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FACTS:

# Charitable Remainder Trusts



Do you want to make a sizable future donation to IISD Experimental Lakes Area, while also enjoying tax savings today and a large cash flow for a number of years?

## A Charitable Remainder Trust might be right for you.

By transferring property (such as cash, bonds, mutual funds or securities) to a Charitable Remainder Trust (CRT), you earn the net income. When the trust ends, the remaining investment money is donated to IISD Experimental Lakes Area to fund the highest priority programs and services.

## How does a Charitable Remainder Trust work?

- You transfer certain property (such as cash, bonds, mutual funds or securities) to a trust where it is held and managed by a trustee (often an institutional or professional trustee). The trustee then invests and manages the funds.
- The net income earned by the trust funds will be paid to you or any other person chosen by you. The funds donated by you remain in the trust and cannot be touched.
- When the trust ends—usually at the death of a specified person or after a selected number of years—the remaining investment money is donated to IISD Experimental Lakes Area.
- The donation receipt is prepared at the time the trust is established. The receipt amount is the value of today's gift in future dollars that IISD Experimental Lakes Area will receive when the trust arrangement ends. The tax credit may be claimed in the year the trust is set up and part or all of it may be carried forward for five years.



## How does a Charitable Remainder Trust benefit you?

- You receive a donation receipt in the year you set up the trust. This receipt will help reduce the tax you pay in that year and possibly for up to five following years.
- The trust will pay income to you for as long as you choose under the trust agreement. (A portion of that investment income will be taxable.)
- A CRT removes the donated property from your estate, thereby eliminating fees on those funds and guaranteeing your privacy. In other words, property held in a CRT does not form part of your estate on death, therefore avoiding probate and potential administrative or professional fees.

## What else should you consider?

- CRTs work best for donors who are at least 70 years old. This is because the value used for your tax receipt will be higher in this age bracket.
- A CRT is of particular interest to people of high net worth who have the ability to donate significant assets and are in a high marginal tax bracket. Because there is no ability for the donor to receive additional income from the original funds used to set up the trust, the donor must have other sources to rely on in the event that income from the CRT is no longer enough. Trusts are subject to professional set-up fees and annual administration costs.
- CRTs are irrevocable (permanent) and legally binding. Consult your legal and financial advisors for advice regarding the creation of a CRT.



Thank you for considering how you can leave a legacy through IISD Experimental Lakes Area.

For more information, contact:

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This material provides general information and is not intended to constitute or replace specific professional advice. Donors considering a legacy gift should speak to an advisor with appropriate tax and other expertise (e.g., a lawyer) to implement a strategy that achieves their objectives.

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