More Information About Charitable Remainder Unitrusts

A **charitable remainder unitrust** is a way to make a future gift to Diocese of Oakland that first allows a donor to retain needed income. But unlike a charitable remainder annuity trust, the income from a unitrust can fluctuate over time with the value of the assets placed in the trust.

You determine the annual payment percentage when the gift is made. Each year this percentage (at least 5%) of the value of the trust assets is paid to you or others you name. If the value of the trust investments increase, more income is received. The income will be less if the value of the assets in the trust declines.

Example

If George had instead chosen a **unitrust** paying 5 %, the first year the income would be 5% of $250,000, or $12,500. Next year, if the assets are worth $275,000, the trust will pay $13,750 (5% of $275,000). If the value of the assets is less next year, the trust income will adjust by a corresponding percentage.

Like the charitable remainder annuity trust, capital gains tax is avoided at the time the trust is created. The charitable remainder unitrust can be an excellent way to provide for more income today with the possibility of more growth if trust investments increase in value in future years.

To summarize the benefits received:

1. A lifetime income of 5% of the amount of the trust assets as valued each year. The first year he would receive 5% of $250,000, or $12,500.
2. No capital gains tax is due when assets transferred to the trust are sold.
(A portion of future payments may include part of the capital gain and may then be taxed at lower rates.)
3. An immediate charitable income tax deduction of over **$149,665**. (The charitable income tax deduction may be carried forward for as many as five years if the deduction is more than can be used in the year of the gift.)

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