

Charitable Remainder Trusts

A charitable remainder trust (CRT) is a planned gift whereby a donor makes an irrevocable gift to a charity through a trust agreement. The donor transfers property (e.g.: cash, securities, bonds) to a trustee (yourself, another individual, a financial institution or a trust company) who holds and manages it. The net income will be paid to the donor and/or other named beneficiary(ies). When the trust terminates either at the death of the beneficiary(ies) or after a term of years, the trust remainder is distributed to the charity. The donor is immediately (at the time of the establishment of the trust) entitled to an official tax receipt for the present value of the donated residual interest.

Benefits of Creating a Charitable Remainder Trust:

- The donor can arrange a significant gift immediately and lives comfortably on the income generated from the gift for life.
- The donor will receive an immediate donation receipt for the present value of the remainder trust. The receipt can be used immediately in the year the CRT is funded and carried forward for five more years, allowing for effective estate planning while alive.
- The CRT effectively removes assets from the donor's estate, thus avoiding probate and other estate fees.
- Capital gains are frozen when donated to the trust and dealt with at today's value. Only those gains attributed to the residual interest are recognized.
- The donor will have the freedom from the responsibility of managing the property if the trustee is someone other than the donor himself or herself.
- The Trust retains the donor's assets until death, at which point The Scarborough Hospital Foundation will receive the remainder of the property in the Trust.
- The Scarborough Hospital Foundation is guaranteed to receive a gift of the remainder trust at the termination of the Trust.
- The gift will advance healthcare in Scarborough.

For more information on charitable remainder trusts, please contact Verna Chen, Director, Stewardship and Legacy Giving at 416-438-2911 ext. 6040, or via e-mail at vchen@tsh.to

This information provided is general in nature, does not constitute legal or financial advice, and should not be relied upon as a substitute for professional advice. We strongly encourage you to seek professional legal, estate planning and/or financial advice before deciding upon your course of action.