

Charitable Remainder Trusts

Make Your Gift Work for You

Steve and Barbara Brooks created a CRT and now receive income for life



“We are both retired teachers with a modest estate, yet we can take part in doing good things in this world.”

– Barbara Brooks

A life-long friendship between neighbors created a lasting legacy. Steve and Barbara Brooks had a Carmel home next to Eva and Felix Somers for over 40 years.

Eva gave them the first right of refusal to buy her home in her will and the Brooks purchased the property as a rental. When they no longer wanted to manage the rental, they donated the house to the CFMC. They received a large tax deduction and proceeds from the sale established a CRT with the CFMC as trustee.

The Brooks now receive income for life (more than the rental income). The remainder will create an endowed fund to support their favorite causes, including grants to honor their neighbors.

Charitable Remainder Trusts (CRT)

A charitable remainder trust is a vehicle into which you can place assets and in return receive income. The remainder benefits the causes or nonprofits of your choice.

How it works

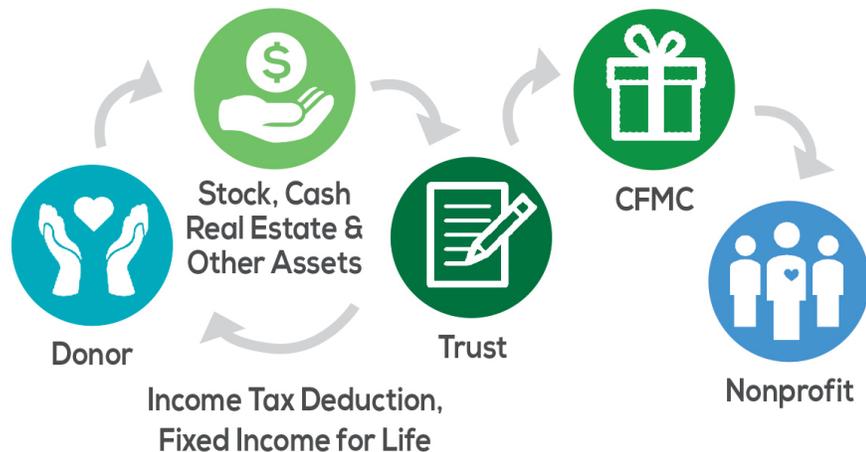
- **You create a trust** with the assistance of your professional advisor.
- **You can give cash, appreciated stock, closely held stock, real estate or other assets** into the trust.
- **You avoid capital gains tax and receive a charitable income tax deduction** for donating assets into the trust.
- **You receive lifetime income**, a portion of which may be tax free. (CRTs may also benefit a named beneficiary). Payments may be fixed or variable. The minimum annual percentage payout is 5%.
- **The “R” in CRT is the remainder.** The remainder creates a fund at the Community Foundation for Monterey County (CFMC) that benefits the causes or nonprofits of your choosing, or a donor advised fund that your children or another designee can oversee. The fund can also meet changing needs and support community grantmaking through the Fund for Monterey County.
- **The fund becomes a permanent philanthropic resource** helping to do good work forever. As an endowed fund, the principal is invested and a percentage of the balance is available for granting each year. The fund can be in your name or in honor of any person you choose.

CRTs at the Community Foundation are expertly administered by TIAA Kaspick. CRTs are their own legal entity. While not complicated, they should be set up by an attorney.

Charitable Remainder Trusts - Make Your Gift Work for You

Income for Today, A Gift for Tomorrow

The donor contributes cash, stock, real estate or other assets to create the trust and receives a tax deduction. The CFMC pays the donor income for life. Later, the remainder creates an endowed fund to benefit the nonprofit(s) of the donor's choice or community grantmaking through the Fund for Monterey County.



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“The Brooks were delighted to be able to increase their income and use their property for a charitable purpose that was very meaningful to them.”

– Cecilia Romero
Vice President of
Philanthropic Services

Charitable Remainder Trust Benefits

- Income from your CRT may add up to more than the interest and dividends you earn from holding the assets. You or a loved one can start receiving payments immediately.
- A portion of the income may be tax-free, while some may be taxed as ordinary income or capital gains.

How Much Income Will My CRT Generate?

A charitable remainder trust is designed to create a source of income for life. The minimum annual percentage payout is 5%. For a detailed view of returns, including potential tax benefits, contact us or explore the planned gift calculator at cfmco.org/CRT.

Sample Gift - Daniel Gibbs

On his 75th birthday, Daniel reached out to the CFMC to establish a Charitable Remainder Trust. With a \$100,000 donation Daniel will create a CRT with a 5% variable return and:

- receive an immediate income tax deduction of \$57,865
- receive variable payment for life (\$5,000 in the first year; future payment will vary with trust value)
- may enjoy reduced probate costs and estate taxes
- fund his charitable legacy by creating an endowed fund to benefit his favorite nonprofit.



*in first full year (future payments will vary with trust value)

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Confirmed in Compliance with
Community Foundations National
Standards