NEWFIELDS

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 or beneficiaries (the donor can be one) 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 dollar amount or 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 or beneficiaries income for life or income for a fixed 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).