

# Charitable Remainder Unitrust



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Leave a lasting gift to the Jewish community. Receive income for life.

A Charitable Remainder Unitrust allows you to do both.

## At A Glance

- Provides you or a loved one with income for life or a term of years
- Provides you with a current income tax charitable deduction as well as potential estate tax benefits
- Eliminates initial tax on capital gain for contributed appreciated property
- Allows you to make a significant contribution to the Jewish community

A Charitable Remainder Unitrust (CRUT) provides lifelong income, which can grow as the funds invested in the trust grow. Your income is a percent of the trust's annual value. If trust assets grow, the increasing value of the trust portfolio will result in larger annual payments. Donors often give cash or appreciated property (e.g., stocks or real estate) to fund the trust either during their lifetimes or through their wills. The trust agreement specifies the percent payout, the beneficiaries and the duration of the trust. The current income tax deduction is based on the expected value that the charity will receive when the trust terminates. At the end of the trust term, the charities specified in the unitrust receive the remaining assets in the trust.

Donors selling a closely held business sometimes create a CRUT to minimize taxes while achieving philanthropic goals.

## Example

You contribute stock worth \$1,000,000, which cost you \$200,000, to a Charitable Remainder Unitrust, which then sells the stock and invests the proceeds. The trust is credited with the full value of the stock on the date of the gift, and neither you nor the trust is charged initially with tax on the capital gain. The trust provides income for life at a unitrust rate of, for example 7%, providing you or a loved one with payments of \$70,000 in the first year ( $\$1,000,000 \times 7\%$ ).

Thereafter, the value of the trust is measured annually and multiplied by the unitrust payout rate to establish the payment for the following year. If, for example, the trust assets had increased in value to \$1,500,000, the payment for the year would be \$105,000 ( $\$1,500,000 \times 7\%$ ).

- In periods of investment loss, the value of the trust may be reduced and the payments to the beneficiary will be lower.
- You can designate which charity or charities are to receive the balance in the trust at the end of the trust.



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The United Jewish Endowment Fund of the Jewish Federation of Greater Washington strives to help our community provide an enriched Jewish life today and a vibrant Jewish tomorrow. The Endowment Fund connects philanthropists with opportunities to meet Jewish needs and *tikkun olam*—repairing the world. Together, we strengthen and advance Jewish life in the Greater Washington area and around the world.

The United Jewish Endowment Fund of The Jewish Federation of Greater Washington

- Generates permanent funds to support the work of our Jewish Federation family of agencies and beyond to the Greater Washington community;
- Catalyzes diverse funding sources to leverage our ability to meet Jewish needs and effect change in the broader community;
- Awards seed money to new and innovative initiatives for enriching Jewish life and for *tikkun olam*; and
- Furnishes funds for unanticipated and emergency needs locally and overseas.

The United Jewish Endowment Fund's Legacy Society recognizes those individuals who create a permanent fund of at least \$10,000 to sustain the vitality and strength of our Jewish community. If you establish a fund of \$200,000 or more, you will become a member of the national Star of David Society of the Jewish Federations of North America.

*Contributions to the United Jewish Endowment Fund are tax deductible to the full extent the law allows.*

*This material is not intended to provide professional or legal advice. Please consult your advisors for professional advice.*



The Jewish Federation  
OF GREATER WASHINGTON