



HOBART AND WILLIAM SMITH  
COLLEGES

Office of Advancement

## Charitable Remainder Unitrust

A charitable remainder unitrust (CRT) is a separately invested and managed charitable trust that pays a percentage of its principal, re-valued annually, to you and/or other income beneficiaries you name for life or a term of years (up to a maximum of 20). You receive a charitable income tax deduction for a portion of the value of the assets you place in the trust. After the trust terminates, the balance is transferred to Hobart and William Smith Colleges to be used as you designate. A unitrust provides the most flexibility of the life income gift options.

### Is a CRT right for you?

A charitable remainder unitrust could be the right life income gift if you...

- would like to make a significant gift to The Colleges while retaining or increasing your income,
- hold appreciated property, such as securities, a closely-held business, real estate or partnership interests, and would like to avoid capital gains tax associated with a sale,
- want the opportunity for your income to grow over time, and,
- desire maximum flexibility in your gift, including choosing your payment percentage (5%-6% is typical), the person or entity who administers your gift and guide its investments, and the trustee which could be The Colleges.

### How does it work?

- You execute duplicate original trust agreements.
- The Colleges provides you and your attorney with a draft trust instrument.
- You irrevocably transfer cash, securities, or other property to fund the trust.
- You receive an income tax deduction and pay no capital gains tax on the transfer.
- The trust pays a percentage of its value each year to you and/or other beneficiaries you have named.
- When the trust ends, its remaining principal is transferred to The Colleges.

### What are the tax benefits?

- You will receive a federal income tax deduction for a portion of your gift.
- You will avoid all upfront capital gains tax on any appreciated assets you transfer to the unitrust.
- You may reduce your estate tax liability by removing a large taxable asset from your estate.

