

Charitable Remainder Trusts



Charitable Remainder Trusts

A charitable remainder trust is created when you irrevocably transfer assets to a trust, which then pays income to you and/or other beneficiaries that you name for life, or for a set term with a maximum of 20 years. When the trust ends, the balance (remainder) is given to a charity of your choice, such as St. Jude, as your gift.

GENERALLY THERE ARE TWO TYPES OF CHARITABLE REMAINDER TRUSTS

- A charitable remainder annuity trust (CRAT) pays a fixed dollar amount to income beneficiaries for life or a term of years. This gift plan pays the exact same amount to the beneficiaries each year, regardless of market conditions or investment experience. The CRAT cannot accept additional gifts after it has been established.
- A charitable remainder unitrust (CRUT) pays the income beneficiaries a fixed percentage rate for life or a term of years. The annual income amount is based on the current value of the trust assets, so the payout will increase or decrease based on changes in the trust asset value.

CHARACTERISTICS OF CHARITABLE REMAINDER TRUSTS

- Trusts can be funded with cash, securities or other appreciated assets.
- If you fund your trust with appreciated securities, you pay no up-front capital gains tax.
- When you create a charitable trust, you receive an immediate income tax deduction, in addition to gaining significant income and estate tax savings. Your deduction will be based on the full fair market value of the securities or real estate you contribute, reduced by the present value of the income interest you retain.
- A charitable remainder trust pays you and/or the named beneficiaries for life. At the death of the final income beneficiary, the assets of the trust pass on to your charity.
- The trust is irrevocable and may be set up during the lifetime of the donor, or it may be created at the death of the donor for the benefit of the donor's heirs.

Please see your legal and/or tax advisor for more information and to determine if a charitable remainder trust is right for you.

HOW IT WORKS

