



## ▶ Charitable Remainder Trust (CRT)

### CONCEPT APPLIED:

A donor creates a CRT to provide (1) income to a named beneficiary(ies), and (2) a remainder interest to charity. The donor enjoys an income tax deduction for the present value of the anticipated remainder interest when the trust is funded.

### HOW IT WORKS:

The donor transfers property to the trust and designates a beneficiary (the donor or one or two other people selected by the donor) to receive annual income payments. The trust distributes the remainder to charity when the trust term ends.

#### CRATs:

- allow only one contribution
- pay out a fixed percentage of the trust's initial value

#### CRUTs:

- allow multiple contributions;
- pay out a fixed percentage of the trust's annually revalued assets
- can be funded with other assets such as real estate

### WHY IS IT USEFUL?

A CRT is a flexible planning tool that lets donors convert assets to an income stream (often used to supplement retirement income) while making a gift to charity.

### 50 words or less

A CRT is an irrevocable trust that pays a beneficiary an income during the trust term (for one life, two joint lives or a period up to 20 years), then distributes the remainder to a qualified charity. A CRT may be an annuity trust (CRAT) or a unitrust (CRUT).

