

# The eStatePlan™ Charitable Trust

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America has long been recognized as the most charitably-inclined society in the world. Certain foreign charities have publicly stated that they receive more donations from America than all of the other countries of the world combined. Charitable giving was a factor even among the colonists and steadily grew to become a significant part of our culture over the past 400 years. In fact, donative receipts show that Americans gave a record \$471 billion to charity in 2020. Americans are charitable!

## Customary Charitable Giving of Immediate Interests

As a general overview, when an American taxpayer donates directly to a qualified charity – typically to an IRC §501(c)(3) entity – and the charity may use the gift in that same year (or soon thereafter), *the taxpayer is making an “immediate” charitable gift.* The fair market value of the donated asset is the value of which the taxpayer may deduct, dollar for dollar, 30%-50% from his Adjusted Gross Income (AGI) based on the type of gift (cash or appreciated property, etc.). If the value of the gift exceeds the maximum allowable deductible percentage of the AGI, then the “unused” deduction amount may be carried forward over the following five years if necessary.

Recent tax law changes have nevertheless made the process of implementing charitable giving, with the intent of maximizing tax-saving benefits, more complicated. But there is an alternate, charitable giving method available *only with the use of trusts* that can provide additional/significant benefits to taxpayers.

## Trust-Controlled Charitable Giving with Split Interests

Charitable remainder trusts are “split interest” plans that allow creator/taxpayers to make irrevocable, “deferred-gift” contributions to such trusts, which shall eventually pass to the named charitable beneficiaries. The split-interest feature allows the taxpayer to name himself as the beneficiary of a lifetime income stream from the CRT – or for a term of up to 20 years to one or more non-charitable beneficiaries (including himself). The charity(s) shall receive the remainder of the donated assets at a later date (i.e.) after the defined termination of the CRT.

There are two primary types of charitable trusts: **Charitable Remainder Trusts (CRTs) & Charitable Lead Trusts (CLTs)**. CRTs can provide taxpayers with significant benefits including (i) income and estate tax savings, (ii) avoidance of long-term capital gains tax, (iii) increased income from appreciated property (otherwise having a low interest rate

of return), **(iv)** controlling the terms of disposition/amounts of income for themselves and/or family members over a period of time, and **(v)** determining what sector of society (i.e., which charity[s]) will benefit from a given portion of their estates.

CRTs can be established as "income only", income w/makeup", or "straight percentage" unitrusts (CRUTs), or as fixed-percentage annuity trusts (CRATs). And each provides the legal structure for the controlled, *split-interest* segment of charitable giving. Either of the CRT formats can provide lifetime income-stream benefits to the creator(s) and, if so elected, to family members for a term of up to 20 years beyond the life of the creator(s).

NOTE: Often times CRT creators will establish "Wealth Replacement Trusts" (Irrevocable Life Insurance Trusts) to replace the estate value otherwise allocated to the charity through the CRT. That occasion is more common when the charitable allocation is significantly large in value.

### **The eStatePlan™ Charitable Trust**

*The eStatePlan™ Charitable Trust* is provided as an exclusive offer on a unique, fully digitized processing platform (Integrated Trust Systems). It is available as either a "straight-percentage payout" CRUT or as a CRAT, by selection through the CRT Data Entry line-item on The eStatePlan™ Ancillary Orders Table. It is generated *automatically* from the data submitted through The eStatePlan™ Data Entry page and becomes an "Irrevocable "Subtrust" of The eStatePlan's Revocable Living Trust when created.

The eStatePlan corporate trustee of record is the default-selected trustee of the (CRT) Charitable Trust. However, the creator/taxpayer may name himself as the trustee of the Charitable Trust as long as he obtains the services of a professional administrative agency to perform the reporting/filing duties required with qualified charitable trusts.

Just as with all other applied documents of The eStatePlan, the Charitable Trust is *electronically implemented* under Nevada law. That makes the entire process very fast and efficient as well as convenient for all parties, including the creator/taxpayer.