

# WHAT IS A CHARITABLE REMAINDER TRUST AND HOW CAN IT BENEFIT YOU?

## WHAT IS A CHARITABLE REMAINDER TRUST?

A charitable remainder trust permits you to make contributions to the trust and be eligible for a partial tax deduction, based on the CRT's assets that will pass to charitable beneficiaries. By establishing a CRT, you can bypass capital gains tax. The trust will sell your property and then reinvest in assets that produce increased income for you and your loved ones. Best of all, you will receive a current charitable deduction for your gift of the remaining value in the trust that will go to charity.

There are two main types of charitable remainder trusts:

- Charitable remainder annuity trusts (CRATs) distribute a fixed annuity amount each year, and additional contributions are not allowed.
- Charitable remainder unitrusts (CRUTs) distribute a fixed percentage based on the balance of the trust assets (revalued annually), and additional contributions can be made.

## FLEXIBLE PAYOUTS WITH TAX REWARDS

A charitable remainder trust pays either a fixed annuity amount or a trust amount that changes each year. You may like the security of the annuity trust with the certainty that you will receive the same annual payments. However, if you opt for the unitrust, your income stream could increase over time with growth in the trust. The unitrust offers flexible payout options to meet your needs. One popular option permits the unitrust to be invested to increase or decrease your income depending on your current needs. Please contact us if you have questions about a unitrust funded with stock or real estate.



Perhaps you have investment property, timberland or other commercial-use land and feel you are especially restricted by capital gains taxes. The charitable remainder unitrust might be the solution you want. Here's how it works.

- Create a trust and transfer ownership of your property to it.
- There are no capital gains taxes on the transfer.
- Yet, you may receive an income tax deduction when you transfer.
- The trust manages the property and can distribute income to you (depending on the property and its purpose).
- The trust can have special provisions to make up for years when the property does not generate income.
- At the end of the specified lifetime or term for the income interest, the remaining trust assets are distributed to one or more charitable remainder beneficiaries.

You purchased your property for a reason. Whether it has been your family home, your farm, or your investment, the reasons you sell it or hold it should be no less important than the ones that led you to buy it in the first place. Don't let taxes be your decision-maker. Call or email us for more ideas on what your benefits would

be based on your property and your goals. It's your property. Don't let taxes fence you in.

## HOW DO I MAKE A GIFT?

Give us a call or email us at: (858) 397-9700 | Email: [info@ccfsd.org](mailto:info@ccfsd.org)

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\*If adding to an established endowment we will match up to \$5,000 dollars.

Catholic School or Parish endowment funds are permanent funds that offer financial security and a predictable source of income for our Catholic Schools and Parishes. Each fund is invested in a manner consistent with Catholic values investing principles established by the USCCB. Endowment funds provide annual payments from the fund's investment earnings so that the schools or parish's mission can continue, regardless of the current economic climate.



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**WINNER WILL BE ANNOUNCED ON OUR WEBSITE SEPTEMBER 1, 2021!**

\*Must be a new endowment fund.



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[info@ccfsd.org](mailto:info@ccfsd.org) or (858) 397-9701