

Charitable Remainder Trusts

What are they?

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 income payments to the beneficiary in the form of a fixed annuity.
- A charitable remainder unitrust (CRUT) provides a variable amount of the trust's annual market value as income to the beneficiary.
- Charitable remainder trusts often are appealing to donors with appreciated assets producing little or no income, such as real estate or securities, because the assets can be sold without capital gains tax and invested to provide a higher income stream.

What are the benefits?

- 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 future gift to one or more charities

Minimum contribution

The Rhode Island Foundation will consider serving as trustee of a CRT as long as all income beneficiaries are at least 65 years old and the charitable gift value, as calculated at the time that the trust is established, is \$100,000 or more. Foundation staff are available to help you make this determination. When we serve as trustee, the Rhode Island Foundation must be named the sole charitable beneficiary at the termination of the trust, but a Rhode Island Foundation fund can typically support multiple charitable causes that you care about.

How to establish

The Rhode Island Foundation is happy to work with you and the attorney who will draft your trust document. For a detailed illustration of your gift's potential payout, tax treatment, and benefits please contact our Development department at (401) 274-4564.