Charitable Remainder Trust

A Gift & Income

Charitable Remainder Trusts (CRTs) provide high net worth individuals with a vehicle by which they can achieve their charitable giving goals, while realizing immediate tax savings and preserving income during the donor's lifetime. CRTs are typically used to replace a bequest by Will to charity, and are a particularly effective tool for those who wish to leave a large portion of their estate to charity, can comfortably give up capital in trust, and who have concerns with respect to probate fees, privacy, and estate challenges.

- Starting up a CRT is as simple as creating an *inter vivos* trust that names the donor as the life income beneficiary and the charity (or charities) of choice as the capital beneficiary (or beneficiaries).
- Naming the donor as the income beneficiary provides a stream of income for life (or term) which can be used at the discretion of the donor.
- Naming the charities as the capital beneficiaries provides the donor with an immediate donation receipt for the present value of the donation that is expected upon passing. This tax receipt can be used as if the donation was made in the current tax year. This is especially effective tax-planning for those who will lose tax credits upon passing due to insufficient claim room.

In order to qualify for a donation receipt under the CRT rules:

- A CRT must be irrevocable and the capital cannot be encroached upon.
- The capital beneficiaries may not be changed once the trust has been established.
- CRTs require a minimum of $300,000 to establish.

As with all tax-planning and trust strategies, CRTs should be discussed with a qualified professional. If you do not already have an advisor and would like more information, please see the contact details below for Wealth Advisor Mo Vikrant at ScotiaMcLeod.

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