U.S. Legacy Income Trusts®

Diversifying concentrated stock positions

Because no capital gain is recognized on contributions to the U.S. Legacy Income Trusts (Trusts), holders of low-basis stock and other appreciated securities can use Trust contributions to reduce portfolio concentration risk, increase income, protect against longevity risk and support favorite qualified charitable organizations after they pass away, all in a tax-efficient manner. Donors can apply the charitable income tax deduction received on Trust contributions to further augment after-tax income, fund gifts to family members or for other purposes.

Case Study - Florida resident

A 65-year old top-bracket individual taxpayer living in Florida holds an outsized position in a stock acquired years earlier at 50% of the current price. The taxpayer and their spouse, age 60, seek to reduce their exposure to the stock, enhance after-tax income, protect against longevity risk and provide for the support of favorite charities following the second of their deaths.

Conventional Solution Sell $1 million of shares and use net proceeds to buy a bond portfolio	**Advanced Solution** Contribute $1 million of shares to fund a Trust III.3 account
Pay capital gains tax ▪ Realized long-term capital gain (LTCG) equals 50% of position value ▪ Combined federal LTCG tax rate of 23.8%[1]	**Pay no capital gains tax**
No charitable income tax deduction *Dollars available for investment: $881,000*	**Charitable income tax deduction** ▪ 36.74% of Trust contribution is deductible[2] ▪ Federal income tax rate of 37.0%[3] *Dollars available for investment: $1,000,000*[4]
Invest in taxable bond portfolio ▪ Assumed yield of 3.79%[5] *Annual pretax income: $33,390*	**Receive Trust account distributions** ▪ Assumed yield of 6.73%[6] (equals Trust III.3 distribution rate as of 12/31/2024) *Annual pretax income: $67,300*
Pay tax on investment income ▪ Assumed treatment as ordinary investment income ▪ Combined federal income tax rate of 40.8%[7]	**Pay tax on investment income** ▪ Assumed treatment as qualified dividend income (QDI)[8] ▪ Combined federal income tax rate of 23.8%[9]
Annual after-tax income: $19,767 **Annual after-tax yield on funding amount:** 1.98%	**Annual after-tax income:** $51,283 **Annual after-tax yield on funding amount:** 5.13%

Advanced Solution potentially yields **2.59% times as much** after-tax income.

See important footnotes and disclosures on the following page.

The Trusts are pooled income funds of the U.S. Charitable Gift Trust® (Gift Trust), a tax-exempt public charity offering donor-advised funds. The Trusts and Gift Trust are sponsored by Eaton Vance Management, a longtime leader in wealth management solutions.

To learn more about the Trusts, please refer to the Trusts' current Information Statements available at uslegacyincometrusts.org or call us at **800.836.2414**.

[1] 20.0% federal LTCG tax + 3.8% federal net investment income tax.

[2] Based on Trust contribution made in 2025 with two individual income beneficiaries, ages 65 and 60. Does not consider the limitation on the donor's federal itemized deduction in the year of contribution for qualified charitable gifts that may apply.

[3] 37.0% federal ordinary income tax.

[4] Assumes that the Donor contributes $1,000,000 to the Trust and realizes tax savings equal to the contribution amount multiplied by the charitable income tax deduction percentage (38.50%) and federal income tax rate (37.0%) that apply. The realized tax savings is $135,931 .

[5] Assumed yield is based on the distribution rate as of December 31, 2024 of a representative broad-based U.S. investment-grade taxable bond mutual fund.

[6] Trust distributions to income beneficiaries are not guaranteed, may fluctuate with changes in economic conditions, may not grow over time at rates consistent with inflation and may decline. Different from the purchase of a bond portfolio, a contribution to a Trust represents an irrevocable commitment with no possibility of return of principal.

[7] 37.0% federal ordinary income tax + 3.8% federal net investment income tax.

[8] Not all Trust distributions may be treated as QDI.

[9] 20.0% federal QDI tax + 3.8% federal net investment income tax.

This case study is for illustrative purposes only. Each prospective Donor and income beneficiary should consult his or her own tax advisors as to the specific tax consequences of contributing property to and/or receiving income distributions from a Trust, including the application and effect of state and local income tax and other tax laws.

U.S. Legacy Income Trusts®

RO 4244768 | Exp. 02/20/2026 | 32054 | 02.17.25