TOP 3
TAX ADVANTAGES OF CHARITABLE REMAINDER TRUSTS (CRTs)

Charitable Remainder Trusts (CRTs) remain powerful planning tools that combine philanthropic intent with meaningful financial benefits. This type of trust reflects a commitment to charitable giving while also serving as an effective strategy for managing income, taxes, and long-term financial goals.

A Charitable Remainder Trust is a **tax-exempt**, **irrevocable trust** designed to help manage taxable income and support charitable objectives. It works by distributing income to one or more non-charitable beneficiaries for a specified period of time, with the remaining trust assets ultimately passing to one or more qualified charitable organizations. This structure allows you to support causes you care about while retaining income benefits during your lifetime.

1. **Avoidance of Capital Gains Taxes**	2. **Immediate Income Tax Deduction**	3. **Reduction of Estate Taxes**
When you transfer appreciated assets such as stocks, real estate, or business interests into a CRT, the trust can sell those assets without triggering immediate capital gains taxes. This allows the full fair market value of the assets to be reinvested inside the trust, which may increase the income available for distribution. *By deferring capital gains taxes at the trust level, more assets remain available for income payments and charitable impact, making this approach especially valuable for owners of low-basis, highly appreciated property.*	When assets are transferred into a CRT, you may be eligible for a charitable income tax deduction equal to the present value of the remainder interest designated for charity. *This deduction can help offset current taxable income and potentially reduce overall tax liability in the year the trust is funded. The allowable deduction is calculated under IRS rules and takes into account factors such as the trust term, payout rate, and the age of the income beneficiaries.*	Assets placed into a CRT are generally removed from your taxable estate, which can reduce potential estate tax exposure at death. By transferring assets to a CRT, you reduce the overall value of your estate while supporting charitable causes. *This strategy can help preserve more wealth for heirs and charities and may be particularly beneficial for individuals with larger estates or complex legacy planning goals.*

https://www.irs.gov/charities-non-profits/charitable-remainder-trusts as of 7.29.2025

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Is a CRT right for you?
Let's discuss! Contact your Asset Strategy Advisor or book a 15-Minute Discovery Call using the link below.
https://assetstrategy.com/contact/