

### 3. WEALTH-REPLACEMENT TRUSTS

The wealth-replacement trust uses life insurance in addition to a charitable remainder trust, to increase the amounts received by heirs.

#### Advantages of the Wealth-Replacement Trust

- More income for the donor
- Income tax deduction for the donor
- Cash from insurance for heirs—outside estate
- Gift to the community

The Community Foundation prefers not to serve as the trustee of Charitable Remainder Trusts that name the Foundation as a remainder beneficiary. It is our belief that a conflict of interests is inherent in such arrangements. However, each case will be discussed on an individual basis, and it is possible for the Foundation to provide these services after a discussion with the donor and the donor's advisors makes it clear that this would be in the best interests of all parties to the agreement.

#### How Wealth Replacement Trusts Work

