

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS




CRTs – Moving from Discussion to Completion

Date: April 27, 2023
Time: 1:00 – 2:00 Eastern
Presenters: Kara Morin
 Director of Client Services
 PG Calc

Jeffrey Frye
 Associate Director for Gift Planning
 PG Calc

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Agenda

- The CRT Discussion with your Donor
- The Creation of the Trust
- The Funding of the Trust
- Trust Calculations and Confirmations
- Ongoing Trust Requirements
- The CRT's Annual Tax Filing
- Q&A

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The CRT Discussion with Your Donor



Three Key Questions Must Be Answered to Get Rolling:

1. Who will serve as trustee?
2. Who will manage the trust's investment?
3. Who will provide trust administration?

Also, what role will the charity play?


And who will handle the tax reporting requirements?

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The Creation of the Trust



- Donor works with attorney
- Donor executes trust document by signing it
- Trustee signs trust document
- Important: Trust is established before assets are transferred into the trust!

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The Funding of the Trust

Easy Trust Assets:

- Cash
 - Cash means check or wire transfer
- Securities
 - Marketable securities don't require appraisals
 - Rules for date and value of gift



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The Funding of the Trust

Challenging gifts are assets that require appraisals, such as:

- Real Estate
- Art/Collectibles
- Partnership Interests
- Cryptocurrency

These assets are best managed through a flip CRT. Unusual assets require specialized discussions with parties who have expertise.

- Forms 8282 and 8283




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Unique Aspects of Flip CRUTs funded with Real Estate

- Flip triggering event is date that property is sold
- Investment manager purchases assets for a diversified and prudent portfolio
- Sale can occur anytime but trust converts to standard unitrust on January 1 of next calendar year
- Important: Trust remains net income trust for duration of current calendar year




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Unique Aspects of Flip CRUTs funded with Real Estate

- Unitrust makeup can only occur before the trust conversion (while trust is still a net income CRUT)
- Trustee communicates details of critical changes to donor
- Charity stewards donor




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Tax Season

- Administrator provides annual tax reporting information to tax accountant
- Tax accountant prepares annual tax returns
 - Federal and state
- Tax accountant mails K-1s to donor
- Trustee signs tax returns
- Tax accountant files tax returns
- Initial and final short years




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Additional Training Opportunities





What to Use When: CGA vs. CRATs and CRUTs
Webinar on Thursday May 25th

PGM Anywhere and Charitable Remainder Trusts
On-line software training September 13th and 14th
(2 hours each day)

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To ask a question click the Q&A button at the bottom

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Still Have a Question?

Contact: Kara Morin
Director of Client Services
PG Calc

Jeffrey Frye
Associate Director for Gift Planning
PG Calc

E-mail: support@pgcalc.com

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