Charitable Remainder Trust

California
COMMUNITY
Foundation

WHAT IS A CHARITABLE REMAINDER TRUST?

A Charitable Remainder Trust (CRT) is a planned giving vehicle that provides immediate tax benefits and is structured to generate lifetime income for specified beneficiaries (including yourself). Upon a donor's death, the "remainder" of the trust's assets are transferred to a beneficiary nonprofit organization. CCF offers various types of CRTs, including Charitable Remainder Unitrust, Charitable Remainder Annuity Trust and Net Income Makeup Charitable Remainder Unitrust.

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. It also may be a good fit if a donor wishes to create a permanent fund through the trust.

WHAT ARE THE BENEFITS OF A CHARITABLE REMAINDER TRUST?

- You can create income for yourself as well as loved ones
- Flexibility to choose income for life or a term of years, or both
- You can gift cash, real estate, securities and other appreciated assets
- CCF prepares Charitable Remainder Trust gift proposals and estimated deduction calculations for you and your advisors to review
- CCF manages payments, tax returns and K-1 forms on an ongoing basis

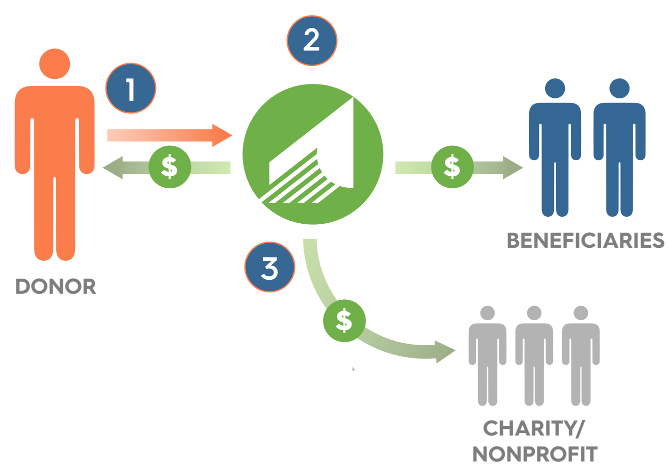
at a glance

Charitable Remaider Trust

- A planned giving vehicle that provides immediate tax benefits and generates lifetime income for beneficiaries
- Uses the remaining trust assets to support the causes you care about
- Best suited for gifts of more than $100,000

HOW DOES A CHARITABLE REMAINDER TRUST WORK?

1. Donor establishes a trust, and CCF 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, the remaining assets are donated to charities named in the trust.



As a trustee for the CRT, CCF manages investment policies and monitors trust investments. A third-party manager, a bank trust company, administers each trust and prepares trust tax returns.

A Charitable Remainder Trust can be set up to provide a fixed amount each year (Charitable Remainder Annuity Trust) or a percentage of the trust's value (Charitable Remainder Unitrust).

CONSIDERATIONS

- Contributions made to a CRT are irrevocable gifts
- Some gifts are not allowed, including gifts of S Corp stock and encumbered assets
- All unrelated business taxable income (UBTI) is taxed at a rate of 100%
- Beneficiary payments are subject to the "WIFO" (Worst In, First Out) tax method, which treats the highest tax rate as the first distributed
- Note that some illiquid assets may not be appropriate for a CRT if they do not generate sufficient income
- If the trust's payout exceeds its investment return, the trust could spend down all assets
- The trust cannot be amended to add/remove noncharitable beneficiaries or change payout amounts

WHAT ARE THE ACCOUNT MINIMUMS AND FEES?

A CRT at CCF may be opened with $100,000.

There is a trustee fee of 0.5 percent of assets per year (assessed quarterly), plus fees charged by the third-party administrator for investment management and trust administration.

THE LEGACY SOCIETY

Donors may designate a Charitable Remainder Trust to benefit CCF in a will or trust. CCF honors such donors with exclusive benefits such as:

- **Members-only events on current issues and trends**
- **Recognition in CCF's annual report and website and at events**
- **Private meetings with professional advisors and distinguished members from CCF's Board of Directors**

To establish a **Charitable Remainder Trust**, contact Vice President of Development & Donor Relations Teresa Mosqueda at tmosqueda@calfund.org or (213) 452-6298.

IMPORTANT LEGAL DISCLOSURE

The information provided is general and educational in nature. It is not intended to be, and should not be construed as, legal or tax advice.

The California Community Foundation does not provide legal or tax advice. You should consult your tax advisor to properly determine the tax consequences of making a charitable gift to the California Community Foundation.

Contributions to the California Community Foundation represent irrevocable gifts subject to the legal and fiduciary control of the foundation's board of directors.

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