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).