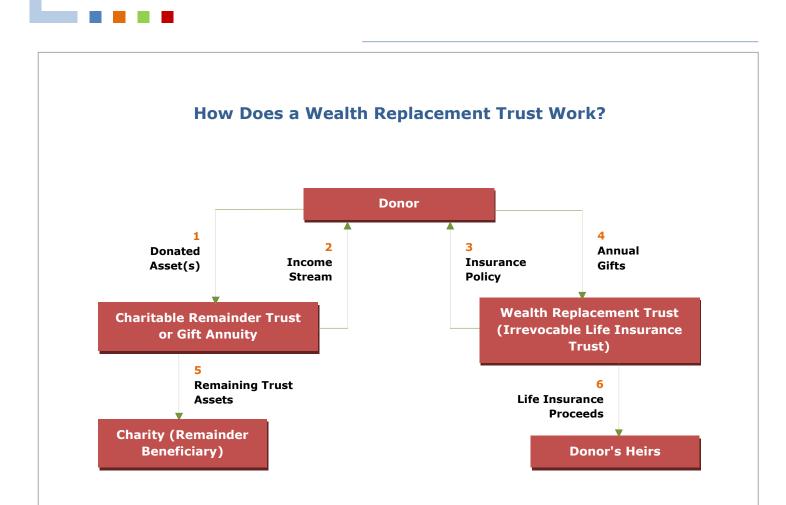
Wealth Replacement Trust in Action



- 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.