

# U.S. Legacy Income Trusts

## Tax-advantaged income for life | Legacy of charitable giving

U.S. Legacy Income Trusts (Trusts) are next-generation charitable planned-giving instruments established by 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 (Eaton Vance), a longtime leader in wealth management solutions. Eaton Vance Trust Company serves as trustee (Trustee) and investment adviser of the Trusts.

### Features

The Trusts provide Donors contributing cash and/or acceptable securities with the opportunity to:

- **Avoid recognition of capital gains** on contributions of appreciated assets
- **Receive a federal income tax deduction** based on the charitable remainder portion of the contribution value
  - Allowable deduction varies with the age and number of individual income beneficiaries and the assumed rate of Trust returns (3.8% for contributions in 2024). See calculator available at [uscharitablegifttrust.org/USLitcalculator](https://uscharitablegifttrust.org/USLitcalculator)
- **Provide monthly distributions of tax-advantaged income for life** to up to ten individual income beneficiaries designated by the Donor
  - Distribution rates as of September 30, 2024 ranged from 5.32% (Trust I.2) to 6.10% (Trust III.2). For current distribution rates, see [uslegacyincometrusts.org](https://uslegacyincometrusts.org)
  - Trust distributions expected to be taxed primarily as qualified dividend income, at maximum federal rates of 23.8% versus 40.8% for taxable interest income (indicated rates include the federal tax on net investment income)
- **Make grants to qualified charitable organizations selected by the Donor** or the Donor's designee following the death of the last-surviving of the Donor's individual income beneficiaries
  - Grants are made through a donor-advised sub-account of the Gift Trust

### Applications

- Owners of low-basis stocks and other appreciated securities
- Retirees seeking income and longevity protection
- Individuals seeking to utilize their federal lifetime gift and estate tax exemptions
- Charities seeking to enhance their planned-giving fundraising

### Forms of Contributions

- Cash
- Publicly-traded securities held more than one year
- Privately held or restricted stock (with Trustee approval)
- No debt-encumbered property, tax-exempt securities or shares of funds holding tax-exempt securities

### Minimum Initial Contribution/Annual Fees and Expenses

Trust	Minimum Initial Contribution	Annual Fees and Expenses
U.S. Legacy Income Trust I.2	\$20,000	1.80%
U.S. Legacy Income Trust II.2	\$250,000	1.32%
U.S. Legacy Income Trust III.2	\$1,000,000	1.07%

The Trusts provide ongoing compensation to servicing agents for providing advice and assistance to Donors and income beneficiaries, the cost of which is included above. Annual fees and estimated other expenses indicated above are stated as a percentage of the Trust's average daily net assets. The Gift Trust currently offers two additional Trusts, U.S. Legacy Income Trust IV.2 and U.S. Legacy Income Trust V.2, which are designed for self-directed Donors and do not include compensation to servicing agents.

All transferred property must be free and clear of any liens, encumbrances or other adverse claims. For additional information on acceptable contributions of securities, please see the Trusts' Information Statement.

### Investment Overview

- Proprietary actively managed equity income strategy, normally investing in both U.S. and non-U.S. stocks
- Investment objective of total return, seeking:
  - To realize long-term returns that equal or exceed global equity market returns
  - To provide income beneficiaries with tax-advantaged monthly distributions growing over time with inflation
  - To increase amounts available for charitable purposes upon termination of income interests
- Engages in dividend-capture trading
  - Seeking to generate higher total return and qualified dividend income
  - Academic research, in-house empirical studies and investment experience support Eaton Vance's belief that a well-executed dividend-capture trading program can be additive to investment returns

### Portfolio Management Team

The portfolio managers of the Trusts are Derek DiGregorio, Charles Gaffney, and Douglas Rogers.

**Derek DiGregorio** is an executive director for MSIM and a Vice President of the Trustee. He serves as a portfolio manager on a number of Eaton Vance Management's global and domestic equity income portfolios with particular experience in dividend investing, equity portfolio tax management and equity strategy implementation. He joined Eaton Vance in 2006 and has 18 years of investment experience.

**Charles Gaffney** is a managing director of MSIM and a Vice President of the Trustee. He serves as a portfolio manager on the Eaton Vance Core/Growth team. He is responsible for buy and sell decisions, portfolio construction and risk management for a number of Eaton Vance U.S. core equity strategies. He is a member of the Eaton Vance Equity Strategy Committee. He joined Eaton Vance in 2003 and has 28 years of investment experience.

**Douglas Rogers** is an executive director of MSIM and a Vice President of the Trustee. He serves as a portfolio manager on the Eaton Vance Core/Growth team. He is responsible for buy and sell decisions, portfolio construction and risk management for Eaton Vance growth equity strategies. He joined Eaton Vance in 2001 and has 25 years of investment experience.

To learn more about the Trusts, please refer to the Trusts' current Information Statement available at [uslegacyincometrusts.org](https://uslegacyincometrusts.org) or call us at **(800) 836-2414**.

### Important Information and Disclosures

The Trusts are pooled income funds described in Internal Revenue Code Section 642(c)(5) established in 2022 by the Gift Trust as part of the Gift Trust's U.S. Legacy Income Trust program, which it established in 2019.

All Trust activities and the participation of Donors and income beneficiaries in the Trusts are subject to the requirements of state and federal law, the terms and conditions of the Trusts' Declarations of Trust, the current Information Statement and the completed Donor Contribution Form submitted by each Donor. The Board of Directors of the Gift Trust (Board of Directors) reserves the right to modify the Trusts' program at any time, subject to the provisions of the Trusts' Declarations of Trust and state and federal law.

Any contribution to a Trust, once accepted by Eaton Vance Trust Company (Trustee), represents an irrevocable commitment. Contributions cannot be rescinded or changed, and are subject to the exclusive legal control of the Trust, the Trustee and the Board of Directors.

Donors to the Trusts should be motivated by charitable intent. As charitable giving vehicles, the Trusts should not be treated as, and are not designed to compete with, investments made for private gain. An intention to benefit the Gift Trust and one or more qualified charitable organizations eligible for support by the Gift Trust should be a significant part of the decision to contribute to a Trust.

The tax consequences of contributing to a Trust will vary based on individual circumstances. Prospective Donors should consult their own tax advisors. Nothing in this presentation should be construed as tax advice.

Distributions to income beneficiaries are not guaranteed by any party, and are subject to investment risk. In considering potential changes in annual distribution rates, the Trustee will assess the Trusts' long-term earnings potential and seek to balance the interests of current and future income beneficiaries and the charitable remainder interests.

Neither the Trusts nor the Gift Trust has been registered under federal securities laws, pursuant to available exemptions.

Neither the Trusts nor the Gift Trust 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.

Eaton Vance Distributors, Inc. (Placement Agent) is a paid solicitor of the Trusts and the Gift Trust, receiving compensation as described in the Trusts' Information Statement and the gifting booklet of the Gift Trust's donor-advised funds.

Prior to March 1, 2021, Eaton Vance, the Trustee and the Placement Agent were wholly-owned subsidiaries of Eaton Vance Corp. (EVC). On March 1, 2021, Morgan Stanley acquired EVC and, as a result, Eaton Vance, the Trustee and the Placement Agent became indirect, wholly-owned subsidiaries of Morgan Stanley. Morgan Stanley is a leading global financial services firm providing a wide range of investment banking, securities, wealth management and investment management services.

