HIGHTOWER

Charitable Remainder Trust (CRT)

CONCEPT APPLIED:

A donor creates a CRT to provide income to a named beneficiary(ies) and 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 or beneficiaries 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:

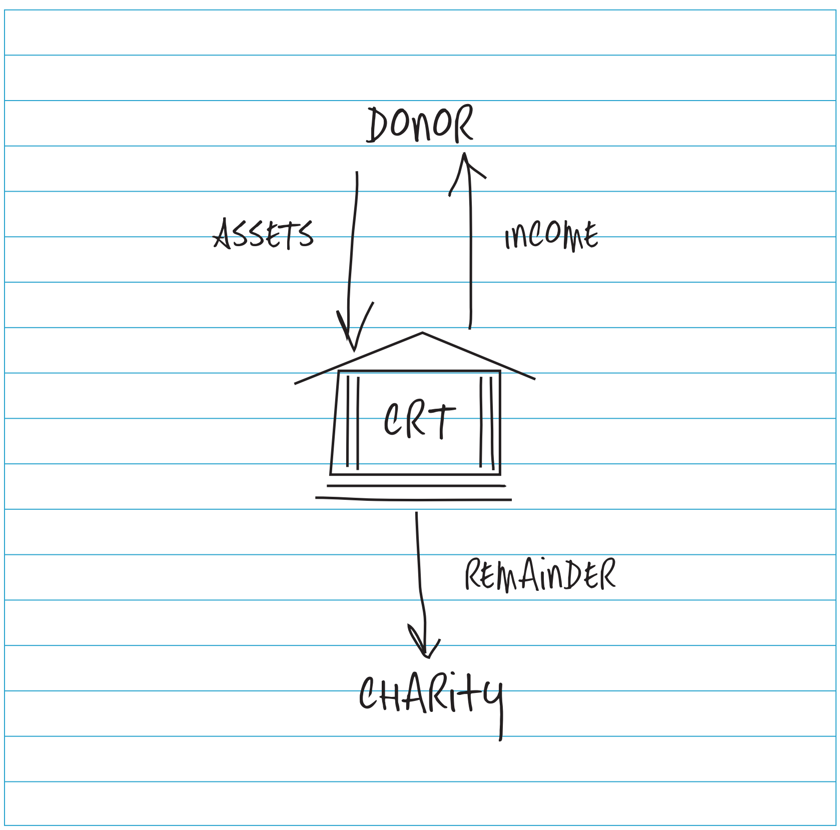
- allow multiple contributions
- pay out a fixed percentage of the trust's annually revalued assets

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. A CRT can be funded with assets other than cash, such as stock, real estate, or a one-time qualified charitable distribution from an IRA (up to $54,000 in 2025).

50 WORDS OR LESS

A CRT is an irrevocable trust that pays a beneficiary or beneficiaries an income during the trust term, then distributes the remainder to a qualified charity. A CRT may be an annuity trust (CRAT) or a unitrust (CRUT).



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