



LOUISIANA  
BAPTIST  
FOUNDATION

An Agency of the  
Louisiana Baptist Convention

## Charitable Remainder Trusts

**F**or many individuals interested in supporting Baptist causes, a charitable remainder trust offers an excellent opportunity to support ministry and provide income for themselves or family members. Often it allows the donor to provide support to their church or other ministry at a level they never thought possible.

The charitable remainder trust not only provides a future gift to a ministry and income to the donor, but it also provides a current tax deduction and can be used to avoid other taxes as well.

### **BENEFITS OF CHARITABLE REMAINDER TRUSTS**

- Provides income stream for the life of the income beneficiaries or for a specific number of years.
- Leaves a gift of the remainder of principle to your church or other ministry that you choose.
- Can convert a non-income producing asset into income producing.
- Qualifies for a federal income tax deduction in the year of the gift. (Income tax deduction is subject to limitations.)
- If the trust is funded with appreciated property, capital gains tax is avoided when the property is sold by the trust.
- The gift to the CRT qualifies for an estate tax exemption.

**“I DO NOT BELIEVE  
ONE CAN SETTLE HOW  
MUCH WE OUGHT TO  
GIVE. I AM AFRAID  
THE ONLY SAFE RULE  
IS TO GIVE MORE  
THAN WE CAN SPARE.”**

**C. S. LEWIS**

**‘...YOU HAVE BEEN  
FAITHFUL OVER A  
FEW THINGS, I WILL  
MAKE YOU RULER  
OVER MANY THINGS.  
ENTER INTO THE JOY  
OF YOUR LORD.’**

**MATTHEW 25:23**

## BASIC TYPES OF CHARITABLE REMAINDER TRUSTS

The Louisiana Baptist Foundation has been assisting donors with Charitable Gift Annuities, Bequests, and other charitable giving arrangements since 1944. Please call to learn more about Multiplying the Ministry God has placed on your heart.

***This information is not to be substituted for legal advice. Consult a knowledgeable legal professional to assist you with your estate planning needs.***

***For more information on Charitable Remainder Trusts and other giving opportunities contact the Foundation.***

P. O. Box 311  
Alexandria, LA 71309-0311  
318-445-4495 (Local)  
877-523-4636 (Toll-free)  
318-445-8575 (Fax)  
[www.LBFinfo.org](http://www.LBFinfo.org)



***CRT's are regulated by the US Tax Code and must be properly drafted and administered in order to qualify for the tax benefits associated with this type of gift. For more information please contact your tax advisor or the Louisiana Baptist Foundation.***

There are several variations on charitable remainder trusts. Two of the basic types are Charitable Remainder Unitrusts and Charitable Remainder Annuity Trusts.

### **Charitable Remainder Annuity Trust (CRAT)**

As an annuity trust donor, you irrevocably transfer assets, usually cash or securities, to a trustee of your choice (for example, Louisiana Baptist Foundation or a bank trust department).

The term of the trust can be for the life of the selected income beneficiaries or a fixed term of not more than 20 years. Each year, the trustee distributes a ***fixed dollar amount*** to your income beneficiaries. The payments must be at least 5% of the trust's initial value and are made out of trust income, or trust principle if income is not adequate. Payments continue until the trust term ends or until the highly unlikely event that the trust distributes all of its assets. Payments may be made annually, semiannually, or quarterly.

When the annuity trust term ends, the remainder of the trust's principal passes to a permanent endowment or directly to the ministry you designate.

### **Charitable Remainder Unitrust (CRUT)**

A unitrust will operate similarly to an annuity trust as far as the term of years, the minimum percentage payout, and the selection of income beneficiaries and remainder beneficiary. There are two main differences.

First, because the unitrust is a more flexible instrument, it is more conducive to real estate donations and gifts of other assets that are not as liquid as cash or securities.

The second difference is the basis for calculating payments to the income beneficiary. Each year, the trustee distributes a ***fixed percentage*** of the unitrust's current value, as revalued annually, to your income recipients. If the unitrust's value goes up from one year to the next, its payout increases proportionately. Likewise, if the unitrust's value goes down, the amount it distributes also decreases. For this reason, it may be advantageous to choose a reasonable payout percentage so that the unitrust assets along with the annual payment can grow.



**LOUISIANA  
BAPTIST  
FOUNDATION**

***Advancing the Kingdom***

One dollar at a time.  
One ministry at a time.  
One life at a time.