U.S. Legacy Income Trusts®

U.S. Legacy Income Trusts vs. Charitable Remainder Annuity Trusts

Charitable Remainder Annuity Trusts (CRATs) are tax-exempt trusts paying fixed-dollar distributions at least annually to one or more designated income beneficiaries for life or a fixed term of up to 20 years, with the remainder interest irrevocably committed for payment to one or more qualified charities. Distributions to income beneficiaries may not be less than 5%, nor more than 50%, annually of the CRAT's initial net asset value. At funding, the present value of the charitable remainder interest must equal at least 10% of trust net assets, which limits allowable distribution rates and participation opportunities for younger lifetime income beneficiaries.[1]

Potential advantages of U.S. Legacy Income Trusts over Charitable Remainder Annuity Trusts

- Higher charitable income tax deductions for U.S. Legacy Income Trust (Trust)[2] donors. See comparative calculator available at uscharitablegifttrust.org/USLitcalculator
- Higher current Trust distribution rates than generally now allowable for newly formed CRATs with a single lifetime income beneficiary below age 39-56 at funding, or joint lifetime income beneficiaries below ages 50-64[3]
- Income beneficiaries are currently generally limited to a minimum age at funding of 1 for single-beneficiary lifetime CRATs and 1 for joint-beneficiary lifetime CRATs[4]
- Opportunity for Trust distributions to increase over time with inflation[5]
- More favorable anticipated tax treatment of Trust distributions versus CRAT distributions sourced from taxable interest income[6]
- For a donor designating someone else as an income beneficiary, lower valuation of the designated income interest for federal gift tax purposes[7]
- Ordinarily lower costs to establish and maintain the Trusts; less administrative complexity for donors and income beneficiaries

[1] CRATs are also generally subject to the requirement that, at funding, the probability of the CRAT exhausting its assets by the end of the trust term does not exceed 5%, based on a specified calculation methodology, further limiting allowable CRAT distribution rates and participation opportunities for younger life income beneficiaries. This "probability of exhaustion" test does not apply to CRATs whose organizational documents provide for early termination of the trust (and the immediate transfer of all trust net assets to the designated charitable beneficiaries) before the payment of any distribution that would cause the value of the trust corpus, when multiplied by a specified discount factor, to be less than 10% of the CRAT's net asset value at funding.

[2] For purposes of this document, the "Trusts" comprise the U.S. Legacy Income Trusts established in 2022 as part of the U.S. Legacy Income Trust program of U.S. Charitable Gift Trust (Gift Trust), which the Gift Trust established in 2019.

[3] Based on anticipated Trust distribution rates and Internal Revenue Code Section 7520 rates in effect as of October 2024. Indicated income beneficiary ages at funding are for CRATs whose organizational documents do not include the early termination provision described in footnote 1 above.

[4] Based on Section 7520 interest rates in effect as of October 2024. Indicated minimum lifetime income beneficiary ages at funding are for CRATs whose organizational documents do not include the early termination provision described in footnote 1 above.

[5] Distributions to Trust income beneficiaries may fluctuate with changes in economic conditions, may not grow at rates consistent with inflation and may decline. Distributions to CRAT income beneficiaries are subject to early termination if the trust's net assets are fully depleted.

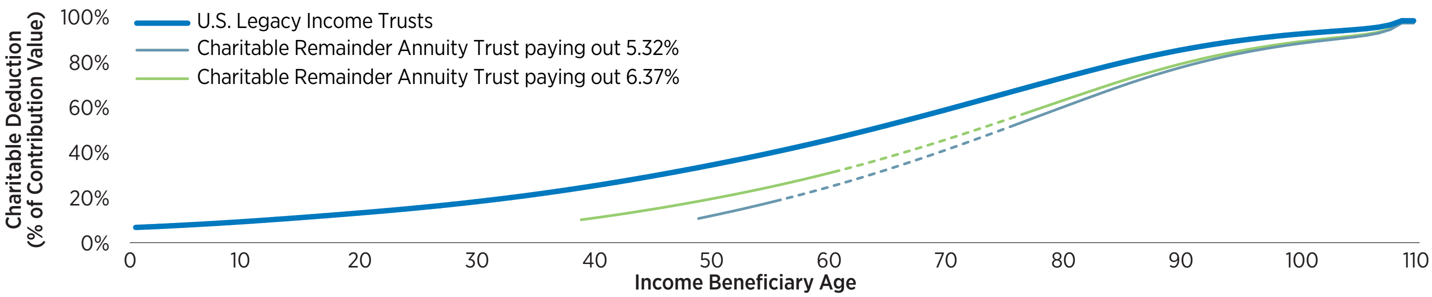
[6] Trust distributions are expected to be taxed primarily as qualified dividend income (QDI), at federal income tax rates up to 23.8% for individual taxpayers subject to the 3.8% net investment income tax. The tax treatment of distributed Trust income may vary. CRAT distributions are taxed using a tiering system: first as ordinary income to the extent of the CRAT's current-year and undistributed prior-year ordinary income, then successively as QDI, short-term capital gains, long-term capital gains and other income (including nontaxable income), each to the extent of the CRAT's current-year and undistributed prior-year earnings of like character, then finally as return of principal to the extent distributions exceed the CRAT's total current-year and undistributed prior-year income and gains.

[7] When a donor makes a contribution to a Trust account with multiple individual income beneficiaries, the federal gift, estate and generation-skipping transfer (GST) tax consequences may be more complicated. All donors should consult their own tax advisors regarding potential federal, state, local or non-U.S. gift, estate, GST, inheritance and other tax consequences of their contributions to a Trust.

U.S. Legacy Income Trusts offer higher charitable deductions and greater participation opportunities for younger income beneficiaries than similarly yielding Charitable Remainder Annuity Trusts

Allowable charitable deduction for donors (% of contribution value)

One Lifetime Income Beneficiary



Itemized federal income tax deduction available to individual taxpayers for contributions in October 2024 to a Trust and charitable remainder annuity trusts (CRATs) with one income beneficiary to receive distributions for life. The compared CRATs are assumed to pay distributions on a monthly basis at rates equal to 5.32% and 6.37% of net asset value at inception, payable at month end. Unlike the Trusts, CRATs are subject to the requirement that the allowable charitable deduction as determined pursuant to applicable Treasury regulations must equal at least 10% of the contributed property value, which limits participation opportunities for younger income beneficiaries. CRATs are generally subject to the further requirement that, at inception, the probability of the CRAT exhausting its assets by the end of the trust term does not exceed 5%, based on a specified calculation methodology. This "probability of exhaustion" test does not apply to CRATs whose organizational documents provide for early termination of the trust (and the immediate transfer of all trust net assets to the charitable beneficiary) before the payment of any distribution that would cause the value of the trust corpus, when multiplied by a specified discount factor, to be less than 10% of the CRAT's net asset value at inception. Contributions to CRATs that are allowable only when such an "early termination" contingency is in place are denoted above by dashed lines. Income beneficiary age is determined based on his or her nearest birthday as of the date of contribution. Current-year individual tax deductions are generally limited to 60% of adjusted gross income (AGI) for cash contributions to qualified charitable organizations and 30% of AGI for contributions of appreciated capital gain property, with the balance carried forward for up to five years after the year the contribution is made. In addition to the federal income tax deduction for qualified charitable contributions, 30 states and the District of Columbia permit, subject to applicable limitations, individual resident taxpayers to deduct or receive a tax credit for qualified contributions to charity (see www.uscharitablegifttrust.org/tax-treatment-of-charitable-contributions.php).

To learn more about the Trusts, please refer to the current Information Statements available at **uslegacyincometrusts.org** or call us at **(800) 836-2414**.

Important Information and Disclosures

The Trusts are pooled income funds described in Internal Revenue Code Section 642(c)(5) established in 2022 by the Gift Trust as part of the Gift Trust's U.S. Legacy Income Trust program, which it established in 2019. The Gift Trust is a tax-exempt public charity sponsored by Eaton Vance Management (Eaton Vance) that offers donor-advised funds. Eaton Vance Trust Company serves as Trustee (Trustee) of the Gift Trusts and the Trusts and is the investment adviser of the Trusts and the common trust fund into which the Trusts invest. All Trust activities and the participation of Donors and income beneficiaries in the Trusts are subject to the requirements of state and federal law, the terms and conditions of the Trusts' Declarations of Trust, the Trusts' current Information Statements (Information Statements) and the completed Donor Contribution Form and/or Additional Contribution Forms submitted by each Donor. The Board of Directors of the Gift Trust reserves the right to modify the Trusts' program at any time, subject to the provisions of the Trusts' Declarations of Trust and state and federal law. To comply with federal law applicable to pooled income funds, the Trusts do not accept contributions of federally tax-exempt securities or shares of funds holding federally tax-exempt securities. The Trusts also do not accept contributions of securities that have been held by a Donor for one year or less and do not ordinarily accept contributions of privately held or restricted stock. All transferred property must also be free and clear of any liens, encumbrances or other adverse claims. Any contribution to a Trust, once accepted by the Trustee, represents an irrevocable commitment. Contributions cannot be rescinded or changed, and are subject to the exclusive legal control of the Trusts, the Trustee and the Gift Trust's Board of Directors. Donors to the Trusts should be motivated by charitable intent. As charitable giving vehicles, the Trusts should not be treated as, and are not designed to compete with, investments made for private gain. An intention to benefit the Gift Trust and one or more qualified charitable organizations eligible for support by the Gift Trust should be a significant part of the decision to contribute to a Trust. The tax consequences of contributing to a Trust will vary based on individual circumstances. Prospective Donors should consult their own tax advisors. Nothing in this document or the Information Statements should be construed as tax advice. Distributions to income beneficiaries are not guaranteed by any party, are subject to investment risk, may fluctuate with changes in economic conditions, may not grow over time at rates consistent with inflation and may decline. In considering potential changes in target annual distribution rates, the Trustee will assess the Trusts' long-term earnings potential and seek to balance the interests of current and future income beneficiaries and the charitable remainder interests. Neither the Trusts nor the Gift Trust has been registered under federal securities laws, pursuant to available exemptions. Neither the Trusts nor the Gift Trust is guaranteed or insured by the United States or any of its agencies or instrumentalities. Contributions are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of, or guaranteed by, any depository institution.

Eaton Vance Distributors, Inc. (Placement Agent) is a paid solicitor of certain Trusts and the Gift Trust, receiving compensation as described in the Information Statements and in the Gifting Booklet of the Gift Trust's donor-advised funds.

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