Charitable Remainder Trust

By establishing a charitable remainder trust (CRT) during your lifetime, you can donate assets to your favorite charity through a trust while you and/or your beneficiaries receive payments during your or their lifetimes.

How a CRT Works

When you establish a CRT, you transfer ownership of assets, such as stock, to the trust. The trustee may sell the assets and reinvest the proceeds without having to recognize the gain in any appreciated assets at that time.

The trust then makes payments to you during your lifetime or for a specified number of years. You choose the amount you will receive, which must be at least 5% of the contributed assets' value.

When you die or on the completion of the trust's term, the trustee transfers the balance of the assets to your chosen charity, which also can be a private foundation or a donor-advised fund.

You can establish a CRT in one of two ways:

Example of a Charitable Remainder Trust

You	Trustee	You	Charity
Transfer $1 million in appreciated assets to a CRT	Sells the assets and reinvests the proceeds	Receive income from the trust	Receives the CRT balance at your death

- **Annuity trust –** Pays a fixed amount each year for life or a specified number of years, similar to an annuity from an insurance company. You can make only one contribution to the trust; once the annuity trust is established, you cannot add to it.
- **Unitrust –** Pays a fixed percentage of the trust's value, but the value is recalculated annually and based on the fair market value of the trust's assets. As a result, the annual payments will vary as the fixed percentage is applied to a fluctuating principal amount. This feature helps to hedge against inflation. And unlike the annuity trust, you can make additional contributions to a unitrust during the trust's term.

Should You Consider a CRT?

A CRT may be appropriate if you:

- Own highly appreciated assets
- Want to create another income source
- Can use a current income tax deduction
- Want to leave money to a charity
- Want to reduce estate taxes
- Want to reduce a large position of a stock in your portfolio

Benefits of a CRT

This type of trust lets you:

- Receive payments from the trust
- Receive tax benefits*
- Donate to your favorite charity

Incorporating a CRT into Your Overall Estate Plan

Gifting should be just one component of your overall estate plan. Before beginning a gifting program, evaluate your current estate plan and consider how gifting may benefit you, your estate, the charity and your beneficiaries. Because the rules regarding certain gifting strategies can be complex, speak with your tax or legal professional regarding your specific situation.

*Edward Jones, its employees and financial advisors are not estate planners and cannot provide tax or legal advice. You should consult your estate-planning attorney or qualified tax advisor regarding your situation.

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