Charitable Remainder Trust (CRT)

**Concept Applied:**
A donor creates a CRT to provide (1) income to a named beneficiary(ies), and (2) 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 (the donor or one or two other people selected by the donor) 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 percentage of the trust’s initial value

**CRUTs:**
- allow multiple contributions;
- pay out 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.