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## *Charitable Remainder Trusts*

Charitable Remainder Trusts are irrevocable Living Trusts. The Grantor retains the right to receive income from the Trust for the rest of his or her life. At his or her death, the money remaining in the Trust goes to a specific charity. Because the Trust is irrevocable, the charitable donation is “locked in” when the assets are placed in the Trust. Therefore, the Grantor is immediately able to take a charitable deduction on his or her income tax return (based on a “present value” formula). These tax deductions can have very significant value.

In addition, once an asset has been placed in the Trust, it may be sold and reinvested free of capital gains tax consequences. It is particularly effective to fund these Trusts with highly appreciated assets.

The real value of this device is best obtained if the tax savings from the charitable deductions are used to purchase a life insurance policy (owned by someone other than the parent). This replaces the money given to the charity. These types of Trusts are only used where there is an underlying charitable interest.

*Assets placed  
in a Charitable  
Remainder  
Trust can be  
sold without  
capital gains  
tax.*

For a FREE copy of Mark Reckman's Estate and Medicaid Handbook visit [www.WoodLamping.com](http://www.WoodLamping.com) or call (513) 852-6000