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Charitable Gift Annuity or Charitable Remainder Trust - which is right for you?

Charitable gift annuities work well for older donors with gifts between $10,000 and $100,000, or when the donor wants to be assured of regular, fixed income payments for their lifetime and/or that of another annuitant.

Conversely, charitable remainder trusts are advisable for younger donors with a larger planned gift of $100,000 or more who want to retain lifetime control over investment options, the charity recipient, and additional contributions to the trust over time. A CRT allows the principal and annuity payments to appreciate over the remaining lifetime of the donor and beneficiaries.

Charitable Gift Annuities	Charitable Remainder Trusts
Gift amount: $10,000 to $100,000	Gift amount: Typically $100,000+
Requires a simple contract - no legal fees	Requires a trust agreement - legal fees
Irrevocable gift transfer to charity	Irrevocable gift transfer to trust
Donor receives partial charitable deduction in current year and avoids capital gains tax on assets transferred to charity	Donor receives partial charitable deduction in current year and avoids capital gains tax on assets transferred to trust
Charity controls and manages assets	Trustee controls and manages assets with some limited input for investment decisions and additional contributions by donor
Charity responsible for payments to donor and/or annuitant(s)	Trust responsible for payments to donor and/or named beneficiaries
Payments received are partially tax free	Payments received are taxable
Recommended for older donors – guaranteed regular fixed income payments cannot begin before age 60	Recommended for younger donors and those who require income payments prior to age 60 - allows principal and annuity payments to appreciate over lifetime of donor and/or named beneficiaries
Payments are fixed for the lifetime of donor and/or one (1) annuitant, or two (2) annuitants	Payments are fixed amount (Trust) or fixed percentage (Unitrust) for the lifetime of donor and/or named beneficiaries
Charity has use of funds after death of donor and/or annuitant(s)	Trust assets transferred to charity after specified period or death of donor and/or named beneficiaries
Charity owns assets as of transfer date	Donor may change designated charity in trust document prior to transfer of assets

This document provides general information about gift planning and is not intended to provide individual financial, legal or tax information or advice. Unbound recommends that you speak with a tax adviser, financial adviser or attorney about how to make charitable giving part of your overall financial plan.