

# 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.

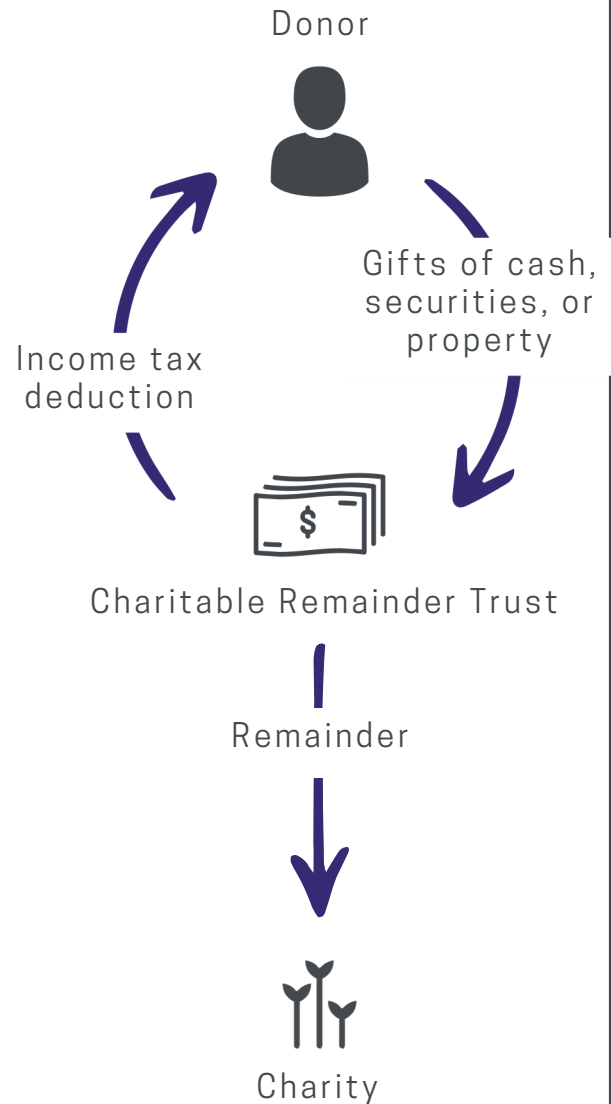
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### CRT EXAMPLE: RENTAL REAL ESTATE



**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 CFSLOCO.



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

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**CONTACT US TO LEARN MORE ABOUT  
CHARITABLE REMAINDER TRUSTS**

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