

## AT A GLANCE:

# 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).

