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A super grantor charitable lead trust is a charitable lead trust that has both grantor trust and non-grantor trust characteristics. Sometimes called a “defective” lead trust, the trust distributes its remaining principal to the donor’s heirs when it terminates. However, the donor retains just enough rights in the trust for the trust to be considered a grantor trust for income tax purposes and a non-grantor trust for gift and estate tax purposes. As a result, the donor pays tax on the trust’s taxable income, but the trust’s assets are out of the donor’s estate. The donor receives both an income tax deduction and a gift tax deduction in the year the trust is created. Because the gift is deemed to be “for the use of” the charity, the income tax deduction is subject to [IRS 20%/30% limitations](#).

There are a variety of strategies that have been suggested for achieving the tax benefits of a super grantor lead trust, all of which carry some risk that the IRS will challenge the strategy. Such a trust should be contemplated only with the assistance of an attorney who is very knowledgeable in the area of charitable tax law.

A super grantor lead trust can make payments as either an annuity trust or a unitrust.

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