

# Charitable Remainder Trust (CRT)

## CHECKLIST:

- |   |  |    |                                     |
|---|--|----|-------------------------------------|
| 1 | IDENTIFY POTENTIAL DONORS              | 6  | ESTABLISH THE CRT                   |
| 2 | UNDERSTAND DONOR'S GOALS               | 7  | TRANSFER ASSETS                     |
| 3 | EDUCATE ABOUT CRTs                     | 8  | MANAGE THE CRT                      |
| 4 | IDENTIFY ASSETS                        | 9  | STEWARDSHIP                         |
| 5 | LEGAL & FINANCIAL ADVISOR CONSULTATION | 10 | ONGOING STEWARDSHIP & COMMUNICATION |

- Identify donors who have the capacity and interest in making significant contributions and who might benefit from the income stream and tax advantages a CRT can offer.
- Have in-depth conversations with potential donors about their financial situation, estate planning goals, and philanthropic aspirations. This will help determine if a CRT aligns with their objectives.
- Explain the concept of CRTs, the difference between an annuity trust and a unitrust, the benefits of each, and how they can contribute to a lasting legacy. This is an important moment to introduce your organization's planned giving specialist if you have one
- Determine which assets the donor wishes to use to fund the CRT. These could include cash, securities, real estate, some closely held businesses, or other assets.
- Encourage the donor to discuss the CRT with their legal and financial advisors to ensure it fits within their overall financial and estate plan.
- If the donor decides to proceed, they will need to work with their attorney to draft the trust document. If the donor decides to proceed, they will need to work with their attorney to draft the trust document.

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- 7  Once the CRT is established, the donor transfers the identified assets to the trust
- 8  Depending on the terms of the trust document, either the donor, a bank, or a trust company will manage the CRT and make the income payments to the specified beneficiaries. Some charities are also willing to directly serve as the trustee if state law allows them to do so. In the year the donor makes the gift, they may have to accomplish some other tasks, such as getting an appraisal if they funded the CRT with an asset other than cash or marketable securities. The donor's accountant will also need specific information when it comes time for the donor to file their return in the year of the gift. For ongoing years the trustee will have to issue a K-1 to the donor, and other income beneficiaries, so they can report their income from the trust properly.
- 9  Regularly communicate with the donor about the impact their future gift will have. Express gratitude and offer them appropriate recognition opportunities within the organization.
- 10  Maintain an open line of communication with the donor. Regularly update them on how their future contribution will make an impact on the organization. Despite the irrevocable nature of the CRT, it's essential to keep donors engaged and informed about the ongoing work of the organization they've chosen to support. This process requires careful consideration and communication. Ensure that the donor feels informed and supported throughout each step, emphasizing the value of their contribution to the organization.