. Consequently, when distributions are made, taxes are owed. However, since charities are tax-exempt, the charity does not pay taxes when it receives these assets and the full amount is available to support the charitable cause. Donors with taxable estates are also eligible for an estate tax deduction when making this type of gift.

**CONTACT US.  
WE'RE HERE  
TO HELP.**

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## Charitable Remainder Trusts

A charitable remainder trust provides a donor with income, then contributes the remaining assets to charity. A donor can choose to have income paid for life or for a certain number of years, and to pay that income to themselves or to a loved one. Donors choose this option for many reasons such as:

- To ensure a continued income stream when selling a business or investment real estate
- To produce an income stream from a non-producing asset
- To diversify a concentrated stock position

Because there are many rules governing charitable trusts, a donor will engage counsel to draft the trust. The Chicago Community Trust is willing to serve as trustee in some circumstances.

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## Charitable Fund Types

Donors who make deferred gifts may choose among several fund types to receive the assets. Further, donors may establish funds at The Chicago Community Trust to benefit the Trust or their favorite charities.

### GIFTS TO BENEFIT THE TRUST

Donors who would like to ensure that the Chicago region remains a thriving, equitable place where all have the opportunity to reach their potential may make a gift to The Chicago Community Trust.

Sample language:

*The Trustee shall distribute \$\_\_\_\_\_ (dollars), [\_% the balance of the trust or the following described property ] to The Chicago Community Trust (EIN 36-2167000), an Illinois tax-exempt organization with its main offices located at 33 S. State Street, Suite 750, Chicago, IL 60603. All assets received shall*

*be held, administered and used for the general charitable purposes of the Trust.*

Donors who wish to name their fund may include the following additional sample language:

*Assets received by the Trust shall be used to create the \_\_\_\_\_ Fund (the "Fund"). It is intended that the Fund shall be a component fund of the Trust and shall be used to support the charitable purposes of the Trust. The Fund may be charged regularly for direct and indirect expenses attributable to the maintenance of funds of this type and in accordance with the policies of the Trust from time-to-time in effect.*

### GIFTS TO BENEFIT OTHER CHARITIES OR CAUSES

The Trust offers three fund types for donors who wish to support their favorite charitable causes in the future.

#### 1. Donor Advised Fund

Donors who would like to support several charities—in Chicago or elsewhere—and to enable family or friends to select the nonprofit organizations that receive support may create a donor advised fund at our affiliate The Chicago Community Foundation.

Sample language:

*The Trustee shall distribute \$\_\_\_\_\_ (dollars), [\_% the balance of the trust or the following described property] to The Chicago Community Foundation (EIN 36-3432023), an Illinois tax-exempt organization with its main offices located at 33 S. State Street, Suite 750, Chicago, IL 60603, to establish or as an addition to the \_\_\_\_\_ Fund, a donor advised fund. I hereby direct the Trustee to take all necessary steps to establish such a donor advised fund at the Foundation. I further direct the Trustee to name \_\_\_\_\_ and \_\_\_\_\_ as advisors to the fund and they shall have the same rights and privileges that I*

would have as a Primary Donor during my lifetime.

*The Fund created hereunder shall be held, administered and used for the general charitable purposes of the Foundation as provided in its Articles of Incorporation. It is intended that the Fund shall be a component fund of the Foundation. The Fund may be charged regularly for direct and indirect expenses attributable to the maintenance of funds of this type and in accordance with the policies of the Foundation from time-to-time in effect.*

## 2. Field of Interest Fund

Donors who do not wish to designate individuals to continue making charitable gifts on their behalf, or who simply wish to ensure that the causes they care about most continue to receive support, may wish to create a field of interest fund. The donor informs the Trust of the areas he or she wishes to support—like the arts, education or ending homelessness—and the Trust’s expert grant making staff select nonprofit organizations providing “best in class” services to receive the funds. In a sense, the Trust acts as the donor’s philanthropic fiduciary.

Sample language:

*The Trustee shall distribute \$\_\_\_\_\_ (dollars), [\_% the balance of the trust or the following described property] to The Chicago Community Foundation (EIN 36-3432023), an Illinois tax-exempt organization with its main offices located at 33 S. State Street, Suite 750, Chicago, IL 60603, to establish the \_\_\_\_\_ Fund. The income and/or principal of the Fund shall be disbursed to organizations that: \_\_\_\_\_ [insert interest areas, e.g. “advocate for children in the foster care system”; “are community-based theater companies”] [or The Foundation shall administer the fund to support the purposes that I have designated in a separate, written memorandum to the Foundation.]*

*The Fund created hereunder shall be held, administered and used for the general charitable purposes of the Foundation as provided in its Articles of Incorporation. It is intended that the Fund shall be a component fund of the Foundation. The Fund may be charged regularly for direct and indirect expenses attributable to the maintenance of funds of this type and in accordance with the policies of the Foundation from time-to-time in effect.*

## 3. Designated Fund

Donors who would like to support specific charities—in Chicago or elsewhere—may create a designated fund at our affiliate The Chicago Community Foundation.

Sample language:

*The Trustee shall distribute \$\_\_\_\_\_ (dollars), [\_% the balance of the trust or the following described property] to The Chicago Community Foundation (EIN 36-3432023), an Illinois tax-exempt organization with its main offices located at 33 S. State Street, Suite 750, Chicago, IL 60603, to establish the \_\_\_\_\_ Fund. The income and/or principal of the Fund shall be disbursed to support the following charities and in the following percentages: [list specific charities and percentages] \_\_\_\_\_ on an annual basis per the Foundation’s spending policy.*

*The Fund created hereunder shall be held, administered, and used for the general charitable purposes of the Foundation as provided in its Articles of Incorporation. It is intended that the Fund shall be a component fund of the Foundation. The Fund may be charged regularly for direct and indirect expenses attributable to the maintenance of funds of this type and in accordance with the policies of the Foundation from time-to-time in effect.*

Many donors choose to consult with their professional advisors before making a future gift. Our staff is happy to work alongside professional advisors in structuring a gift that helps donors define their charitable legacy for the future.

Contact:

**DON GOTTESMAN, JD, LL.M (TAX)**

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#### IMPORTANT LEGAL DISCLOSURE

The information provided here is general and educational in nature. It is not intended to be, and should not be construed as, legal or tax advice. The Chicago Community Trust does not provide legal or tax advice. You should consult your tax advisor to properly determine the tax consequences of making a charitable gift to the Trust.

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Since 1915, donors have partnered with The Chicago Community Trust to leverage the power of their philanthropy in ways that transform lives. By connecting the generosity of donors with the needs of the community, together we are building a thriving, equitable and connected Chicago region.

33 S. State Street, Suite 750, Chicago, IL 60603 | 312.616.8000 | [www.cct.org](http://www.cct.org)