

## Charitable Remainder Trusts:

A charitable remainder trust is a qualified trust that provides for a specified distribution, at least annually, to one or more beneficiaries for life or for a term not to exceed 20 years. Once income payments are no longer required, the trust corpus (remainder) is distributed to one or more designated charities. In many instances, in addition to providing for a sizable charitable gift, the transfer of highly appreciated, low yielding property to a charitable remainder trust (CRT) enables the donor to diversify assets and increase income substantially while avoiding capital gain taxes and obtaining a current income tax deduction. The assets in charitable remainder trust are separately invested and managed by a trustee designated by the donor.

A charitable remainder trust can be set up during your lifetime (referred to as an “inter vivos” trust) or you can direct that a charitable remainder trust be created at your death (referred to as a “testamentary trust”). There are two basic types of CRTs.

### **Charitable remainder unitrust**

Generates life income or term-of-years income for the donor, based on a fixed percentage of return.

Permits an immediate tax deduction, based on the percentage selected and the number and ages of the income beneficiaries.

Income will fluctuate according to market conditions and investment results.

Gifts may be made in cash, appreciated stock or real estate, subject to certain restrictions.

Additional gifts can be added to the principal annually.

### **Charitable annuity trust**

Generates life income or term-of-years income for the donor, based on a fixed dollar amount, which never changes.

Gifts can only be made at initial transaction.

**Important:** Please do not change your will, trusts or beneficiary designations without first consulting with a person who is knowledgeable

about the relevant areas of estate planning and taxation. St. Mary's Food Bank does not provide legal or tax advice, but we do have trained staff who can work with you and your professional advisors to help you achieve your charitable objectives.

**All communications are held in confidence.**