§ A FIELD GUIDE FOR REFERRAL PARTNERS

Three CRT strategies worth knowing.

Our **referral checklist** covers the basic question: is this client even a candidate? This is the next tier up. Three situations where a charitable remainder trust does something almost nothing else can - and where bringing us in early makes the difference.

You don't need to run any of this math; that's our job. The goal is simply to help you recognize the setup when it walks into your office, so the right conversation happens at the right time.

WHAT'S INSIDE

STRATEGY 01

The real-estate flip CRUT.

For the client sitting on appreciated, hard-to-sell real estate they'd love to exit - if it weren't for the tax bill.

WHO IT FITS	A client with appreciated, illiquid real estate - a commercial building, raw land, a family cabin, a rental portfolio - who wants out but is frozen by the capital-gains tax on a sale.
THE PROBLEM	A standard CRUT owes a fixed percentage of its value every year. With an unsold building inside it, there's no cash to make that payment - and no clean way to value it annually. So a plain CRUT doesn't work for real estate.
HOW IT WORKS	The trust starts in **net-income mode**, so it only owes what income it actually has - close to nothing while it just holds the property. When the property sells (the "trigger"), the trust **flips** on January 1 of the next year to a standard fixed-percentage CRUT and begins normal payouts on the reinvested cash.
THE TAX PAYOFF	The property is sold **inside the trust free of immediate capital-gains tax**, so the full value stays invested. The donor gets a partial deduction up front and an income stream after the flip; the remainder goes to charity.
THE CATCH	The trust has to be structured and funded before the sale, with the flip trigger written correctly. Debt-financed property is a problem (see Debt on the asset), and a qualified appraisal is required. Get the sequence wrong and the benefits unwind.

BRING US IN WHEN

A client mentions an appreciated property they're reluctant to sell because of the tax - especially before anything is under contract. Timing is everything here.

STRATEGY 02

The testamentary stretch-IRA CRT.

For the client with a large IRA who wants to leave an heir a long income stream - not a ten-year tax squeeze.

WHO IT FITS	A client with a **large IRA or qualified plan**, an heir who'd benefit from income spread over a lifetime rather than a lump, and some charitable intent.
THE PROBLEM	The SECURE Act ended the old "stretch IRA." Most non-spouse heirs now have to **empty an inherited IRA within ten years or less**, often bunching a large taxable distribution into their peak earning years.
HOW IT WORKS	The client names a testamentary CRT as the IRA's beneficiary. At death the IRA pays into the trust with no immediate income tax, and the trust then pays the heir(s) an income stream for life or a term of up to twenty years. Whatever remains goes to charity.
THE TAX PAYOFF	It recreates the stretch - the IRA's value is paid out and taxed gradually over decades instead of compressed into ten years, which usually means a lower lifetime tax bill for the heir(s), and significantly higher overall economic value.
THE CATCH	The trust must clear the 10% remainder test, so the heir(s) can't be too young. And the charity ultimately receives the remainder - this fits families who are genuinely charitably inclined, but not always those who want every dollar to the heir.

BRING US IN WHEN

A client has a sizable IRA, younger or income-focused heir(s), and at least some charitable intent. It's one of the cleanest answers to "what replaced the stretch IRA?"

STRATEGY 03

The NIMCRUT, for income timing.

For the client who cares less about how much income, and more about when it lands - so it falls in lower-tax years.

WHO IT FITS	A donor who has a **liquidity event now**, whose **income is inconsistent** (a business owner with variable years), or whose income is **set to drop significantly later** (someone in peak earning years now, heading toward a lower-income retirement).
HOW IT WORKS	A NIMCRUT pays the **lesser of its set percentage or the trust's actual net income**, and keeps a "makeup account" tracking any shortfall. While the donor wants to defer, the trust is invested for growth rather than income, so payouts stay low and the makeup balance builds.
THE LEVER	Later - when the donor's other income falls - the trust generates income and pays out the accumulated makeup. The same total dollars arrive in lower-bracket years instead of high-bracket ones.
THE TAX PAYOFF	**Bracket arbitrage.** Deferring income out of high-earning years and into lower-earning ones raises the after-tax value of the very same income stream.
THE CATCH	It takes **deliberate coordination with the investment advisor** on how the trust is invested over time. In lean years the donor may receive less than the stated percentage, and the makeup only pays out to the extent later income exceeds the percentage.

BRING US IN WHEN

A donor has a liquidity event today, their income is lumpy or will step down later, and they'd value control over the timing of the trust's income. This is where the NIMCRUT structure earns its keep.

04 THE GUARDRAILS

A few rules that decide whether it works.

None of these are reasons to avoid a CRT - they're just the things that have to be right. When one's in play, that's the cue to get us involved early.

THE HURDLE

The 10% remainder test

At setup, the actuarial projected value left for charity must be at least 10% of what went in. Younger beneficiaries and longer terms push that remainder down - so very young income recipients can fail the test. It's a one-time hurdle at the start.

THE LIMIT

Deduction & AGI limits

The up-front deduction equals the present value of the charity's remainder interest - not the full gift. For appreciated non-cash gifts it's generally subject to AGI limits, with a multi-year carryover for anything the donor can't use in year one.

LANDMINE · 1

Pre-arranged sales

The asset has to go into the trust before any sale is too far along. If a buyer and terms are effectively set first, the IRS can treat the gain as the donor's - taxing the sale as if they'd sold it themselves and erasing the whole benefit. The sequence has to be clean: gift first, sell second.

LANDMINE · 2

Debt on the asset

If an asset carries a mortgage or other debt, that debt generally has to be moved or paid off elsewhere before the gift - otherwise the economics of the deal generally don't work. Sorting it out up front is part of making the strategy viable.

CHOICE · 1

CRUT vs. CRAT

A CRUT pays a percentage of the trust's value, recalculated yearly - it flexes with the assets and allows additions. A CRAT pays a fixed dollar amount set on day one. In practice almost everything we do is a CRUT; CRATs are rare.

CHOICE · 2

Income recipient(s)

Who receives the income - and how many - is a real design choice: one life, two, or more; successive or concurrent; a term of years up to twenty. It drives the income, the deduction, and whether the trust clears the 10% test, so it's decided deliberately at the start, not by default.

THE SHORT VERSION

Clear the 10% test, determine income recipient(s), avoid pre-arranged sales, remove debt, use a CRUT in almost every case, decide on the CRUT flavor, and set expectations on the deduction. Miss one and a good plan can unravel - which is exactly the part we handle.

§ HOW WE WORK WITH YOU

You keep the relationship. We handle the trust piece.

None of these strategies require you to become a CRT specialist. They just require you to recognize the setup and make a call. We'll model it, explain it in plain English to you and your client, and stay in our lane - charitable trust taxation, and nothing else.

If a CRT isn't the right tool, we'll say so early and point to something simpler. Saying no when it's the honest answer is part of how we protect the relationships our referral partners trust us with.

THE FIRST CONVERSATION IS FREE

Have a client who fits one of these? Send them our way, or call us first to talk it through. We'll tell you within about thirty minutes whether it's worth pursuing.