

## How the Heritage Pooled Income Funds Work

When you contribute to a Heritage Pooled Income Fund, you are eligible for an immediate income tax deduction. Your taxable estate will also be reduced. Your contributions are invested in your choice of three investment pools, which are designed to generate a monthly income payable to you and/or a loved one. Upon the death of the last income beneficiary, the remaining principal is available for gifting based on your wishes, or future growth can be recommended by account successor(s). You are encouraged to consult with your tax advisor or accountant prior to finalizing the Donor Information Form. Tax benefits depend upon your individual circumstances. Selection of certain income beneficiaries may create gift tax liability.

### Contributions

#### Who's Eligible to Donate?

Each Heritage Pooled Income Fund will accept contributions from individuals, trusts, estates and others. However, the income interest must be created for the life or lives of natural persons.

#### Generally Acceptable Contributions

- Cash
- Stocks
- Mutual funds
- Certain restricted securities or privately held stock
- Gifts of short-term or tax-exempt securities are not acceptable

Learn more about [Gifting with Non-Cash Assets](#)

A minimum initial donation of \$20,000 is required, after which subsequent minimum donations of \$5,000 may be made. Contributions of restricted and/or privately held stock have a \$100,000 minimum and are accepted on a case-by-case basis.

#### Generate an Immediate Income Tax Deduction

Individual Donors are eligible for an itemized income tax deduction for their contributions to the U.S. Charitable Gift Trust™. The actual amount of the deduction is determined by analyzing several variables, including the fair market value of the gift, the age(s) and number of income beneficiaries and an IRS-determined rate of return.

#### Diversify Concentrated Holdings<sup>1</sup>

Persons who own a highly concentrated position in one security, can diversify their assets, potentially produce more income and provide more for charity.

#### Avoid Capital Gains Taxes

Donors gifting long-term appreciated securities avoid capital gains taxes.

#### Avoid Estate Taxes

Assets contributed to the Heritage Pooled Income Funds will be removed from the value of your estate for federal estate tax purposes and will avoid probate.

*Tax law is subject to change. Consult your tax advisor to review your personal situation and tax law applicable at the time of your contribution.*

## Income & Investments

### Generate a Lifetime Income or Income Payments for Life

A monthly income distribution may be designated to you and/or your designated income beneficiary(ies). Each Heritage Pooled Income Fund account can pay income for life, joint lives or for the life of up to two income beneficiaries. Income distributed by a Heritage Pooled Income Fund is considered ordinary income and is subject to income tax. Payments will continue until the death of the last income beneficiary. At that time, the remaining balance will transfer to the U.S. Charitable Gift Trust for charitable grants or other charitable purposes.

### Income Distribution & Yields

Income is variable and will depend on investment performance. Monthly income distributions are not fixed. Income can be electronically transferred to a checking/money market account as instructed in the Distribution Instructions for Monthly Income Form. For current yields on the Heritage Pooled Income Funds, please contact Eaton Vance at 800-836-2414 or review the latest Heritage Pooled Income Fund performance report.

### Income Potential without Paying Capital Gains

Because a Heritage Pooled Income Fund is set up under a 501(c)(3) charity, contributions made into a Heritage Pooled Income Fund account are not subject to capital gains tax. Contributions are sold immediately and reinvested in one of the three investment options. A Heritage Pooled Income Fund cannot accept appreciated securities that have been held by the Donor for less than one year and cannot accept tax-exempt securities. Please review acceptable contributions or the Gifting Booklet for more information.

### Potentially Benefit from Quality Money Management

The amount of income paid to you will be determined by the performance of the Heritage Pooled Income Fund(s) you have chosen.

The charitable contributions accepted by the U.S. Charitable Gift Trust are irrevocable. Account values will fluctuate. The Heritage Pooled Income Funds are not guaranteed or insured by any governmental body. Potential Donors should consult their tax advisors.

All information herein is qualified by the Gifting Booklet, which contains more details (including annual fees).

### Investment Options

Three Heritage Pooled Income Funds are available. All assets are invested in established professionally managed portfolios, registered with the Securities Exchange Commission. Donors may select one or a combination of the following three Heritage Pooled Income Funds. A minimum initial donation of \$20,000 per Heritage Pooled Income Fund is required. No transfers among Heritage Pooled Income Funds are permitted.

- **High-Yield Pooled Income Fund.** The High-Yield Pooled Income Fund seeks to maximize current income by investing primarily in high-yielding obligations rated below investment grade. The High-Yield Pooled Income Fund's principal value (and corresponding income payments) may decline over extended periods of time.
- **Current Income Pooled Income Fund.** The Current Income Pooled Income Fund seeks current income from a variety of debt and other income-producing securities (including global equities), the majority of which will be rated investment grade by established ratings agencies. The Current Income Pooled Income Fund's principal value will fluctuate.
- **Growth & Income Pooled Income Fund.** The Growth & Income Pooled Income Fund seeks total return by investing primarily in income-producing equity securities and investment-grade debt obligations. The Growth & Income Pooled Income Fund invests in a mix of U.S., international and emerging market equities, and investment grade and below-investment grade obligations. The Growth & Income Pooled Income Fund seeks to realize both capital appreciation and current income.

### Investment Adviser

Eaton Vance Management, a longtime leader in wealth management solutions, is the investment



## Support

### Successor Options

Upon the passing of the second income beneficiary, the remaining principal can be used for you to create a legacy, whether naming a Successor Donor Advisor, gifting outright to up to 10 of your favorite charities or leaving an endowment to your favorite charities over time (the latter two are subject to review and approval by the Board of Directors, other requirements may need to be met). A combination of the three choices may be utilized and changed any time down the road.

### Naming a Successor Donor Advisor

You may recommend that the remainder interest of your donation be transferred to a Donor-Advised Fund, from which you may designate Donor Successor Advisor(s) to direct and recommend gifts to charitable organizations over time.

### Supporting Your Favorite Charities

You may recommend that the remainder interest of your donation be transferred to a Donor-Advised Fund, from which you may designate up to 10 different charities to receive grants upon the passing of the last income beneficiary.

### Leave an Endowment for Your Charities

You may recommend that the remainder interest of your donation be transferred to a Donor-Advised Fund, from which you may recommend that gift be distributed as a percentage or annual grant amount over time until the account has been depleted. This leaves a long lasting gifting legacy to your charities over time.

## Benefits

### Upfront Charitable Deduction

Donors are eligible for an immediate partial income tax deduction today for their contributions. Gifts of appreciated securities can also avoid capital gains tax.

### Income Potential

Income is variable and may be distributed for up to two lives – it is determined from the investment performance of the underlying investment options.

### Support Charities On Your Passing

Upon the passing of the second income beneficiary, the remaining principal can be left for you to create a legacy.

### Leave a Legacy

You may name your Heritage Pooled Income Fund account in your family's name or according to your philanthropic intentions, e.g., "The Jones Family Medical Research Philanthropic Fund." Upon the passing of the second income beneficiary, the remaining principal can be left for you to create a legacy, whether naming a Successor Donor Advisor on your account to distribute to charities, gifting outright to up to 10 of your favorite charities or leaving an endowment to your favorite charities over time (the latter two are subject to review and approval by the Board of Directors, other requirements may need to be met). A combination of the three choices may be utilized and changed anytime down the road.

### Create a Philanthropic Tradition

Designate Successor Donor Advisors to use the remainder interests upon the passing of the last income beneficiary to recommend gifts to charitable organizations. This allows you to establish a philanthropic tradition for your children or other important people in your life.

### Enjoy Low Costs and Virtually No Paperwork

A Heritage Pooled Income Fund account costs almost nothing to establish and no out-of-pocket expenses are required for account maintenance. There are no additional legal fees to establish a Heritage Pooled Income Fund. The Administrator handles the record keeping and sends contribution confirmations that include the Administrator's calculation of the associated income tax deduction. Annually, you receive a Substitute Form K-1.



## Wealth Replacement Ideas

The U.S. Charitable Gift Trust creates eligibility for tax deductions that could result in money the client may use for other investments. This could represent an opportunity to fund life insurance to create replacement wealth. The insurance is typically written on the life of the Donor and is owned in the name of the heir. The above information is provided for informational purposes only. Before you contribute, you should consult a financial or tax advisor for advice on gift and estate planning.

## Communication

### Virtually No Paperwork

The Administrator handles the record keeping and sends contribution confirmations that include the Administrator's calculation of the associated income tax deduction.

### Online Account Access

Access your Heritage Pooled Income Fund account through the [My Charitable Fund](#) website. Online access allows you to view your account balances, contributions and income history. Forms and contact information are also available.

### Acknowledgement of Contributions

All contributions receive acknowledgement mailed within five business days of completion. Contribution acknowledgements serve as your tax receipts.

### Income Reporting

You will receive a Substitute Form K-1 documenting the amount of taxable income; in accordance with IRS regulations, this will be mailed by mid-April of the following year.


### Quarterly Statements

Statements are issued quarterly, reporting income payments and the account balance for the period. Online access through [My Charitable Fund](#) website will allow you to view your account balances at your convenience.

### Quarterly Newsletter

*The Philanthropist* is a quarterly publication provided by the U.S. Charitable Gift Trust. In each issue, we will provide valuable information, highlighting current news and resources about gifting.

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the Gift Trust should be a significant part of the decision to contribute. The tax consequences of contributing to a Legacy Income Trust or a Heritage Pooled Income Fund will vary based on individual circumstances. Prospective Donors should consult their own tax advisors. Distributions to income beneficiaries are not guaranteed by any party, and are subject to investment risk. In considering potential changes in annual distribution rates of the Legacy Income Trusts, the Trustee will assess their long-term earnings potential and seek to balance the interests of current and future income beneficiaries and the charitable remainder interests. None of the Gift Trust, the Legacy Income Trusts or the Heritage Pooled Income Funds has been registered under federal securities laws, pursuant to available exemptions. None of the Gift Trust, the Legacy Income Trusts or the Heritage Pooled Income Funds is guaranteed or insured by the United States or any of its agencies or instrumentalities. Contributions are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of, or guaranteed by, any depository institution.

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