GTCF

CHARITABLE REMAINDER TRUSTS CAN GENERATE INCOME AND ACHIEVE PHILANTHROPIC IMPACT

A CRT can be a good choice for those inheriting an IRA

- In 2019, the SECURE Act made changes to the laws around retirement contributions and withdrawals, with significant alterations made to traditional IRA inheritance rules.
- Prior to the SECURE Act, non-spouse beneficiaries could take required minimum distributions (RMDs) based on his or her own life expectancy, not the original owner. Now, RMDs must be taken within 10 years of the original IRA holder's death.
- There are exceptions if the beneficiary is a surviving spouse, an eligible minor, or person less than ten years younger than the original IRA holder, disabled, or chronically ill.
- A CRT allows for greater tax deferral and potentially more significant wealth accumulation in the account.

What is a Charitable Remainder Trust (CRT)?

- A CRT is a planned giving vehicle that provides immediate tax benefits and generates income for a term of up to 20 years or lifetime income for beneficiaries.
- During the CRT term, the non-charitable beneficiary receives a percentage of the assets of the trust, a minimum of 5.0%, paid at least annually, but remains responsible for income taxes on each distribution.
- CRTs must follow a number of rules which may limit their effectiveness as wealth transfer vehicles. Contact your financial advisor to evaluate all of your options.

CRT SCENARIOS

ESTATE PLANNING

SALE OF BUSINESS

INHERITING AN IRA

GTCF's Philanthropy Team can give you more detailed information about scenarios where a CRT can generate income while achieving your philanthropic impact.

Charitable Remainder Trust - How do they work?

Who should consider a Charitable Remainder Trust?

Donors who want to generate income for themselves or loved ones, reduce taxes, and support the causes they care about the most. It could potentially be a good fit if the donor wishes to create a permanent fund through the trust.

What are the benefits of a Charitable Remainder Trust?

+ You get the flexibility to choose income for life or a term of years, or both.
+ You can gift cash, real estate, securities, and other appreciated assets. The trust will sell your assets tax-free.
+ You have the potential to take a partial income tax charitable deduction when you fund the trust.
+ You can create income for yourself as well as for loved ones.
+ GTCF prepares Charitable Remainder Trust gift proposals and estimated deduction calculations for you and your advisor to review.

How does a Charitable Remainder Trust Work?

1. Donor establishes a trust, and GTCF serves as trustee of transferred assets.
2. Donor and/or beneficiaries receive long-term income from the trust.
3. Upon the death of the beneficiaries, or termination of the trust, the remainder is used to establish an endowed, charitable fund which will benefit the donor's designated charity/charities in perpetuity.

Learn More About Achieving Your Philanthropic Goals

GTCF's Philanthropy Team is skilled in advising fundholders on philanthropic strategies to achieve their goals.

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