# **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 itemized 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 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

## 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. A CRT can be funded with assets other than cash (such as stock or real estate).

# 50 WORDS OR LESS

A CRT is an irrevocable trust that pays a beneficiary or beneficiaries an income during the trust term, then distributes the remainder to a qualified charity. A CRT may be an annuity trust (CRAT) or a unitrust (CRUT).

