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The Lead Trust Paradox: Powerful for Donors, Rare in Practice – Here's How to Change That

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Harvard University

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Agenda

- Why do lead trusts matter?
- Lead trust overview
- Historical limitations
- Innovations
- Raising awareness

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Agenda

Why do lead trusts matter?

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Structured Gifts: Wealth Planning Multi-tool

ISSUE	SOLUTION
Need income	CGA / CRT
Too much income	IRA Rollover
Might need this asset someday	Bequest
Need a deduction / don't have a designation	DAF

However.....

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HNW / UHNW Donors Face Different Issues

ISSUE	SOLUTION
Gift & Estate Tax	Charitable Lead Trust
Income Tax	
Liquidity	

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Deep Internal Expertise: Necessity or Nice-to-Have?

We don't have the internal resources to model or trustee lead trusts

Fundraiser

No problem! I have a family office that can handle those pieces. *Thanks for letting me know about this option!*

Donor

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Lead Trust Overview

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Overview

Charitable Lead Annuity Trust.....CLAT

Charitable Lead UniTrust.....CLUT

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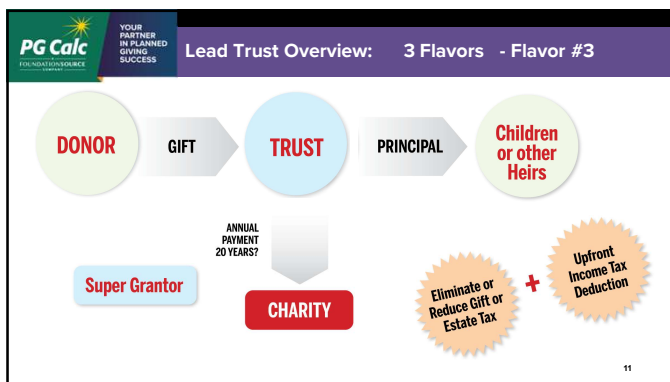
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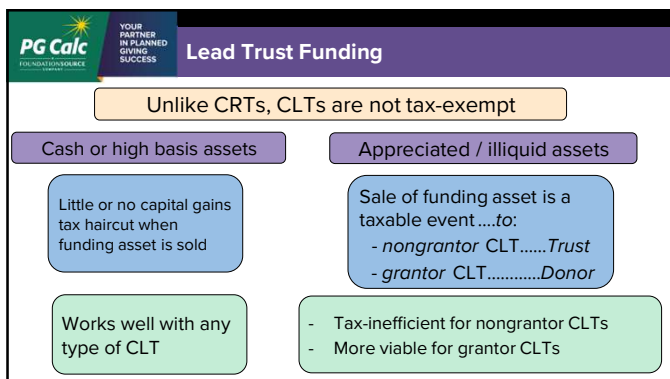
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Sample CLAT Numbers

Funding to a CLAT	Annual Gift to Charity for 20 Years	Annual Investment Return (Assumed for Illustration Only)	Projected Remainder to Donor or Heirs	Accelerated Income Tax Deduction	Donor's Taxable Gift Reduced By
\$1 million	\$65,000	7.25%	\$1.3 million	\$796,000	85%

• Generous gift with immediate impact

• Large income tax deduction...large gift or estate tax deduction...or both

*Sample Numbers for Charitable Lead Trust in Current Interest Rate Environment, Oct 2026

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Historical Limitations

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Lead Trusts: Great tool, but *historically* not for...

Endowed funds



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Lead Trusts: Great tool, but *historically* not for...

Named spaces



Immediate Priorities



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Lead Trusts: Great tool, but what about...

Bear markets



Early in the trust term

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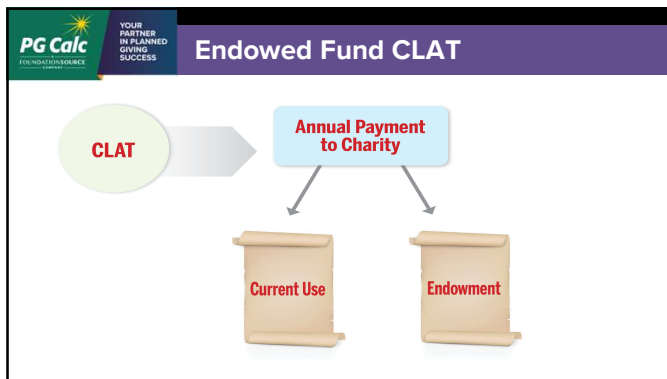
Innovations

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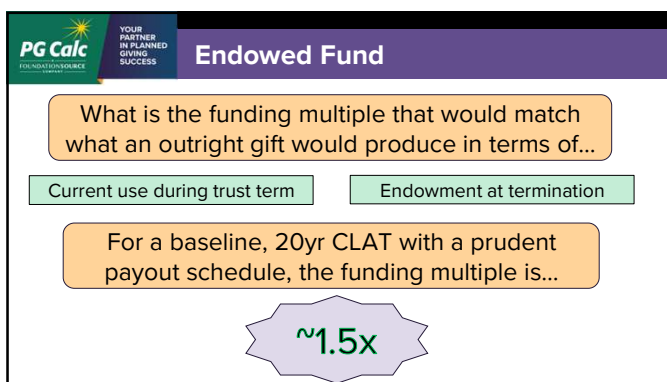
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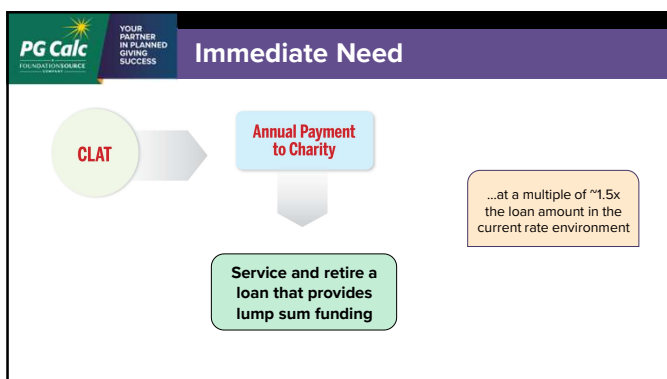
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Market Risk Protection: Ramped Payout Schedule

STRAIGHT PAYOUT RATE

Funding	Annual Payout	Annual Return	Projected Remainder	Income Tax Deduction	Taxable Gift Reduction
\$1 million	\$65,000	7.25%	\$1.3 million	\$796,000	85%

RAMPED PAYOUT RATE

Funding	Annual Payout	Annual Return	Projected Remainder	Income Tax Deduction	Taxable Gift Reduction
\$1 million	\$35k / \$45k / \$65k...	7.25%	\$1.5 million	\$749,000	83%

Risk: Downturn in *early* years **Protection:** Low payout in early years

Risk: Downturn in *later* years **Protection:** Cushion buildup in early years

*Sample Numbers for Charitable Lead Trust in Current Interest Rate Environment, Oct 2026

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Review: Benefits of CLATs

For Donors

- Significant Income Tax Relief
- Highly Tax-Efficient Wealth Transfer
- Access to Liquidity
- Immediate Charitable Impact

For Charities

- Immediate Cash Resources
- Stream of Income or Lump Sum Equivalent
- Large, Impactful Gifts

Show of Hands

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Solution

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Solution

Raising Awareness

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Raising Awareness: One Approach

Step 1

Build enthusiasm among major and principal gift colleagues with...

Step 2

Identify champions and partner



Success Stories

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3 Stage Process

Stage I: Donor & Major/Principal Gift Officer

"There's a type of charitable trust that makes gifts to this institution in amounts and for a duration that **you choose**....returns the ending trust principal **including investment growth** to **you or your heirs**....and can provide **large gift tax & income tax deductions**. If you'd like to hear more, why don't I arrange for us to **speak with one of our specialists?**"

Stage II: Donor & M/P Gift Officer & Gift Planner

"I'm glad this might be a good fit with your overall wealth plan. Why don't we **meet with your advisor** to look at the details?"

Stage III: Donor & M/P Gift Officer & Gift Planner & Advisor

"I'm glad this looks like a good addition to the family's wealth plan. Why don't I run some **numbers** and send you a **sample trust agreement** to review?"

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Key Takeaways

- Charitable Lead Trusts
 - Great for Donors
 - Great for Charities
 - Large Untapped Opportunity
- Be the tap for your organization!***

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Thank You!

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