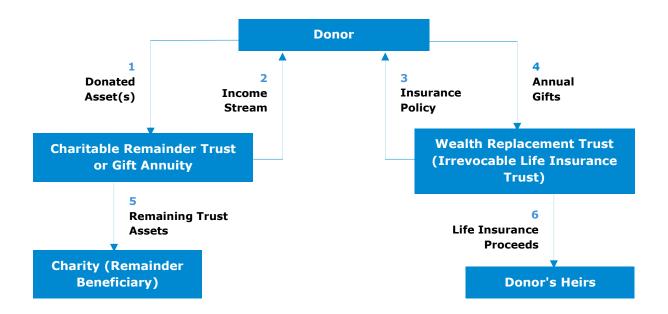
Wealth Replacement Trust in Action

How Does a Wealth Replacement Trust Work?



- The donor transfers the donated asset(s) to an irrevocable charitable remainder trust or gift annuity and receives a current income tax deduction based on the value of the charity's remainder interest.
- 2. The donor receives an income stream for life or a term not to exceed 20 years.
- **3.** The donor establishes an **irrevocable life insurance trust**, which purchases insurance on the donor's life.
- 4. The donor uses the income stream, together with the charitable deduction income tax savings, to make **annual gifts** to the irrevocable life insurance trust, which then pays the life insurance premiums.
- 5. At the donor's death, the remaining trust assets revert to the charity for its use.
- 6. The donor's heirs receive the life insurance proceeds, free of estate tax.

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