U.S. Legacy Income Trusts®

U.S. Legacy Income Trusts vs. Traditional Aged Pooled Income Funds

Since pooled income funds (PIFs) were first introduced in the 1970s, most PIFs have followed a strategy of investing primarily in fixed income securities or a blend of fixed income and stocks. While utilizing the same underlying structure as such earlier traditional PIFs, U.S. Legacy Income Trusts (Trusts)[1] invest differently – following a proprietary equity income strategy that seeks to equal or exceed long-term global equity market returns, provide income beneficiaries with tax-advantaged monthly distributions growing over time with inflation and increase amounts available for charitable purposes upon termination of Trust income interests.

The Trusts also differ from PIFs with at least three tax years of operating history (Aged PIFs) in how the charitable income tax deduction for donors is determined. Allowable deductions for contributions to a Trust (and other PIFs with less than three tax years of operating history) are based in part on a default return assumption calculated as specified in the Treasury regulations (3.8% in 2024). Deductions allowed on contributions to Aged PIFs are based on the PIF's highest yearly return to income beneficiaries for the preceding three tax years as determined pursuant to the Treasury regulations. If the highest return of an Aged PIF as so determined exceeds 3.8%, a current Trust contribution would qualify for a higher charitable deduction than an equivalent contribution to the Aged PIF.

Differences in investment strategy, potential tax treatment and other features and benefits position the Trusts as next-generation successors to traditional PIFs.

Potential advantages of U.S. Legacy Income Trusts over Traditional Aged Pooled Income Funds

- Higher charitable income tax deductions for Trust donors[2]
- Anticipated higher and more consistent Trust distribution rates
- Opportunity for Trusts to realize higher total returns
- Distributions expected to be taxed primarily as qualified dividend income (QDI) at maximum federal rate of 23.8% versus 40.8% for taxable interest income[3]
- Opportunity for Trust distributions to increase over time with inflation[4]
- For a donor designating someone else as an income beneficiary, lower valuation of the designated income interest for federal gift tax purposes[5]
- Ongoing Trust fees and expenses may be lower
- Donors may designate up to ten individual income beneficiaries for each Trust account
- Multiple charitable giving options; ability to support charities that do not offer PIFs

[1]For purposes of this document, the "Trusts" comprise the U.S. Legacy Income Trusts established in 2022 as part of the U.S. Legacy Income Trust program of U.S. Charitable Gift Trust (Gift Trust), which the Gift Trust established in 2019.

[2]For 2024 contributions to a Trust and Aged PIFs whose highest yearly return to income beneficiaries for the preceding three tax years as determined pursuant to the Treasury regulations exceed 3.8%. Contributions made in 2024 to an Aged PIF whose highest yearly return as so determined is less than 3.8% would generate higher charitable income tax deductions than equivalent Trust contributions.

[3]Indicated maximum federal income tax rates are based on tax tables for individual taxpayers in effect for 2024, and include the 3.8% net investment income tax applicable to individual taxpayers whose modified adjusted gross income exceeds a prescribed threshold amount ($250,000 for married filing jointly; $200,000 for single taxpayers). The tax treatment of income distributed by the Trusts and traditional Aged PIFs may vary.

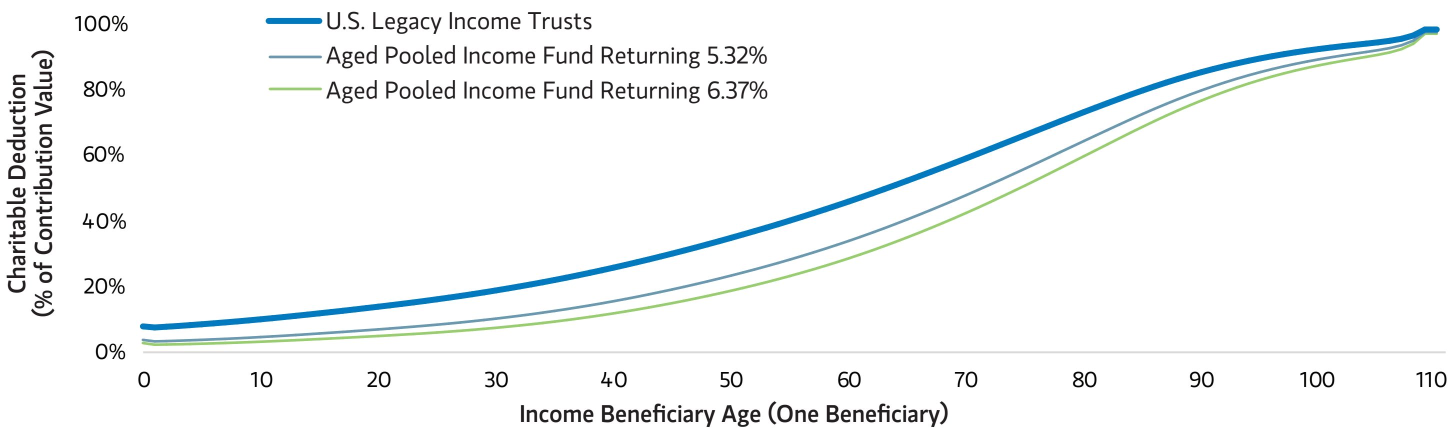
[4]Distributions to Trust income beneficiaries may fluctuate with changes in economic conditions, may not grow at rates consistent with inflation and may decline.

[5]For 2024 contributions to a Trust and Aged PIFs whose highest yearly return to income beneficiaries for the preceding three tax years as determined pursuant to the Treasury regulations exceed 3.8%. When a donor makes a contribution to a Trust account with multiple individual income beneficiaries, the federal gift, estate and generation-skipping transfer (GST) tax consequences may be more complicated. All donors should consult their own tax advisors regarding potential federal, state, local or non-U.S. gift, estate, GST, inheritance and other tax consequences of their contributions to a Trust.

U.S. Legacy Income Trusts offer higher charitable deductions than Aged Pooled Income Funds

Allowable charitable deduction for donors (% of contribution value)

One Income Beneficiary



Itemized federal income tax deduction available to individual taxpayers for contributions in 2024 to a Trust and Aged PIFs with one income beneficiary. Aged PIFs are PIFs with at least three tax years of operating history. Charitable deductions allowed on contributions to Aged PIFs are based in part on the PIF's highest yearly return to income beneficiaries for the preceding three tax years as determined pursuant to applicable Treasury regulations, which are assumed to be 5.32% and 6.37% for the Aged PIFs shown above. Deductions allowed on contributions to the Trusts and other PIFs with less than three tax years of operating history are based in part on a default return assumption calculated as specified in the Treasury regulations (3.8% for contributions in 2024). Income beneficiary age is determined based on his or her nearest birthday as of the date of contribution. Current-year individual tax deductions are generally limited to 60% of adjusted gross income (AGI) for cash contributions to qualified charitable organizations and 30% of AGI for contributions of appreciated capital gain property, with the balance carried forward for up to five years after the year the contribution is made. In addition to the federal income tax deduction for qualified charitable contributions, 30 states and the District of Columbia permit, subject to applicable limitations, individual resident taxpayers to deduct or receive a tax credit for qualified contributions to charity (see www.uscharitablegifttrust.org/tax-treatment-of-charitable-contributions.php).

To learn more about the Trusts, please refer to the current Information Statements available at 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. The Gift Trust is a tax-exempt public charity sponsored by Eaton Vance Management (Eaton Vance) that offers donor-advised funds. Eaton Vance Trust Company serves as Trustee (Trustee) of the Gift Trusts and the Trusts and is the investment adviser of the Trusts and the common trust fund into which the Trusts invest. 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 Trusts' current Information Statements (Information Statements) and the completed Donor Contribution Form and/or Additional Contribution Forms submitted by each Donor. The Board of Directors of the Gift Trust 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. To comply with federal law applicable to pooled income funds, the Trusts do not accept contributions of federally tax-exempt securities or shares of funds holding federally tax-exempt securities. The Trusts also do not accept contributions of securities that have been held by a Donor for one year or less and do not ordinarily accept contributions of privately held or restricted stock. All transferred property must also be free and clear of any liens, encumbrances or other adverse claims. Any contribution to a Trust, once accepted by the Trustee, represents an irrevocable commitment. Contributions cannot be rescinded or changed, and are subject to the exclusive legal control of the Trusts, the Trustee and the Gift Trust's 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 document or the Information Statements should be construed as tax advice. Distributions to income beneficiaries are not guaranteed by any party, are subject to investment risk, may fluctuate with changes in economic conditions, may not grow over time at rates consistent with inflation and may decline. In considering potential changes in target 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 certain Trusts and the Gift Trust, receiving compensation as described in the Information Statements and in the Gifting Booklet of the Gift Trust's donor-advised funds.

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