



## CHARITABLE REMAINDER TRUSTS

### *The Day is Coming*

In Day #3 of *The Purpose Driven Life Journal*, author and pastor Rick Warren writes, “Everyone wants to be remembered when they’re gone.” He also goes on to make the point that ultimately, what God says about our life matters much more than what people say about our life.

If you’re like me, you always want to make good and Godly life decisions that are good for now and that are good for later.

#### **NOW AND LATER**

The day is coming when God will judge all of us. And so, each of us must give an account to God for what we do. (Romans 14:10, 12 CEV)

Here are two important truths to remember regarding this Scripture:

- ❖ Everything we have that is good comes from God.
- ❖ God will hold each of us accountable, later, for what we do with what He is giving us, now.

Whether it is a decision about family, finances, church, stewardship, philanthropy, Bethany Christian Services, the Kingdom of God or whatever we are working at – we all want to make decisions that are good now and that are good later.

For many people, a Charitable Remainder Trust provides a smart solution. It can become your framework for being a good and wise steward of your assets NOW, with a Godly plan for being a faithful and joyful giver, LATER.

*See reverse to learn more about Charitable Remainder Trusts. →*

# CHARITABLE REMAINDER TRUSTS

## Benefits of Charitable Remainder Trusts

- **Life income.** Make a gift that also provides you and your loved ones with ongoing payments.
- **Tax deduction.** Receive an immediate income tax deduction for a portion of your gift.
- **Preserved value.** Gift appreciated assets instead of selling them and avoid the immediate tax bill. The full value of your gift will be invested for the benefit of your family and God's Kingdom!
- **Payment options.** Select the annual payout rate and frequency of payments.

## How it Works

1. Make a gift into a charitable trust. Contributions may include cash, publicly traded securities, some types of closely held stock, real estate, and certain other complex assets.
2. Receive ongoing payments for one or more individuals, including yourself.
3. Remaining assets are distributed to your favorite charities upon termination of the trust.

## Lifetime Income Options

You will select your annual payout rate at the time the trust is created. The minimum percentage must be at least 5%, and the maximum allowable percentage depends on your age or the term of the trust.

### Choose from two payout options:

- With a charitable remainder unitrust (CRUT) you'll receive variable payments based on a fixed percentage of the value of the assets in the trust, as computed on January 1 of each year.
- A charitable remainder annuity trust (CRAT) provides fixed payments year-after-year, based on a specified percentage of the value of the assets originally placed in the trust. The amount does not vary, even if the value of the assets in the trust increases or decreases.

## Using Barnabas Foundation as a Trustee

Bethany Christian Services partners with Barnabas Foundation for administration of charitable remainder trusts. Since 1976, Barnabas Foundation has helped thousands of individuals and families give more effectively to the ministries close to their hearts.

## Charitable Remainder Trust vs. Sale of Appreciated Asset: Example Comparison

Sam, 70 years old, owns a parcel of land that he originally purchased for \$50,000 (tax cost basis). It is now worth \$250,000.

### PROCEEDS FROM SALE OF ASSET

Sale	\$250,000
Cost Basis	\$50,000
Capital Gain Tax*	-\$30,000
Net Proceeds	\$220,000

**Annual Payments in Year One \$11,000**

*Assuming 5% return*

*\*Assumes 15% capital gain tax rate*

### CHARITABLE REMAINDER UNITRUST

Gift	\$250,000
Charitable Deduction**	\$131,195
Capital Gain Tax	\$0
Net Proceeds in CRT	\$250,000

**Annual Payments in Year One \$12,500**

*Assuming 5% payout and 5% return*

*\*\*Assumes AFR 3.0% (March 2018)*

In addition to the increased income, Sam receives tax savings in the year of the gift from the charitable deduction. If the entire deduction cannot be used in year one, it can be used as a deduction for up to five additional tax years.

For more information about Bethany or a referral to a financial, tax, or legal professional, please contact Bruce T. Hakim, Director of Legacy Gifts at **616.818.4849**; [bhakim@bethany.org](mailto:bhakim@bethany.org).

