

THE NEED

A donor desires to change appreciated property that produces little or no income into a productive asset without paying capital gains tax on the sale of the property.

THE SOLUTION

A donor contributes appreciated property to a Charitable Remainder Trust that will sell the property tax free and make payments for the donor's lifetime or a specified term of years.

THE BENEFITS

Bypass Gain

The trust sells property tax free.

Increased Income

The trust pays a percentage of its value to the trust beneficiary.

Tax Deduction

The donor receives a current federal income tax deduction.

THE DONOR

A donor with cash or appreciated property with a value of at least \$100,000 who desires income and bypass of capital gains.

CHARITABLE REMAINDER TRUST

Receives cash or property from the donor, makes payments for the donor's lifetime or a specified term of years, then distributes the remainder to charity.

THE DETAILS

A donor transfers cash or appreciated property to the CRT. The CRT is a tax-exempt trust that can sell the property without paying capital gains tax.

Duration

A CRT can last for the lifetime of one or more beneficiaries or for a specified term of years.

Annuity vs. Unitrust Payout

A Charitable Remainder Annuity Trust (CRAT) pays a *fixed dollar amount* each year. By contrast, a Charitable Remainder Unitrust (CRUT) pays an amount equal to a percentage of the trust value at the beginning of each year.

Taxation of Payouts

Most CRT payouts are taxed to the beneficiary as ordinary income and/or capital gain.

Payout Flexibility

A Unitrust offers four flexible payout options. A standard Unitrust pays a fixed percentage of the trust value. A Net Income Unitrust (NICRUT) pays the lesser of the trust's net income or the standard amount. A Net Income with Makeup Unitrust (NIMCRUT) is like a NICRUT but can make up distributions. Finally, a FLIP Trust pays like a NIMCRUT until a certain date or event then "flips" to pay out like a standard unitrust.

