

The trust agreement can be drafted at no charge to you when the Foundation serves as trustee. However, it is expected that you will have your own counsel review the agreement for consistency with your entire financial situation and estate plan.

*“Each one, as a good manager of God’s different gifts, must use for the good of others the special gift he has received from God”
(1 Peter 4:10)*

The examples and information in this brochure are for illustrative and educational purposes only and should not be considered tax or legal advice. Please consult with your tax and/or legal advisors about proceeding with your estate plan.

For more information, call or write:

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Catholic Community Foundation
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*Giving a Legacy of Faith--
A Gift to Nurture the Catholic Faith*

CHARITABLE REMAINDER TRUST



*Giving A Legacy of Faith—
A Gift to Nurture the
Catholic Church*

You can give a substantial gift to the ministries of the Catholic Church in Northwest Minnesota while also providing payments for those you love through a *Charitable Remainder Trust*.

Through such a trust, you give an irrevocable gift to the *Catholic Community Foundation*, which then serves as a trustee to manage the trust's investments. You, then, receive an annual payment for life or for a specified term of years.

WITH A CHARITABLE REMINDER TRUST, YOU CAN:

- † Give to your parish, parish school, or other ministries
- † Receive income for life or a term of years
- † Receive an immediate charitable tax deduction
- † Bypass capital gains taxes
- † Reduce or eliminate estate taxes and probate costs

CHARITABLE REMAINDER TRUST

The initial trust values are established by the net fair market value of the assets you give. You choose who will receive annual payments for life or a specified term of years. You may designate yourself and your spouse as beneficiaries or you may name your children or another loved one as payment recipient. When the specified annual payment period ends, the trust assets are distributed to the ministries you have designated.

There are several different types of charitable remainder trusts that you can establish based on your particular financial and charitable goals. These types of trusts include:

Charitable Remainder Unitrusts make payments of a fixed percentage of the trust's annual net fair market value. These payments will fluctuate with the annual net fair market value of the trust.

Charitable Remainder Annuity Trusts make fixed payments of a specified percent of the trust's initial fair market value. Any change in the trust's annual market value will not impact the annual fixed payment to the trust's income beneficiary.

TAX BENEFITS:

In addition to providing for yourself and your loved ones and your favorite Church ministries, *Charitable Remainder Trusts* provide additional tax benefits:

- ◇ You receive an immediate charitable deduction of the present value of the calculated charitable remainder of the assets initially gifted. If your deduction exceeds what you may deduct in the year of your gift, the remaining portion can be carried forward for up to five years.
- ◇ You may also bypass capital gains taxes if you make a gift of appreciated assets. Your appreciated assets are placed in your charitable remainder trust. The Foundation, as trustee, sells the assets and invests the proceeds to meet the requirements of the trust. Because the trust is considered a tax-exempt entity, no capital gains tax is paid on the sale of its assets. In order to take advantage of this bypass, you must place the assets in the trust before they are sold.

Reduce or eliminate estate taxes and probate costs

Your gift to a charitable remainder trust is irrevocable. When you, as donor, or your spouse, are the only income beneficiaries, the trust is not taxed to your estate. If there are other income beneficiaries, there may be estate consequences that will be partially offset by an estate tax charitable deduction. Please speak with the Foundation's Planned Giving Officer and your advisors.

Qualified Retirement Plan Rollovers

Certain qualified retirement plans (such as traditional Individual Retirement Accounts, IRA's, 401(k), 403 (b), Keogh) may be subject to a large income tax by the recipients upon the death of the plan participant. You can continue your lifelong stewardship and provide for your spouse or others with a lifetime income by naming a charitable remainder unitrust as beneficiary of your qualified plan. When they are rolled over to a tax-exempt entity, plan assets do not incur income tax. Therefore, the rollover provides an income to whomever you choose and preserves a gift for your favorite diocesan ministry without incurring income tax on the plan assets.