Charitable Planning

Charitable planning can allow you and/or your estate to receive income tax, capital gains, and estate tax benefits/exemptions. Charitable planning can occur with the use of gifting and various trusts. The important part of charitable planning is that it allows the client to accomplish goals of supporting those in need, while simultaneously providing a tax benefit to the donor's family.

A charitable remainder unitrust (a "CRUT") is an irrevocable trust. This special, irrevocable trust has two primary characteristics: (1) A CRUT distributes a fixed percentage of its assets on a scheduled basis to the settlor and (2) At the expiration of a specified time, the remaining balance of the assets are distributed to a charity of the settlor's choosing. Another trust used is called a Charitable Remainder Annuity Trust (a "CRAT") is a type of trust where a donor contributes assets to a charitable trust that pays a fixed income to a designated beneficiary, in the form of an annuity. The value of the annuity is calculated as a fixed percentage of the trust's assets, but that amount must be no less than 5% of the total assets. A CRAT lasts until the donor passes away, at which time any funds remaining in the trust are then donated to a charity pre-chosen by the client.