THE WINSTON-SALEM FOUNDATION

Charitable Remainder Trust

WHAT IS A CHARITABLE REMAINDER TRUST?

Trusts are like boxes into which donated assets are deposited for management and which make distributions according to the terms established by the donor. A charitable remainder trust is a way for someone to use assets in a way that both makes a charitable contribution and enables the person or someone else to receive income during their lifetime with the balance or "remainder" distributed to charity.

A CHARITABLE REMAINDER TRUST IS A WAY TO GIVE THAT IS:

- **Smart:** You can create lifetime income for yourself and/or another person.
- **Tax-efficient:** You eliminate or reduce capital gains taxes on the sale of appreciated assets, including stocks, bonds, closely held stock, and real estate. You may also claim a partial income-tax deduction in the year you establish the trust and may carry forward, if necessary, for up to five years after.
- **Flexible:** Income payments are tailored to meet your needs. You receive fixed or variable income for a specific number of years or for life.
- **Personal:** You can recommend the charity or area of interest that will benefit from your remainder gift, or you can involve your children in recommending grants.

WHO IS IT FOR?

A Charitable Remainder Trust is appropriate for people who:

- Seek continuing income.
- Own securities, real estate, or other assets that have increased in value.
- Are in a position to make an irrevocable gift to charity.
- Want to minimize income, estate, and capital gains taxes.
- Are ready to eliminate property management responsibilities for real estate.

FINANCIAL FACTS:

- The minimum to establish a Charitable Remainder Trust with the Foundation serving as trustee is $100,000.
- The Foundation does not charge a fee for serving as trustee of CRT's (tax reporting and investment fees are paid by the trust).

- At least half of the remaining trust must remain at the Foundation in a permanent endowment to benefit charities of your choice.
- CRTs minimize capital gains tax.
- Income is generally paid quarterly.
- Income between 5 and 8% may be fixed or variable, dependent on qualification with IRS regulations.
- You can claim a partial income tax deduction in the year of the gift and may carry forward, if necessary, for up to five years after.
- You may select an investment manager of your choice, so long as they are approved by the Foundation's Finance and Investment Committee.
- Assets are removed from your estate, which may reduce estate taxes.

HOW TO GET STARTED:

- Discuss your situation with your professional advisor or a member of the Foundation's Philanthropic Services staff.
- The Foundation will work with your legal advisor in preparation of a trust agreement for you to review.
- Create a revocable fund agreement which will document your charitable wishes for the remainder of the trust.
- Transfer cash, securities, real estate, or other appreciated assets to the trust at the appropriate time.
- The trustee you select will liquidate the assets and invest the proceeds.
- You begin receiving regular income payments from the trust.

For more information, visit wsfoundation.org or call the Foundation at (336) 725-2382.