



Charitable Remainder Trust

A **Charitable Remainder Trust** is a way of giving assets to **The Foundation Fighting Blindness** through a trust agreement. A **Charitable Remainder Trust** can be established by contributing cash, bonds, stock securities, mutual funds or real estate to a trustee who then holds and manages it. You may choose a **Charitable Remainder Trust** because you have an asset that you would eventually like to give to **The Foundation Fighting Blindness**, but you need the income it now provides, or you may not wish to part with the asset now.

Charitable Remainder Trust – The Benefits to You

- **Income** –Your Trust can provide you with a lifetime income.
- **Tax Advantages** – A tax receipt is issued when assets are transferred to a Trust that names The Foundation Fighting Blindness as the capital beneficiary.
- **Tax Advantages** – The five-year carry forward provision allows effective tax planning while alive, rather than the one-year carry-back provision upon death.
- **Tax Advantages** – Beneficial treatment of capital gains. If appreciated property is donated to the Trust; only those gains attributed to the residual interest are recognized.
- **Tax Advantages** – The capital gains are frozen and are dealt with at today's value.
- **Worry-Free Management** – Your Trust can be managed professionally freeing you from daily investment decision or market concerns.
- **Eliminates Probate and Estate Fees** – Your gift is not subject to probate fees and other estate costs.



- **Avoids Will Challenges** – Trust assets are not considered part of your estate.
- **Protects Privacy** – By transferring assets to a Trust, your decision is private.
- **Control** – The Trust retains your assets until death, at which point **The Foundation Fighting Blindness** will receive the remainder of the property in the trust.
- **Recognition** – You and your gift can be honoured during your lifetime.

How does it work?

You receive a donation receipt for the present fair market value of the remainder interest calculated by a Canada Revenue Agency (CRA) formula, which takes into account your life expectancy and the present value of the property being transferred into the trust. Valuations are required to determine a value of the remainder interest so a tax receipt may be issued.

Cost?

The total cost of establishing and administering the trust must be weighed against the future reduction of tax and other benefits before creating a trust. The assets within the **Charitable Remainder Trust** should be worth at least \$150,000 to offset management fees.

Important points to remember include:

- The transfer of assets to the trust is irrevocable and cannot be changed.
- The amount of the tax receipt is determined by a formula set by the Canada Revenue Agency (CRA) – which takes into account your life expectancy and the present value of the assets.
- Valuations are required to define a value of the remainder interest.

If you are thinking about transferring assets that have appreciated in value, you should seek expert advice from a tax specialist or financial planner.