

# CHARITABLE REMAINDER TRUSTS

Make a gift of cash or other property to an irrevocable trust and receive an immediate tax deduction. In return, you (or other beneficiaries you choose) receive income for life or a set number of years, some of it tax-free. After the death of all beneficiaries, the remaining trust assets are released to charity to support the causes important to you.

## A FLEXIBLE PLANNED GIFT TO MEET COMPLEX FINANCIAL AND CHARITABLE GOALS

A charitable remainder trust (CRT) is a flexible gift vehicle that can address a variety of planning needs. It can:

- Provide income to multiple beneficiaries including successor beneficiaries and other charitable gift planning vehicles such as special needs trusts, donor advised funds or family foundations.
- Be funded with a wide variety of assets including cash, appreciated securities, real estate, collectibles, business interests, IRAs and retirement accounts, and closely held securities. You may make unlimited additions to a CRT after it is established. You can also establish a CRT with a bequest in order to provide income for your heirs.
- Reduce your income taxes, defer capital gains taxes, and reduce or eliminate estate taxes.
- Allow you to support multiple charities with a single planning vehicle

## CHARITABLE REMAINDER UNITRUST (CRUT)

Beneficiary payments from a CRUT are calculated annually based on the year-end fair market value of the trust's assets. You choose a set payout rate (minimum 5%) when the CRUT is established; that rate is multiplied by the trust's December 31 value to determine the subsequent year's payments. Beneficiary payments may be better able to keep pace with inflation but may also decrease if investments decline in value.

## CHARITABLE REMAINDER ANNUITY TRUST (CRAT)

A CRAT provides fixed beneficiary payments for the lifetime of the trust; payments must be at least 5% of the initial fair market value of the trust when it is established. Investment gains or losses do not affect beneficiary payments (unless the trust runs out of money), but instead increase or decrease the remainder received by charity.

### FIAT LUX LEGACY SOCIETY

*Clark's Fiat Lux Legacy Society honors alumni, parents and friends who have demonstrated their commitment to Clark's future by establishing planned gifts or including the University as a charitable beneficiary of their estate plans.*

**Join us by creating your legacy gift for Clark today**

*If you have already included a gift to Clark in your trust or will or via a beneficiary designation on a retirement account or life insurance policy, please let us know so we can welcome you to the Fiat Lux Legacy Society.*



## CLARK CAN SERVE AS YOUR TRUSTEE

Clark can serve as trustee for your charitable remainder trust – we manage the investments, make quarterly payments to beneficiaries, and handle all tax reporting and filings (an annual management fee is charged to your trust). Currently we partner with State Street Global Advisors Charitable Asset Management Group for CRT management. Alternatively, you can choose to serve as trustee yourself or choose another fiduciary such as a bank or investment firm or a trusted financial or legal professional.

If Clark serves as trustee, certain requirements apply:

- The minimum gift to establish a CRT is \$100,000; you may add assets at any time.
- You can name up to four beneficiaries; up to three may be successor beneficiaries.
- A CRUT may pay between 5.0% - 6.5% of principal; a CRAT must pay at least 5% of the initial gift amount.
- At least 75% of the remainder must be designated for Clark; up to 25% may go to other charities.
- Beneficiaries of lifetime trusts must be at least age 60 before payments commence; beneficiaries of term trusts (maximum 20 years) may be any age.
- Payments can be delayed until a future date or event in the beneficiary's life (e.g. to provide income after retirement) or in the trust (e.g. the sale of illiquid assets like real estate used to fund the trust).
- Your lawyer will draft the trust agreement subject to review by Clark; you are responsible for legal fees for the establishment of the trust

## CREATIVE USES FOR A CRT

A CRT can help you make a charitable gift to Clark while also addressing family or financial needs. Beneficiary payments can be used for a variety of purposes such as:

- To provide retirement income to you, a family member or an employee
- To support a disabled family member without jeopardizing government benefits by providing income to a special needs trust
- To provide income for a set number of years for a particular purpose such as educational expenses
- To allow your heirs to extend income payments (and income taxes) from inherited retirement accounts beyond the 10-year-rule

## PARTNER WITH CLARK AND YOUR TRUSTED ADVISORS

CRTs offer many opportunities but also require thoughtful planning. Clark can work with your financial, legal and tax advisors to help determine the structure, funding assets, timing and remainder options that best meet your family, financial and charitable goals.

**Everyone's situation is unique; we recommend you consult your tax or financial advisor to determine the best charitable giving strategies for you.**

**Questions? Contact us at (877) 252-7510 or [plannedgiving@clarku.edu](mailto:plannedgiving@clarku.edu)**



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