



CHARITABLE REMAINDER TRUST (CRT): Donate the Asset, Diversify the Income

A Charitable Remainder Trust offers tax and income benefits, and can help you accomplish your charitable and estate planning goals

HOW DOES A CRT WORK?



Asset Choice. You choose an appreciated asset(s) that you would like to contribute to a charitable trust. CRTs accept a wide variety of assets including real estate, stock, business interests, closely held stock and other illiquid assets.



Beneficiary Choice. You choose the person(s) who will receive distributions from the trust every year, known as the designated beneficiary(ies).



Term Choice. You choose either a term of years (ex: 10 years), one life or multiple lives (ex: you and your spouse), or a combination of both years and lives (ex: your lifetime plus 10 years to your heir) to receive the trust distributions.



Payout Choice. The IRS requires a minimum 5% payout rate. The trust can be structured to produce a fixed payout (CRAT - Charitable Remainder Annuity Trust) or a variable payout (CRUT - Charitable Remainder Unitrust). We can help you evaluate the structures and payout rates to meet your goals.



Charitable Deduction. Upon transfer of your asset(s) to the trust, you get an immediate charitable deduction based on the appraised value of the asset(s).



Tax-free Sale and Investment Growth. The asset(s) are sold; as the trust is tax-exempt there are no taxes on the sale. Proceeds of the sale are invested to achieve the objectives of the trust, growing on a tax-free basis.



Estate Savings. Assets placed into the trust are considered outside the individual's estate thus lowering potential estate taxes.



Distributions. You (or your income beneficiary) receive distributions (quarterly, semi-annually or annually) according to the trust's payout rate.



Remainder for Charity. At the end of the trust's term, the remainder benefits the fund or cause of your choice. CFNS provides simple, flexible planning to develop your charitable instructions.



Community
FOUNDATION
OF THE NORTH STATE

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CRT EXAMPLE: RENTAL REAL ESTATE



Donors: married, age 70

Asset: rental property appraised at \$500,000 (basis \$100,000)

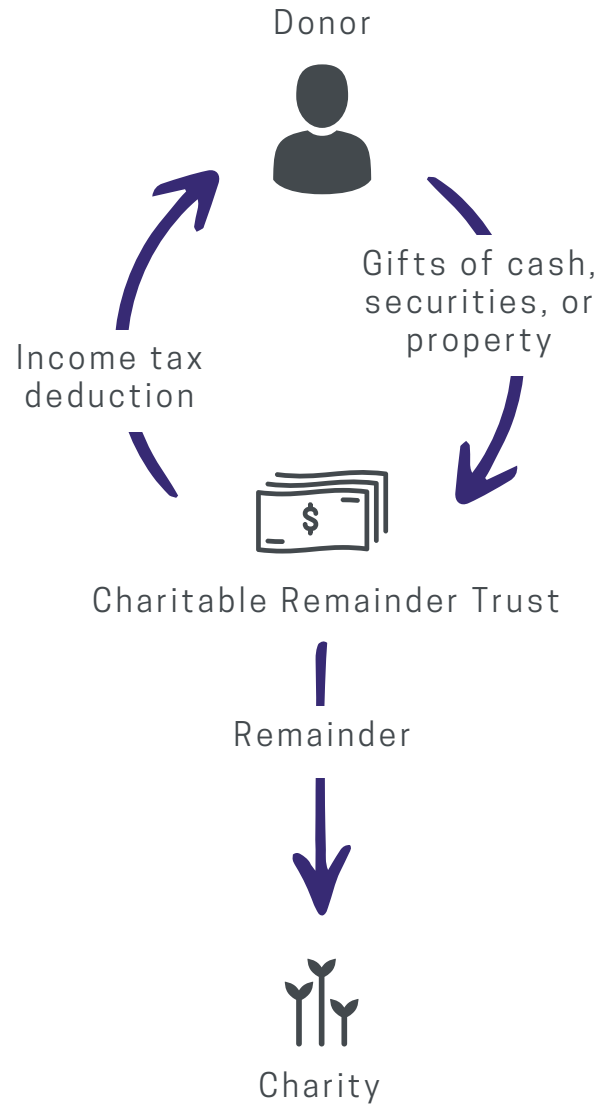
Financial Goals: increase their income, avoid capital gains, create an income tax deduction

Charitable Goal: fund a scholarship for North State students

Projected Result:

By gifting their property to a CRT, the donors would save over \$140,000 in taxes, create a tax deduction of \$153,000, and receive \$30,000 in annual payments for life. At the end of their lives the remainder endows a scholarship fund in their names at CFNS.

This example is for illustrative purposes only. Please consult your tax advisor.



CONTACT US TO LEARN MORE ABOUT CHARITABLE REMAINDER TRUSTS



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