



WHAT IT IS:

CHARITABLE REMAINDER TRUSTS BALANCING YOUR GIVING AND INCOME GOALS

HOW IT WORKS:

A Charitable Remainder Trust (CRT) may be a great giving vehicle that allows you to transfer appreciated assets into a trust, avoid taxes on the sale of those assets, and receive an immediate tax deduction. The CRT trustee will invest the trust assets and pay an income to you for your lifetime (or a set number of years). At the end of the trust period, the assets are transferred to ADF, making a lasting impact on the work to defend religious freedom, the sanctity of human life, and family values.

THE BENEFITS:

- You receive an immediate tax deduction by donating assets into the trust.
- You may avoid all of the potential capital gains tax by transferring the assets.
- The CRT helps you fulfill your long-term charitable giving goals.
- Assets are removed from your estate, potentially reducing your estate tax.

PRACTICALLY
SPEAKING:

James and Michelle, both age 70, have \$1 million in publicly traded stock, which they bought for \$200,000. The stock pays a dividend of 2% each year, providing them with an annual income of \$20,000 before taxes.

Suppose James and Michelle choose to sell the stock, pay the tax on the gain, and reinvest the proceeds to get a higher return. They will owe long-term capital gains tax of \$120,000 (\$1 million - \$200,000 x 15%) plus any applicable state taxes. By investing the net proceeds of \$880,000 and drawing out 6% per year, they will have an annual income of \$52,800 before taxes.

In contrast, if they contribute the stock to a charitable remainder trust, they receive an income tax deduction of about \$357,000. The entire \$1 million is available to be invested in the trust because they now completely avoid the capital gains tax of \$120,000. If their trust pays them 6% per year, James and Michelle will receive an annual income of \$60,000 (a 13% increase over selling the stock without creating the CRT). If the trust investments earn more than 6% each year, the annual income payments to James and Michelle will grow each year and be paid throughout their lifetimes. After the death of the survivor of James or Michelle, the remainder of the trust will be transferred to ADF to be used to reclaim and protect religious liberty for generations to come.

HOW YOU CAN SET UP
THIS GIVING VEHICLE:

To create a charitable remainder trust, please contact ADF today. Our staff will work with you and your professional advisors to plan and execute a strategy that balances your giving and income goals.

Information herein is provided as an educational service only, and is not legal or professional advice. Always consult your attorney, accountant and/or financial advisor before making any decisions concerning estate or charitable gift planning strategies in order to determine the consequences of your gift for your circumstances.

TO LEARN MORE ABOUT HOW YOU CAN BECOME A PILLAR OF FREEDOM AND DEFEND
OUR FIRST LIBERTY, CALL 1-800-TELL-ADF. OR VISIT US ON-LINE AT WWW.TELLADF.ORG