

Charitable Remainder Trust

Generate Income and a Charitable Gift with Flexibility



Are you thinking about selling appreciated property but are concerned about capital gains? Or maybe you're seeking retirement income for yourself, a spouse or other family member?

Consider giving to San José State through a charitable remainder trust (CRT). A CRT gives you tax advantages and allows you or a loved one to receive income for the rest of your life or term of years.

You can place cash or property in a trust that pays you a fixed income or one that changes with market conditions. You can start receiving payments immediately, or defer them to increase your charitable income tax deduction.

After your lifetime, the remainder of the trust transfers to SJSU.

How it works

- You transfer cash, appreciated stocks, real estate or other assets into a trust established by you and your chosen trustee. Your trust should be prepared by legal counsel. The Tower Foundation of San José State University may be able to serve as trustee under certain circumstances.
- You receive an immediate tax deduction for the charitable portion of your trust.
- The trust makes regular payments to you or a beneficiary you designate.
- Upon the beneficiary's death or after a defined period of years, the remaining assets in the trust transfer to SJSU for the purpose you chose.

Benefits

You can choose from among these options for your Charitable Remainder Trust:

- An annuity trust pays you a fixed dollar amount.
- A standard unitrust pays you an amount equal to a fixed percentage of the net fair market value of the trust, calculated annually. Your payment will fluctuate with the performance of the investments within the trust.
- A net income unitrust pays you the lesser of the fixed percentage specified by the trust agreement or actual trust income. Some net income unitrusts allow you to make up deficiencies of past years.
- A FLIP unitrust is ideal for receiving appreciated property and selling it within the trust tax free.

A portion of the income you receive from the CRT may be a tax-free return of principal, while some is taxed as ordinary income or capital gains.

You may be looking for a way to provide your children with income while making a gift to SJSU. Transfer your IRA at death to a term of years unitrust. The unitrust will pay income to your family for a number of years and then distribute the balance to SJSU.

For more information, contact Randy Balogh, SJSU director of planned giving, at 408-924-1123 or randy.balogh@sjsu.edu.



Ruth Yaffe was the first woman tenured professor in chemistry at San José State. She taught for 35 years, helping more than 500 undergraduates apply to graduate programs in science, medicine and law. Not needing her parents' former home, she decided to donate it to SJSU to fund a charitable remainder trust, which will later establish endowed scholarships for future Spartans.

She received an immediate tax deduction and avoided capital gains tax on the property.

"I receive payments from the trust for the rest of my life—after which point the university receives the remainder to fund scholarships forever! A win-win situation," she says. "SJSU had been my focus, and it seemed natural to support it."