Charitable Remainder Trusts

A Charitable Remainder Trust (CRT) is a tax-smart tool to leave property and assets to your beneficiaries that provides them regular income without leaving them a tax burden. Let's look over the basics of a CRT to see if one might be right for you and your family.

What is a Charitable Remainder Trust?

Are you charitably inclined and want to leave a legacy of philanthropy? Do you have highly appreciated property or other assets and don't want to leave a tax burden to your beneficiaries? Do you hope to give them ongoing income through an inherited IRA before the SECURE Act? Consider the basics:

Charitable-giving vehicle

A CRT is a way to donate to the charitable causes you believe in, and at the same time generate income and tax relief for your beneficiaries.

Tax Benefit

Donating property or other assets to a CRT provides you immediate tax relief and shelters your beneficiaries from capital gains and other taxes. The trust sells your property tax-free under the shelter of the charity.

Consistent Income for Beneficiaries

Every year of your beneficiaries' lives, they are paid an annuity from your CRT. This guarantees them consistent income over several years, which is important given the loss of "stretch IRAs" with the SECURE Act. You leave a legacy of consistent security for your family and tax-free growth for the life of the trust.

A Legacy of Philanthropy

The amount expected to go to charity must be at least 10% of the trust's value, calculated when the trust is created. In reality, most people set up CRTs with a remainder value closer to 40-60%. This is the "remainder" part of the discussion and leaves a legacy of giving that models values for your kids and grandkids.

Think a Charitable Remainder Trust might be right for you and your family?

Get in touch today!

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