

# Charitable Remainder Trusts

## PLANNING FOR THE FUTURE OF YOU AND YOUR COMMUNITY

Do you want to receive income for your lifetime or for a specific number of years? Would you like your remaining dollars to benefit our community? Do you want to reduce your estate tax liability? Would you like an alternative to paying capital gains tax on appreciating assets? *If you answered “yes” to these questions, then a charitable remainder trust could be right for you.*

A charitable remainder trust is a great estate planning tool. It allows you to give to charity and receive an income stream plus a charitable deduction.

### WHAT IS A CHARITABLE REMAINDER TRUST?

Charitable Remainder Trusts (CRTs) provide for the eventual transfer of property to charity after paying income to one or more non-charitable beneficiaries.

- A charitable remainder annuity trust (CRAT) makes fixed income payments to the beneficiary.
- A charitable remainder unitrust (CRUT) provides a variable payout equal to a percentage of the trust’s market value as determined at the end of each year.
- Charitable remainder trusts are often appealing to donors with appreciated assets producing little or no income, such as real estate or securities. This is because the assets can be sold without capital gains tax and invested to provide a higher income stream.

### WHAT ARE THE BENEFITS OF A CHARITABLE REMAINDER TRUST?

- A charitable income tax deduction for the present value of the remainder gift to charity
- No capital gains due on the sale of appreciated assets within the trust
- The opportunity for increased income
- Reduced estate tax liability
- Asset diversification and professional trust management
- The opportunity to make a sizable gift to one or more charities

### MINIMUM CONTRIBUTION

You may establish a charitable remainder trust at any amount with a trustee of your choosing. The minimum contribution for the Community Foundation for Greater Atlanta to serve as trustee is \$250,000.

(continued)

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for more information

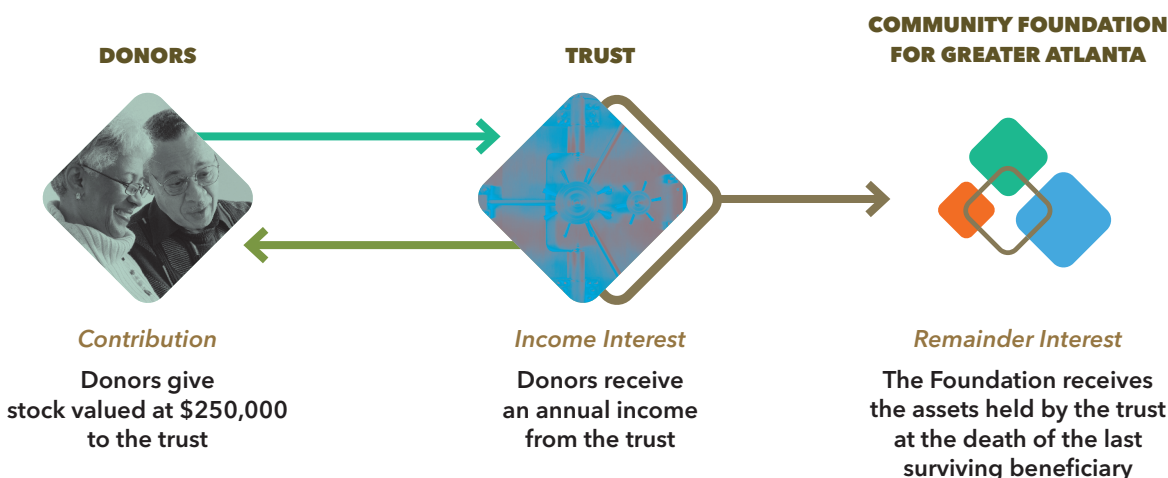




## Charitable Remainder Trusts

### The charitable remainder trust – a gift that gives back

John and Ann Smith, both age 75, fund a charitable remainder unitrust with growth stock that paid no dividend but had doubled in value, from \$125,000 to \$250,000. According to the terms of their trust agreement, the charitable remainder unitrust will make variable annual income distributions of 5% of the trust's annual year-end value to John and Ann for the rest of their lives.



#### SUMMARY OF BENEFITS\*

- Donors make a major gift to the Community Foundation for the charitable purpose they specify.
- Donors receive a 5% annual payout from the trust for both of their lives. The growth stock used to fund the trust did not pay any dividend.
- Donors avoid capital gains on the sale of the assets by the trust (saving \$25,000 in federal capital gains tax, assuming a capital gains tax of 20%).
- Donors receive a federal income tax deduction of

\$96,434 (saving over \$33,000 in income tax, assuming a marginal income tax rate of 35%).

- Trust assets are invested by professional managers under the direction of the Community Foundation.

*\*This information is general in nature, incorporating certain investment assumptions and the IRS discount rate in effect as of October 2017. Please verify with your tax advisors any numbers pertaining to your particular situation.*

#### ABOUT US

The Community Foundation for Greater Atlanta inspires and leads the Atlanta region toward equity and shared prosperity for all who call it home. TogetherATL is the Foundation's strategic ethos, working through a collaborative approach with community stakeholders, donors, nonprofits and others to examine complex challenges the region faces and create solutions that build a thriving region.

#### INTERESTED IN ESTABLISHING A CHARITABLE REMAINDER TRUST?

For more information, please visit [cfgreateratlanta.org](http://cfgreateratlanta.org) or call 404.688.5525 and ask to speak with a member of our philanthropy team.