

## Versatile enough to meet your needs

Where is the smart money these days? If you could get your hands on a crystal ball, planning for the future would be much easier. While we have yet to discover a way to predict the future, we can point you in the direction of a tool to help meet your family's needs, no matter what tomorrow holds.

The charitable remainder trust (CRT) is a great choice for many charitably minded individuals and families for one reason: it is flexible and can be used to meet a wide variety of needs.

Thanks to provisions in our tax code, the CRT can be constructed to provide a stable increase in income for a couple seeking to supplement retirement income. A younger couple looking ahead to retirement can use the same tool to prompt dramatic tax-free growth in the value of an asset over the next twenty years.

In each of these cases, the CRT makes it possible to increase the income produced by an asset, save on taxes (in some cases, dramatically), and ultimately make a lasting contribution to your local United Methodist church or favorite ministry.

## A CRT is Flexible

A CRT can help plan the distribution of an estate over a period of time. For example, a couple might employ a charitable remainder trust as a part of their will to accomplish two major goals: first, to exercise management over the flow of assets to their children; and second, to make a lasting gift to their local United Methodist church or favorite ministry.

The testamentary charitable remainder unitrust gives mom and dad a way to manage cash flow, even after death.

The couple's will transfers assets into a CRT, and the trust makes annual payments to children over a specified term of years. At the conclusion of the term, the trust principle passes to their specified ministry.

Please use the reply form on the reverse side or call the Foundation for more information on the charitable remainder trust and other gift planning options.



### THE OKLAHOMA UNITED METHODIST FOUNDATION

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## THE CHARITABLE REMAINDER TRUST



*The Oklahoma United  
Methodist Foundation*

# The *Basics* of the Charitable Remainder Trust

When it comes to financial planning, one size rarely fits all. Situations change and needs vary. Thoughtful planning recognizes the reality of these differences and meets the unique needs of each situation.

The charitable remainder trust is a versatile and strategic gift planning tool for many United Methodists. With the CRT, it is possible to increase income, reduce taxes, maximize estate value for loved ones and perpetuate your values.

The degree to which the CRT performs in each of these areas is based on your objectives. If increased income is important, the plan can be structured to meet this need. Where provision for children or grandchildren is desired, the CRT can ensure this need. This only scratches the surface of a CRT's flexibility.

Mr. and Mrs. Adams\*, both in their sixties, acquired stock in the 1980's for \$40,000. The value has grown significantly and is now worth

\$200,000, yielding two percent annually.

The couple shares three primary objectives. They would like to increase their income, minimize taxes and make a lasting contribution to their local United Methodist church.

The illustration below shows how this is possible. Under normal circumstances, selling the stock to reinvest it and increase return would result in a capital gains tax of approximately \$24,000. By employing the CRT, 100% of the capital gains tax is bypassed.

The Adams receive a charitable income tax deduction of \$58,072 at the time of the transfer, translating to an in-pocket tax savings of more than \$19,000 when they file their federal tax return for this year.

The Adams will receive payments of 6% from the CRT or \$12,000 to supplement their income.

Based on the life expectancy of the couple, these payments will total more than \$408,000. Upon their death, the value remaining in the CRT is transferred to an endowment benefiting their church as previously specified.

Transferring the appreciated stock into the charitable remainder trust results in tax savings, more income and a lasting charitable gift.

*\*Mr. and Mrs. Adams are a fictitious example.*

## For More Information

I would like to speak with someone who can provide additional information.

I would like to receive information on other charitable tax planning options.

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

City \_\_\_\_\_

State & Zip \_\_\_\_\_

Church \_\_\_\_\_

Phone \_\_\_\_\_

E-mail \_\_\_\_\_

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All inquiries are treated with complete confidentiality

