

## Charitable Trusts

Charitable trusts are powerful tools for philanthropy and financial planning, offering significant benefits to donors, beneficiaries, and charitable organizations. There are two primary types: **Charitable Remainder Trusts (CRTs)** and **Charitable Lead Trusts (CLTs)**. Here's a breakdown of the key benefits for each:

### General Benefits of Charitable Trusts

- **Tax savings** (income, estate, capital gains)
- **Ongoing income stream or charitable giving**
- **Legacy and values-based planning**
- **Asset diversification and management**
- **Support for charitable causes while retaining financial benefits**

### Charitable Remainder Trust (CRT)

*Donor receives income for life or a term, remainder goes to charity.*

#### Benefits:

##### **Income stream**

Fixed (annuity trust) or variable (unitrust) payments to the donor or other beneficiaries.

##### **Immediate income tax deduction**

Based on the present value of the future gift to charity.

##### **Capital gains tax deferral**

Can donate appreciated assets (like stock or real estate) without triggering immediate capital gains tax.

##### **Estate tax reduction**

Removes the asset from the donor's taxable estate.

##### **Flexible planning tool**

Can fund retirement, provide for a spouse, or support other long-term goals.

## Lead Trust (CLT)

*Charity receives income first, remainder goes to heirs or back to donor.*

### Benefits:

#### **Immediate charitable impact**

Charities receive annual payments during the trust term.

#### **Gift and estate tax reduction**

Effective in transferring wealth to heirs at a reduced tax cost.

#### **Wealth transfer strategy**

Especially powerful in low-interest rate environments.

#### **Retains asset growth potential**

After the charitable term, assets pass to beneficiaries—potentially appreciated—without additional gift or estate tax.

### Common Uses:

- Funding a **planned giving** strategy
- Creating a **family legacy of giving**
- **Diversifying** a concentrated stock position
- **Philanthropic exit** from a business or real estate sale
- Combining **income planning** with **charitable impact**