

Charitable Remainder Trust (CRT)

Deductibility is a strong incentive for most charitable gifts, and it is a large part of the reason why Americans are generous givers to charitable causes. If you are considering a major gift to a registered charitable organization, such as CLC, it can be very advantageous to make your gift by using a charitable trust. **The minimum initial Trust value is \$500,000.**

A CRT is a unique trust arrangement that can provide an option for dealing with appreciated property. The donor creates an irrevocable trust and transfers assets to the trust. The owner can remove the property and potential appreciation from the estate and create a more diversified portfolio without realizing a taxable capital gain. The owner can benefit his or her favorite charities while reducing current income tax and/or estate taxes and at the same time receive a one-time income and /or estate charitable deduction. The grantor transfers property to the CRT in return for the trust's promise to pay the grantor and/or other income beneficiaries a predetermined stream of income over a stated period of time. When the trust terminates, a charitable beneficiary receives the property remaining in the trust.

There are two primary types of CRT's:

- **Charitable Remainder Annuity Trust (CRAT)** – You may design the CRT income payments so that the actual dollar amount distributed is fixed at the time the trust is created and funded. This may be especially appealing for a donor who needs a specific amount of income.
- **Charitable Remainder Unitrusts (CRUT)** – You may design the CRT income payments so that the amount distributed to you is recalculated each year based upon a fixed percentage of the trusts fair market value for the year. A CRUT permits additional contributions in future years but a CRAT does not. There are also variations of a CRUT.
 1. **A net income only charitable remainder unitrust (NIOCRUT)**-The amount payable to the non-charity beneficiary is limited to the lesser of the stated percentage or the net income of the trust for the current year.
 2. **A net income with make up charitable remainder unitrust (NIMCRUT)**-This trust includes a provision to make up any shortfall in future years when income earned exceeds the stated percentage.
 3. **A flip trust**-This is a NIMCRUT that subsequent to a triggering event (marriage, divorce, death, etc.) becomes a regular CRUT

Please contact Hank Miles at CLC at 615-370-5020 or NCF at 404-252-0100 or visit their website at www.nationalchristian.com/trusts

“Have you included CLC in your will or trust?”