



UNIVERSITY OF WYOMING
FOUNDATION



CHARITABLE REMAINDER TRUSTS

A Gift That Carries With It An Income Stream
For Life As Well As A Charitable Deduction

WHAT IS A CHARITABLE REMAINDER TRUST?

A charitable remainder trust, or CRT, is a trust that is created through the transfer of assets (cash, real estate, securities, etc.) to a trustee with an end goal of benefiting a charitable organization- the remainder beneficiary. A CRT has an income beneficiary that receives an annual payment for either a lifetime or a term of not more than twenty years. At the end of the term of years or lifetime, the remainder of the assets go to a specified charity or charities.

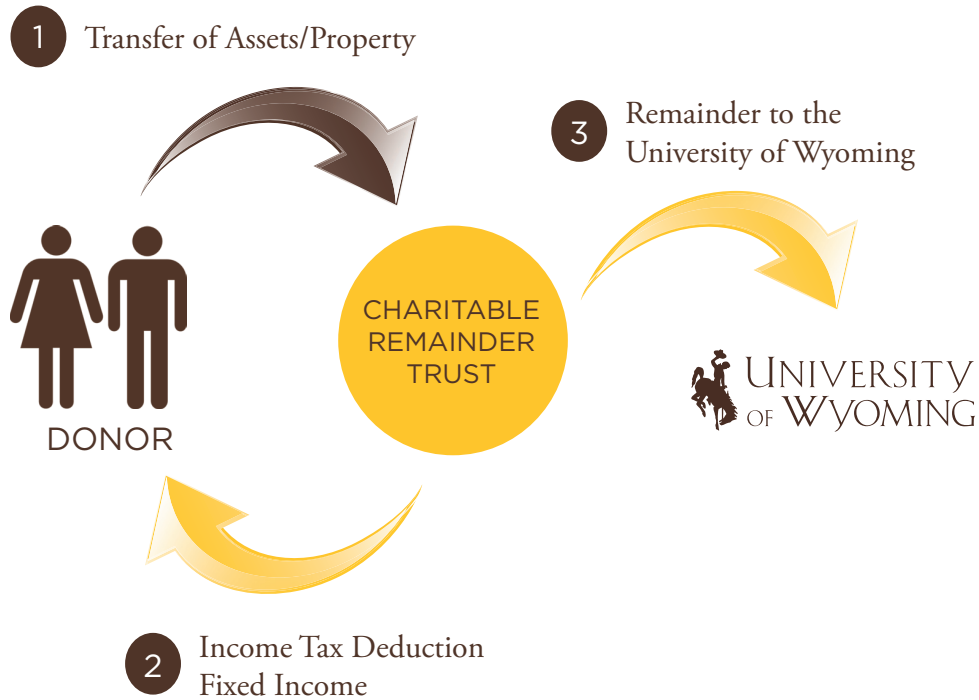
HOW MUCH DOES A CHARITABLE REMAINDER TRUST PAY OUT?

Just like any every answer you get from a lawyer, “it depends.” There are two main categories of CRTs- charitable remainder uni-trusts (CRUT) and charitable remainder annuity trusts (CRAT). A CRUT pays out a percentage of the corpus of the trust at the time the payment is made. Thus, in good market years that payment will be greater than bad market years. In contrast, a CRAT pays out a fixed amount every year, regardless of market conditions. As you can see, there are advantages and disadvantages to each and a variety of options for each that can be tailored to each donor’s specific retirement and financial planning needs.

ARE THERE LIMITS TO THE PAYOUT PERCENTAGE?

The specifics of a CRT are flexible and can be designed on a case by case basis to meet each individual’s charitable and financial goals. That being said, the IRS limits a CRT to a minimum payout of 5% and a maximum payout not to exceed a percentage that would result in less than 10% of the corpus going to a charity or in a greater than 5% probability of corpus exhaustion (particularly for a CRAT). Additional restricts and opportunities apply- consult with your tax and legal advisor for provisions that apply to your specific situation.

HOW A CRT WORKS



EXAMPLES

Charitable Remainder Uni-Trust

James (76) and Rebecca (72) transfer \$100,000 into a CRUT with a payout of 7% and receive a charitable deduction of \$35,951 (based on 9/2017 discount rate) that may be used in the year of the gift or carried over the next five years. In the first year the trust pays out \$7,000. The next year the trust appreciates to \$108,000 and their payout rises to \$7,560. The following is a difficult market year and the trust depreciates to \$94,000; their payout drops to \$6,580.

Charitable Remainder Annuity Trust

Richard (68) and Dorothy (70) transfer \$100,000 into a CRAT with a payout of 5% and receive a charitable deduction of \$15,337 (based on 9/2017 discount rate) that may be used in the year of the gift or carried over for the next five years. They receive a payout of \$5,000 per year, every year, until their passing or until the trust corpus is exhausted.

Please note that the information in this flyer is not intended as investment, tax, or legal advice. Please contact your trusted tax, financial, or legal advisor for such advice before making a gift.



Brett Befus

Associate Vice President for Development
UW Foundation
222 S. 22nd Street
Laramie, WY 82070
pg@uwyo.edu
(307) 766-4259