CHARITABLE GIVING

Charitable Remainder Trust (CRT)

Concept Applied:

A donor creates a CRT to provide income to a named beneficiary(ies) and a remainder interest to charity. The donor enjoys an itemized tax deduction for the present value of the anticipated remainder interest when the trust is funded.

How It Works:

The donor transfers property to the trust and designates a beneficiary or beneficiaries to receive annual income payments. The trust distributes the remainder to charity when the trust term ends.

CRATs:

- allow only one contribution
- pay out a fixed annual amount which is a percentage of the trust's initial value.

CRUTs:

- allow multiple contributions
- pay out a variable annual amount (a fixed percentage of the trust's annually revalued assets)
- can be funded with other assets such as real estate

Why Is It Useful?

A CRT is a flexible planning tool that lets donors convert assets to an income stream (often used to supplement retirement income) while making a gift to charity. A CRT can be funded with assets other than cash, such as stock, real estate, or a one-time qualified charitable distribution from an IRA (up to $54,000 in 2025).

50 Words or Less

A CRT is an irrevocable trust that pays a beneficiary or beneficiaries an income during the trust term, then distributes the remainder to a qualified charity. A CRT may be an annuity trust (CRAT) or a unitrust (CRUT).