



The CRT - A Trust for All Seasons



Date: November 20, 2013
Time: 1:00 – 2:30 Eastern Time
Presenter: Frank Minton
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PG Calc Incorporated





The Status of CRTs

- Rapid growth in the 1990s
- Fewer unitrusts in existence in 2012 than in 2002
- Annuity trusts in existence declined 35% since 2000.



Reasons for Decrease

- Decline in personal wealth during first decade of the century
- Reduced tax incentives
- Emphasis on current gifts and bequests



Factors Favoring a Revival

- Increase in stock and real estate values
- Improved tax incentives
- Larger demographic of those who create CRTs



Objective of this Webinar

Demonstrate that gift planners can close more CRTs by showing how they can benefit donors or beneficiaries in each season of life.



The Four Seasons of Life

Springtime of life — ages 1–39

Summer of life — ages 40-59

Autumn of life — ages 60-79

Winter of life — ages 80+



**For
everything
there is a
season.**





But for a charitable remainder trust there is no one season





Applications of CRTs During the Springtime of Life



“The rose upon my balcony the morning air perfuming, was leafless all the winter time and pining for the spring.”

William Thackeray

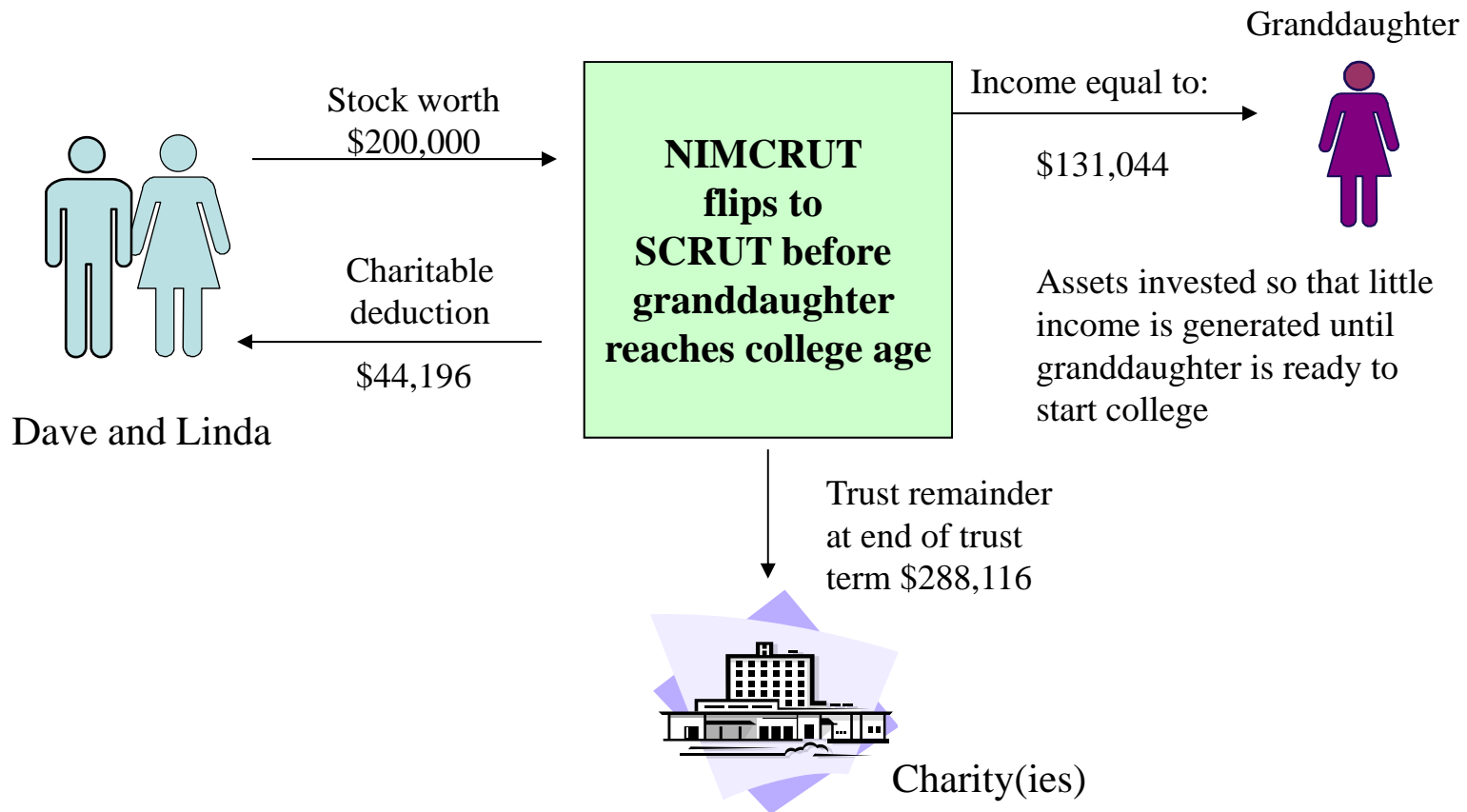


Objective: Provide for a College Education





Case of David and Linda





CRT vs. College Annuity

- Amount of cash flow
- Taxation of payments
- Other considerations



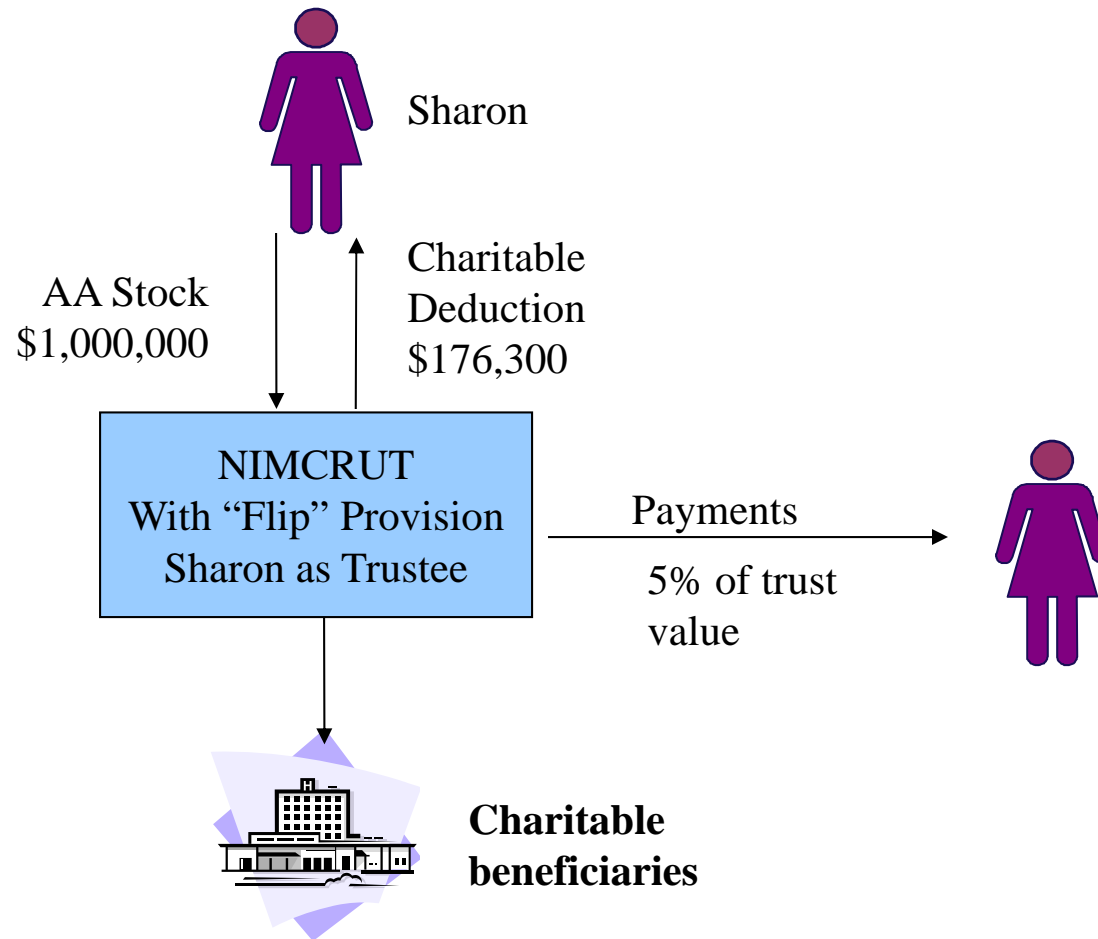


Objective: Diversify Portfolio and Then Trade Stocks Without Concern About Capital Gain





Case of Sharon

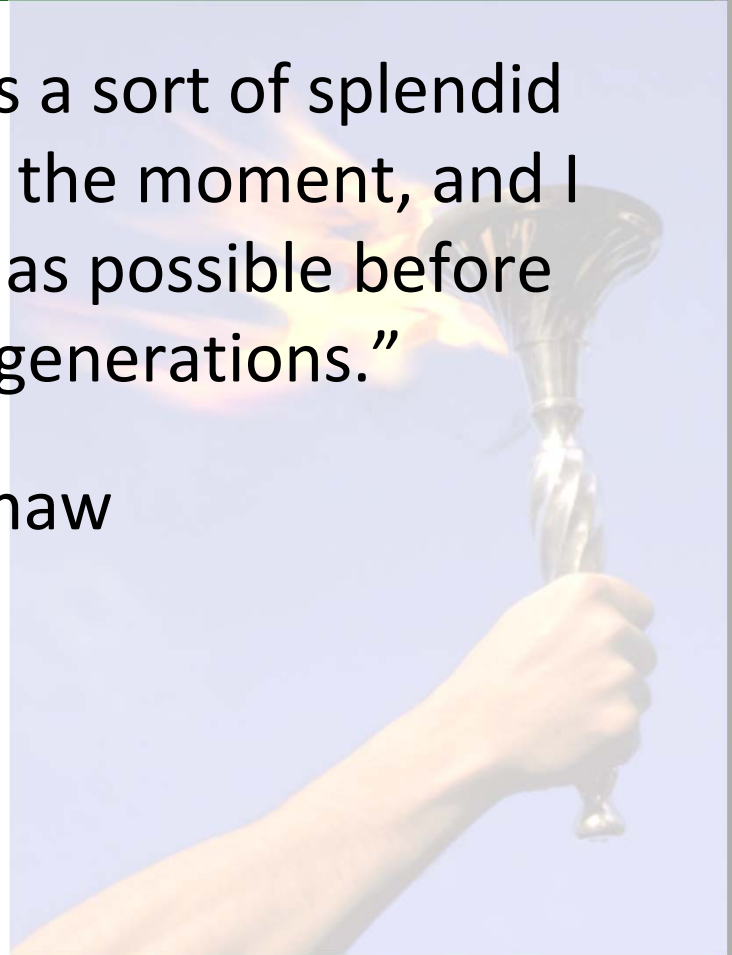




Applications of CRTs During the Summer of Life

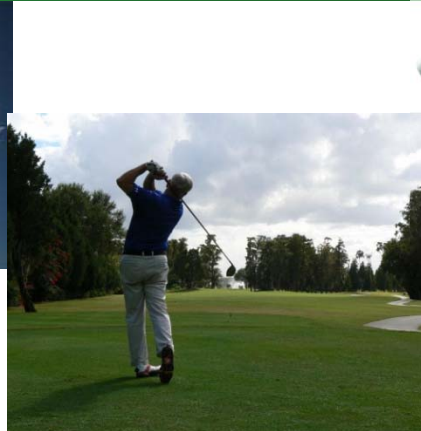
“Life is no brief candle to me. It is a sort of splendid torch which I have got hold of for the moment, and I want to make it burn as brightly as possible before handing it on to the future generations.”

George Bernard Shaw



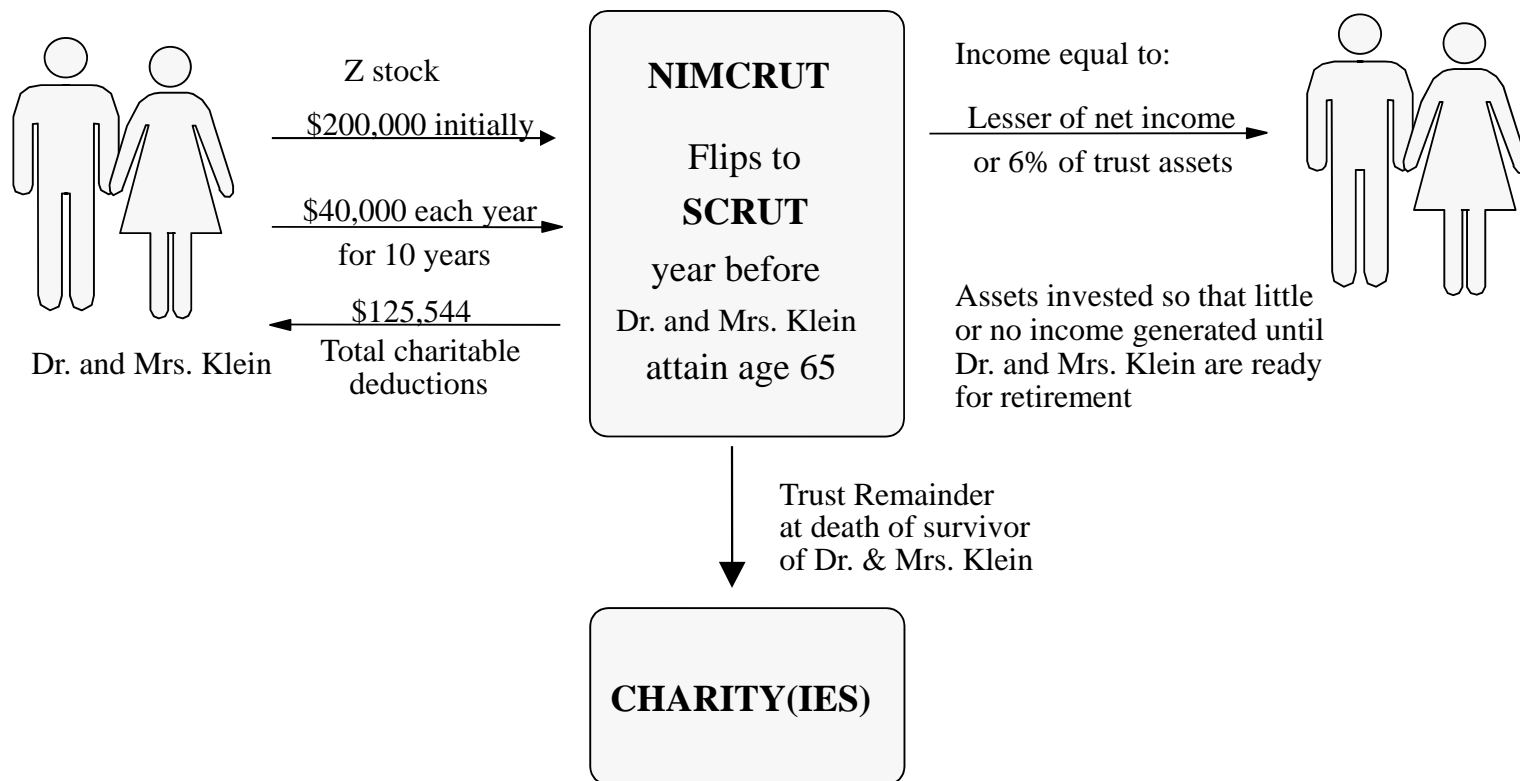


Objective: Provide a Supplemental Retirement Plan





Case of Dr. and Mrs. Klein





What Happens When Trust Flips

- Accrued deficiency of \$474,360 disappears.
- Beginning on January 1 of following year beneficiaries receive 5% of trust assets as revalued annually.



Suppose Dr. Klein Desires a Retirement Plan with Greater Flexibility

Solution

- Create a NIMCRUT that flips to a SCRUT when Dr. Klein reaches age 65
- Include a provision defining income to include realized capital gain.
- As before, make annual contributions.



Comparison of Retirement Options

- IRA/Qualified plans
- Taxable account
- Flip CRUT
- CGA

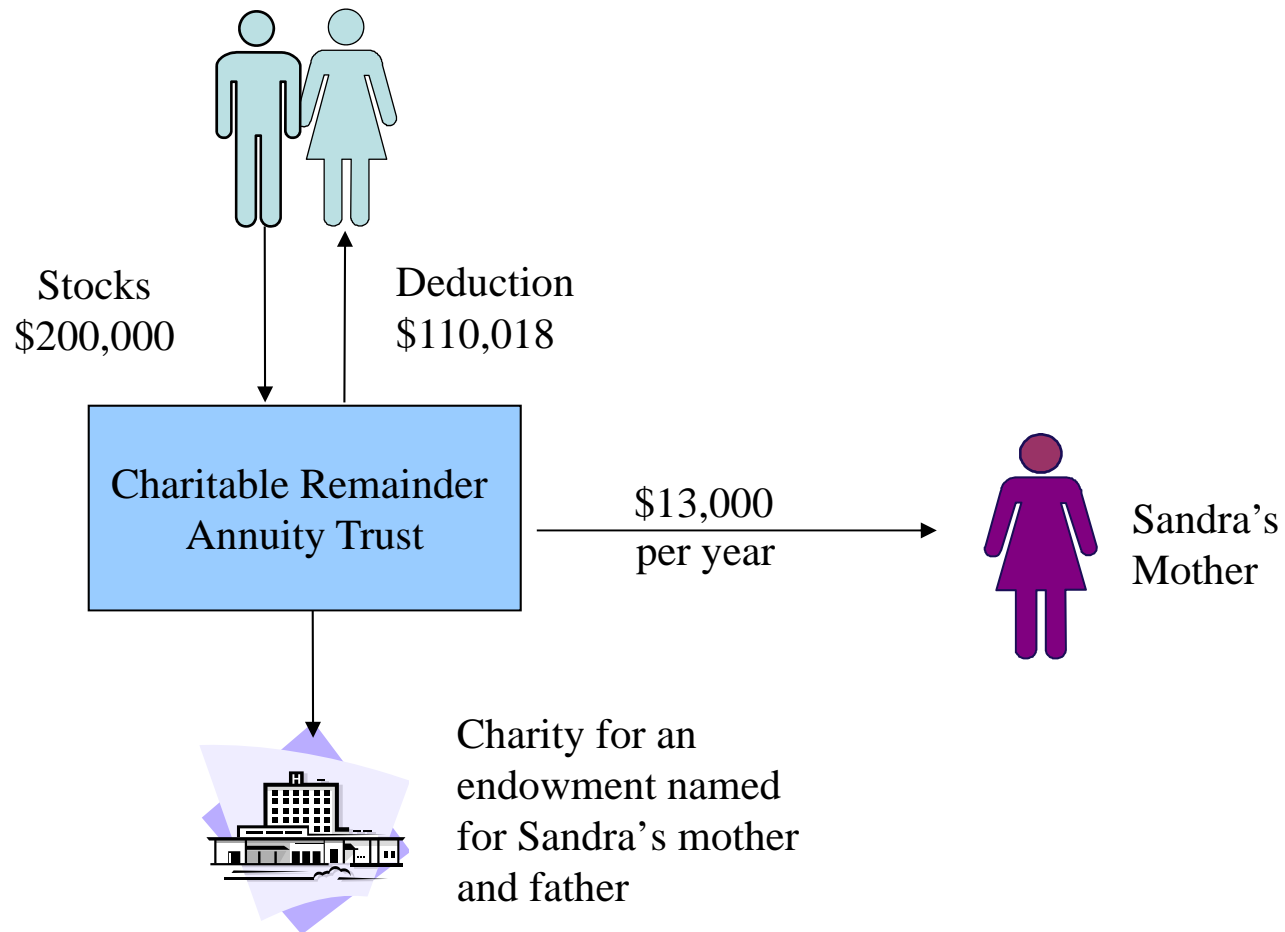


Objective: Help Cover Expenses of an Elderly Parent





Case of Sandra and Her Husband





Applications of CRTs During the Autumn of Life

“No spring, nor summer beauty hath such grace,
As I have seen in one autumnal face.”

John Donne





Objective: Sell a Family Business and Minimize Taxes





Case of John and Jane Green

Scenario 1 C Corporation

- John and Jane contribute C stock to CRT.
- C Corporation could purchase stock in CRT.
- External buyer could purchase C stock or assets of C Corporation.
- Benefits



Case of John and Jane Green

Scenario 2 S Corporation

- S Corporation contributes real estate owned by corporation for a term-certain CRT
- Income received by corporation, then paid to John and Jane
- Benefits



Case of John and Jane Green

Scenario 3 LLC

- LLC interest contributed to CRT
- Income from LLC interest received by CRT and paid to John and Jane
- Benefits

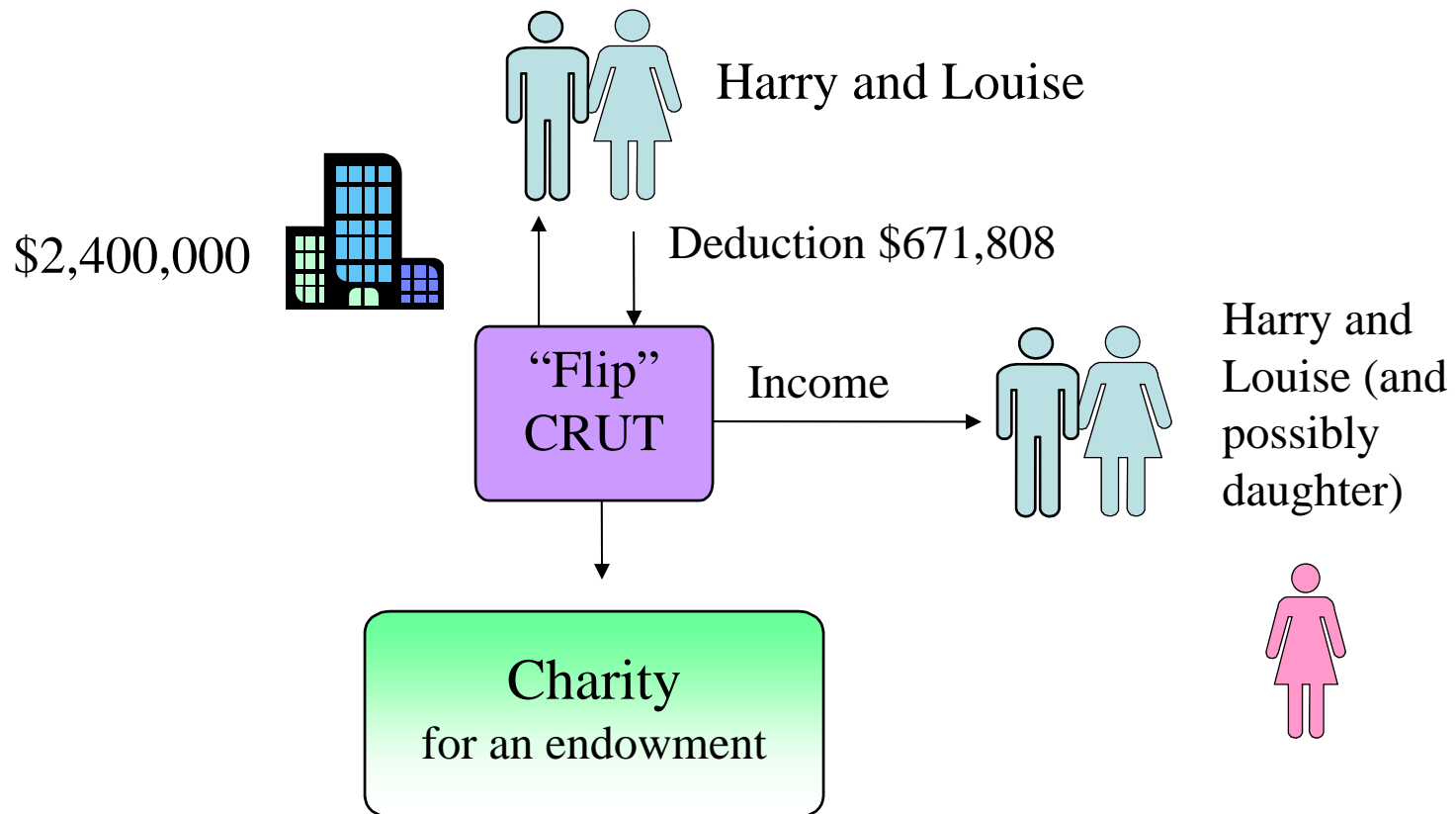


Objective: Be Relieved of Management Responsibility and Receive Life Income





Case of Harry and Louise





Objective: Convert Tangible Personal Property to a Stream of Income





Case of Tim and Michelle

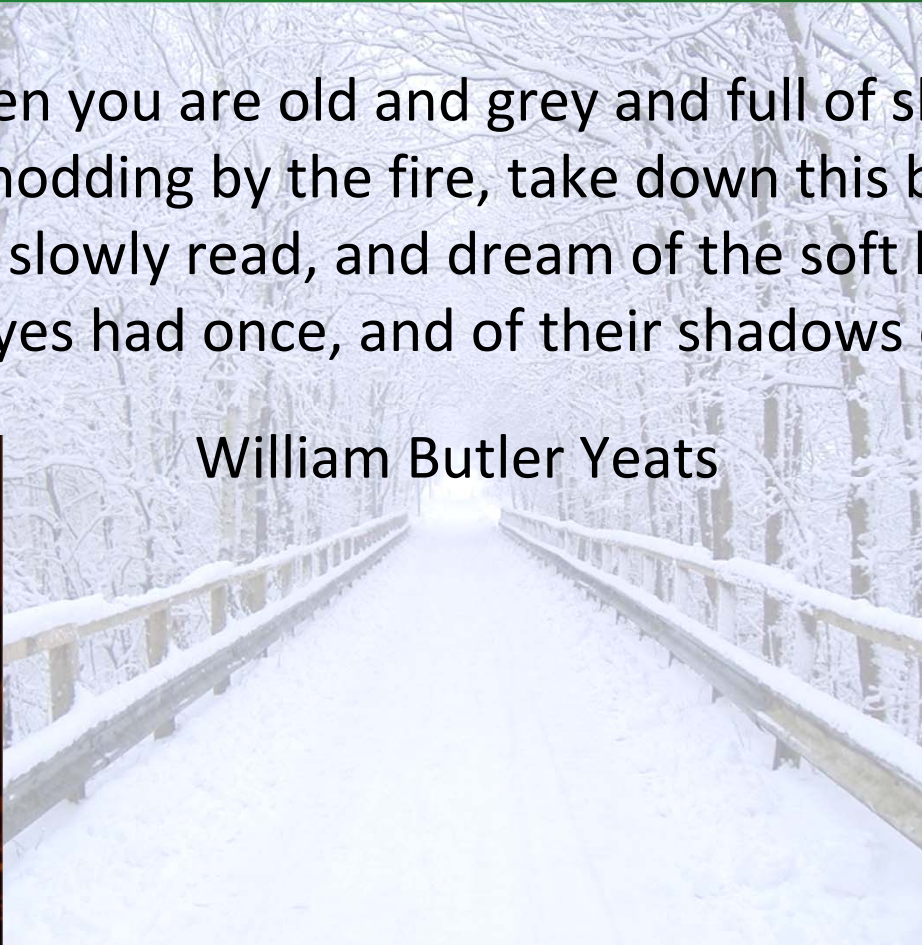
- In 2013, contribute painting appraised for \$250,000 to flip CRUT
- Painting sells for \$230,000 in 2014
- Deduction, based on cost basis, allowed in 2014
- Tax savings



Applications of CRTs During the Winter of Life

“When you are old and grey and full of sleep,
And nodding by the fire, take down this book,
And slowly read, and dream of the soft look
Your eyes had once, and of their shadows deep.”

William Butler Yeats



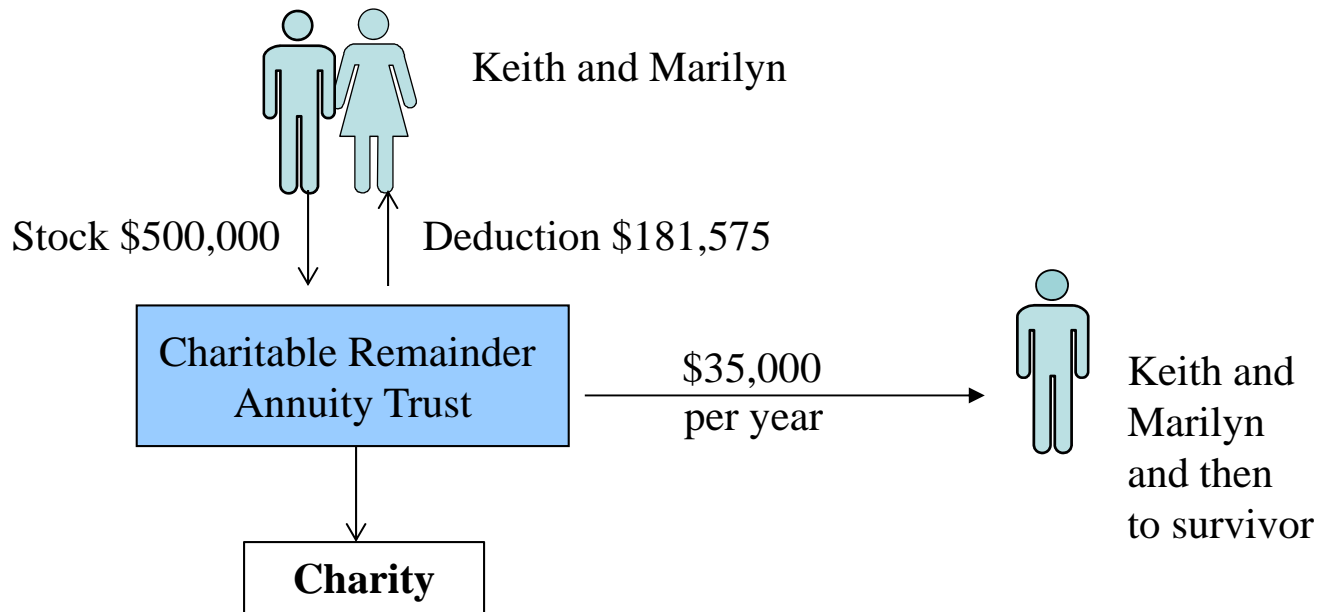


Objective: Provide Predictable Cash Flow During the Later Stages of Life





Case of Keith and Marilyn



Would a gift annuity have been a better alternative?



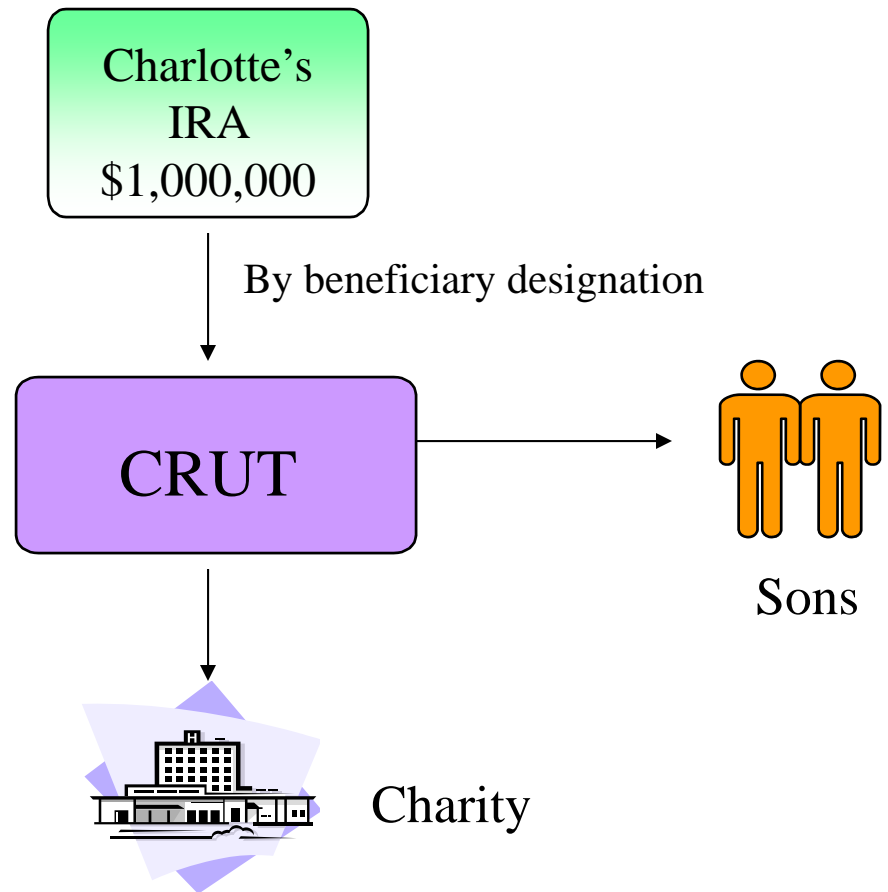
Objective: Provide for Heirs with IRA Funds Remaining at Death





Case of Charlotte

- Provides for sons
- Saves estate taxes
- Assures a charitable gift





Suggestions for Increasing the Number of CRTs

- Market them for different stages of life.
- Step-up marketing because of favorable factors.
- Show how CRTs can be funded with a variety of assets.
- Revise acceptance policies if necessary.
- Remove barriers.
- Be creative



The CRT

A trust for all seasons of life





Questions and Answers





Still Have a Question?

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