Giving and getting back

Often, people think that if you set up a Charitable Remainder Trust (CRT), your heirs will resent you for what they may have perceived as their money. Not necessarily true.

Below is a summary of a CRT setup wherein Laguna Cayon Foundation was the trustee and one of the charities to receive the remainder funds. During the donor's lifetime it was to pay income to them and the survivor of the them and then pay their beneficiaries (nieces & nephews) for 15 years. This trust recently concluded. We have removed the names in the interest of privacy, but the numbers are real.

Last century (1996) Peter Kote helped this couple set up their CRT. The trust started with about $1.3 million. During their lives of 10 years, they took out 8% per year. Over their lives, this amounted to about $1.0 million.

When the second of them died, the trust switched to a term of 15 more years. Over this time their 6 beneficiaries continued to take out 8% of the value. This amounted to over $1.5 million.

You might ask how SO much money could come out. The simple answer is good financial management which increased the value of the CRT most years. This entire time it was invested in the stock market in a well-diversified 60/40 portfolio using index funds.

When the 15-year term ended, the remaining funds went to four charities they designated. The charities split $1.350 million according to the percentages listed in the trust.

So a Charitable Remainder Trust CAN provide a good return during your lives and for a long term of years for your beneficiaries. Your beneficiaries may thank you rather than resent you for including them in your Charitable Reminder Trust. Ask us about how this can work for your situation.