WHAT IS A CHARITABLE REMAINDER TRUST?

Creating a charitable remainder trust is a great way to make a gift to Villanova University, receive fixed payments and defer or eliminate capital gains tax. It provides a steady cash flow and can be more beneficial for you as the donor than keeping an asset or selling it outright.

In a charitable remainder trust, you would transfer assets to Villanova. The University, as trustee, then provides you with regular payments. Once the agreed upon term of the trust is over, Villanova receives what is left—the “charitable remainder”—of the trust assets. Charitable remainder trusts fall into two major categories, each with particular advantages and benefits to you based on your particular financial and philanthropic objectives. A charitable remainder unitrust (CRUT) offers payments that vary according to investment performance from year to year. A charitable remainder annuity trust (CRAT) offers fixed payments based on initial trust value.

GUIDELINES FOR CHARITABLE REMAINDER TRUSTS

- Minimum amount to open a charitable remainder trust with Villanova is $100,000
- You must be at least 50 years old
- A charitable remainder trust can be funded with cash, securities or property
- You determine the beneficiary or beneficiaries who receive the payments
- You may designate multiple individuals to be the beneficiaries
- Payments may be received over a lifetime or a period of years (up to 20 years)

It's really a win-win situation for us. The trust is managed exactly the way I would have managed [the funds] without a charitable trust.

- Thomas ’69 BS, ’71 MA, EdD, and Diane ’82 MS Treacy Members, 1842 Heritage Society
CHARITABLE REMAINDER UNITRUST (CRUT)

A charitable remainder unitrust 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. The deduction can be spread out over six consecutive years. After the unitrust terminates, the balance or “remainder interest” comes to Villanova to be used as you designated when you established the unitrust.

You can use almost any asset to fund a unitrust, including cash, publicly traded stocks and bonds, closely held stock, partnership interests and real estate. You can tailor your unitrust to meet many financial or estate planning goals. You can choose to receive income beginning immediately or you can structure the trust and its investments to defer most of your income to a future time.

Benefits

- Satisfaction of knowing your gift will help generations of future Villanovans
- Receive a charitable income tax deduction for a portion of your gift
- Avoid all upfront capital gains tax on any appreciated assets you transfer to the unitrust
- Reduce management headaches and estate tax liability by removing a large taxable asset from your estate
- Flexibility of adding additional assets to the trust at future dates
- Assets can be managed through a trustee relationship with Villanova or through your own investment advisors
- Membership in Villanova’s 1842 Heritage Society

CHARITABLE REMAINDER ANNUITY TRUST (CRAT)

A charitable remainder annuity trust is a separately invested and managed charitable trust that pays you, and/or other beneficiaries, a fixed annuity for your lifetime or for 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. The deduction can be spread out over six years. By law, no additional gifts to the trust are permitted once the trust is initially funded. After the annuity trust terminates, the balance or “remainder interest” comes to Villanova to be used as you designated when you established the trust.

Benefits

- Satisfaction of knowing your gift will help generations of future Villanovans
- Receive stable, predictable income equal to no less than 5% of the original gift
- Receive income that may be taxed favorably
- Avoid all upfront capital gains tax on any appreciated assets you contribute to the annuity trust
- Reduce your estate tax liability
- Retain the same tax-free opportunities as enjoyed with tax-free bonds
- Membership in Villanova’s 1842 Heritage Society

The 1842 Heritage Society honors individuals who pledge to support the University through estate gifts and life-income gifts. Members enjoy special recognition events and communications from the University President.