A lifetime of income for you. A lasting legacy for artists.

Planned giving can benefit both you and MacDowell. With a charitable remainder trust, you can benefit from lifetime income and added tax savings while leaving a legacy for artists at the Colony. Here's a short explanation of this type of trust and the financial advantages it can bring you.

ARCHITECTS | COMPOSERS | FILMMAKERS | INTERDISCIPLINARY ARTISTS | THEATRE | VISUAL ARTISTS | WRITERS

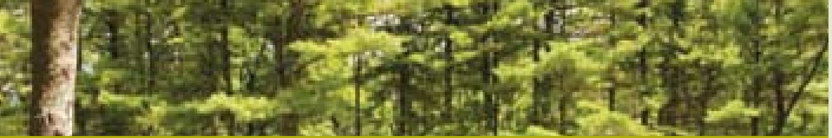
The MacDowell Colony
FREEDOM TO CREATE SINCE 1907
163 East 81st Street
New York, NY 10028
www.macdowellcolony.org

THE MACDOWELL COLONY AWARDS FELLOWSHIPS TO ARTISTS OF EXCEPTIONAL TALENT, PROVIDING TIME, SPACE, AND AN INSPIRING ENVIRONMENT IN WHICH TO DO CREATIVE WORK.

MacDowell

FREEDOM TO CREATE

Charitable Remainder Trusts at The MacDowell Colony



WHAT IS A CHARITABLE REMAINDER TRUST?

A Charitable Remainder Trust (CRT) is a meaningful way to make a future commitment to artists at The MacDowell Colony while maximizing the return on your current assets. Your investment in the trust pays an annual income to you or another beneficiary for life or a term of years. When the trust expires, MacDowell receives the remaining assets to sustain its residency program. This arrangement can be tax-exempt and presents opportunities for significant tax deductions. Here are some of the ways a CRT can work for MacDowell and you.

Tax Benefits

The great advantage of a CRT is that, because it is a tax-exempt trust, any sale of trust property that produces a long-term capital gain is not taxed unless the gain is eventually distributed to the income beneficiary. Additionally, when you fund or add to a qualified CRT, you are eligible for a charitable deduction from your income taxes proportionate to the present value of the remainder gift to charity. When managed properly, much of the annual income from the trust paid to you or other beneficiaries will be taxed at the lower tax rate for qualified dividend income and/or long-term

Investment Benefits

Funding these trusts with highly appreciated assets, such as equities or real estate, that you want to sell, or must sell, offers you an opportunity to turn that highly appreciated asset into a diversified portfolio of stocks and bonds without loss to capital gains taxes. Invested wisely, the principal of the trust will accrue in value, increasing both the annual income paid out and the remaining gift supporting artist residencies at MacDowell.

Charitable Benefits

Best of all, your good intentions to support MacDowell will be fulfilled. The ultimate beneficiaries of your CRT will be the future generations of artists who continue to enrich culture around the world. A properly managed trust ensures the Colony will receive a final tax-free gift equal to or more than the original principal. Like bequests, trust remainders are crucial to sustaining the Colony's operations year to year, especially when times are lean. By setting up a CRT for MacDowell, you can make a difference in the lives of artists well beyond your own lifetime.

HOW TO START A CRT

To maximize the tax and income benefits of a CRT, it's best to work with your legal and financial advisors to help draft and administer the trust. The process involves preparing a trust document, selecting a trustee, naming a beneficiary, and identifying MacDowell as the charity that will receive the remainder. A professional can also help you structure the trust for tax exemptions and deductions.

If a CRT sounds like it might be of interest and use to you, please contact us for additional details.

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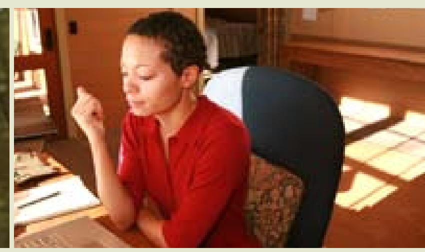
EXAMPLES

Marcus owns an apartment building that he purchased many years ago for $300,000. Using straight-line depreciation as a deduction against the rental income, he has reduced his cost basis to $50,000. The property has appreciated in value and is now worth $500,000. If Marcus sells the property, he will realize $450,000 in capital gains, which will result in considerable income taxes at the state and federal level. Instead Marcus creates a CRT, names himself the trustee, transfers the property to himself as trustee, sells the property for $500,000, and reinvests that $500,000 in a diversified portfolio of stocks and bonds. Marcus, who is 72, chooses a payout rate of 6% for this trust. At this rate, his first year's income will be $30,000, he will qualify for a charitable deduction of approximately $250,000, and he will receive an annual income from the trust for life. At the end of his life, the trust will terminate and distribute what remains to MacDowell in support of artist residencies.



Dean and Rachel own a significant amount of stock in a local bank for 30 years. Their investment has always paid a dividend and has increased substantially in value. The bank is a prime candidate for acquisition by a larger bank, and if that should happen, Dean and Rachel may be forced to realize a significant capital gain from their stock. They decide to create a CRT, name the bank trust department as trustee, and have the trust pay them 5% of its net value each year. Whoever survives the other, the payout will not be diminished and will last for life. At the death of the survivor, the trust will terminate, with the remainder going to MacDowell. No matter how much of the stock the trustee sells, Dean and Rachel will not lose anything to capital gains taxes. This arrangement is also endorsed by their financial advisor, who has long cautioned that too much of their investment portfolio was concentrated in one security. They have found a way to diversify their portfolio without creating a capital gains tax liability.

All photos by Joanna Eldredge Morrissey.