NewEdge WEALTH

Choose Your Own Adventure:
A Journey Through Charitable Giving Options

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Donor Motivations for Giving

Donor's philanthropic goals often fall into at least one of the three categories:

1. **Philanthropic intent:** Desire to financially support charities.

   - In some circumstances, a deduction is less important than the charitable support.
   - In addition, sometimes people let the tax "tail" wag the investment "dog." Meaning, they forget that to get a 30% deduction, they are giving away the other 70% of that dollar.

2. **Family values:** Wanting their family (children and grandchildren) to become more involved in charitable pursuits, or:

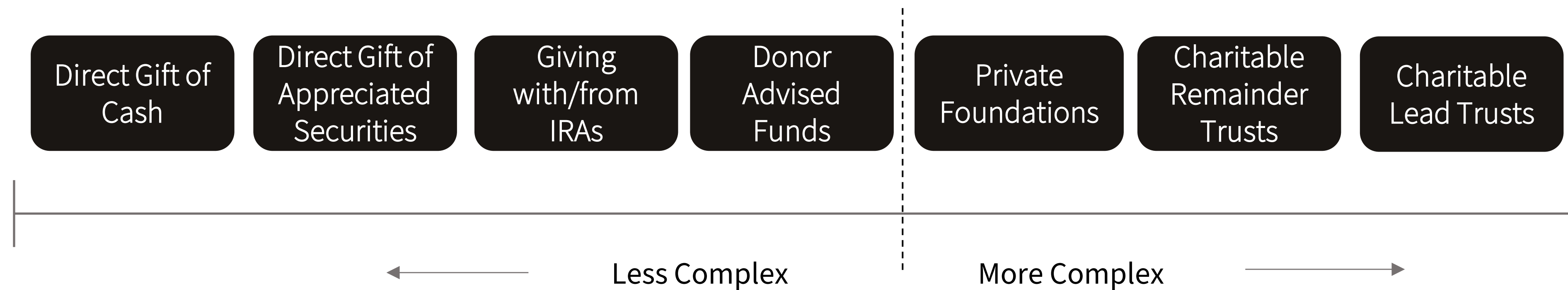
   - Encourage subsequent generations to be more participatory in philanthropic decisions (Foundations work well here).
   - Provide an income stream currently to family members, while leaving other funds to charity.
   - Wish to defer transferring wealth to subsequent generations until they are more mature.
   - Desire to maintain control over assets earmarked for charitable purposes.

3. **Tax Benefits:** Income and/or Estate, Gift or GST Tax Avoidance. Goals might include:

   - Accelerating income tax deductions, especially in high income tax years.
   - Getting income tax deferral with immediate investment diversification.
   - Efficient inter-generational wealth transfer, by pairing family gifts with charitable giving.
   - Reducing the estate tax at death by using charitable vehicles.

Philanthropic Giving Options – Seven Ways to Give Philanthropically

Picking the right method for you, based on what you hope to accomplish via your philanthropy.



Two quick items as an aside: Other than as mentioned here, **Charitable Gift Agreements** ("CGAs") will not be covered as a separate charitable giving vehicle for this presentation. CGAs are contractual agreements directly between a Donor and a charity. The deductibility and even the timing of the gift itself, as well as the commitments the charity and the Donor make to each other, are found in the CGA contract itself, and may contain aspects of charitable giving addressed elsewhere in this presentation, including but not limited to direct gifts of cash, gifts of appreciated securities, and Adjusted Gross Income (AGI) limitations applicable to gifts to public charities.

In addition, there will be a little bit on **Social Welfare Organizations (501(c)(4)s)** after Private Foundations.

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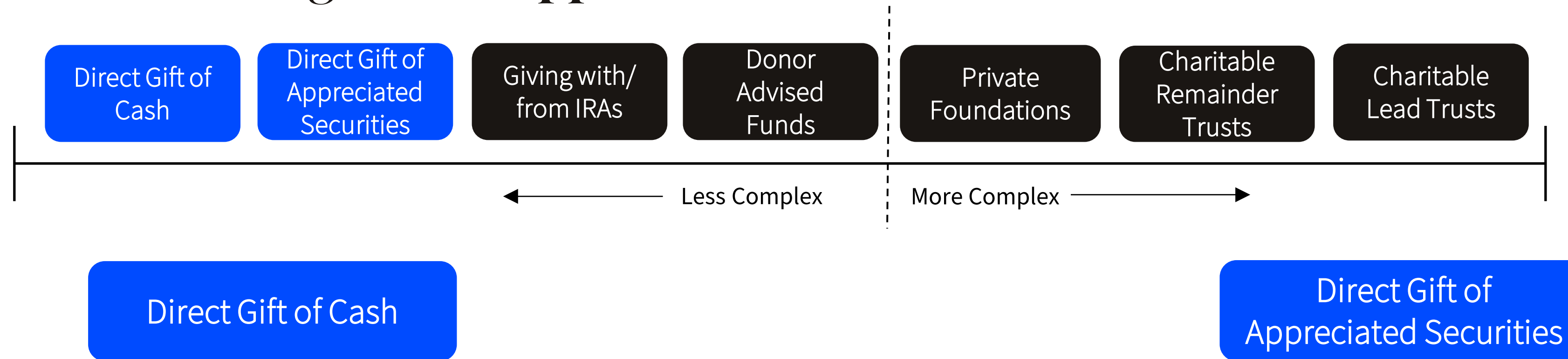
Gifts of Cash *or* Long-Term Appreciated Securities



Direct Gift of Cash

- The easiest method of charitable giving.
- Up to a full deduction of cash contributions to charity, subject to AGI (adjusted gross income) limitations.
- AGI limitations tend to be higher (i.e. you can gift more)
- **Best for:** Small gifts, or where organizations don't accept in-kind donations.

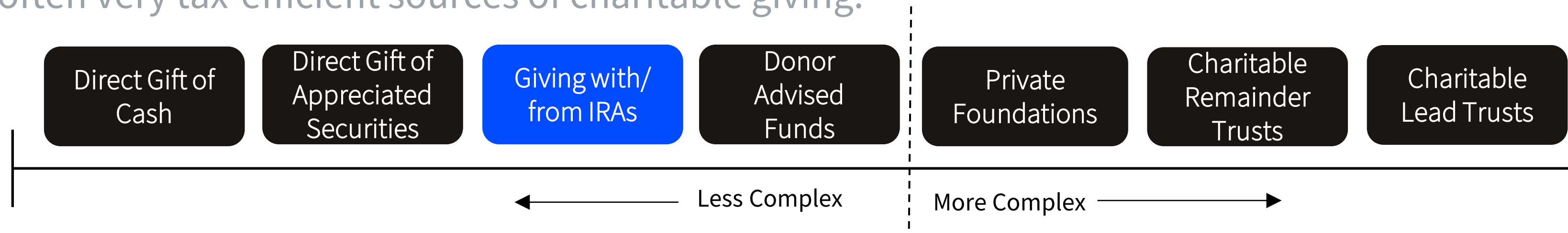
Direct Gift of Appreciated Securities

- Gifts of *long-term* capital gain property can get a deduction of its **fair market value**, with certain AGI limitations.
- **Danger zone:** Gifting securities held *less* than one year only allow a deduction of *basis.* Don't make a mistake and accidentally gift short-term stock.
- **Primary benefit:** This allows the Donor to avoid capital gains tax on unrealized appreciation, *and* to get a deduction.
- **Best for:** Donors with highly appreciated stock, held at least one year.

**All deductions are potentially limited by your Adjusted Gross Income (AGI), according to tax laws. For more information, speak to your tax advisor. Note: Charitable Contribution Carryover – If you can't deduct all your donations in the year in which you made the gift, you can carry forward those deductions for up to five years only.*

IRA Method #1: Qualified Charitable Distributions ("QCDs") from IRAs

IRAs are often very tax-efficient sources of charitable giving.



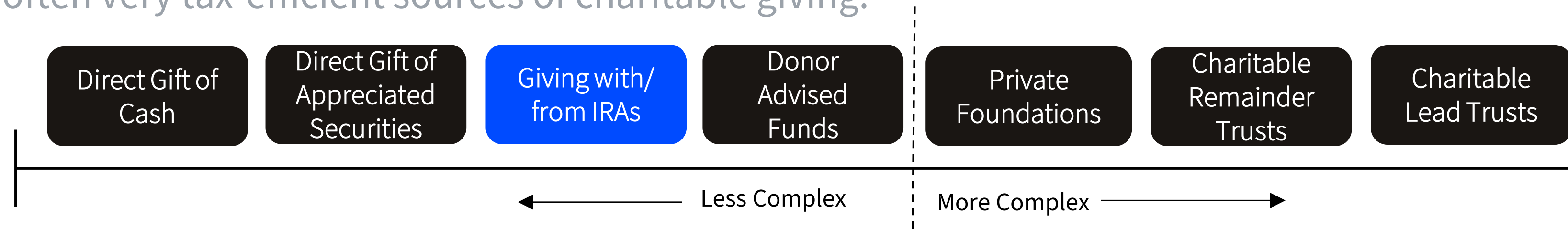
An IRA owner who has reached **at least age 70 ½*** may request that the IRA make charitable distributions from the IRA directly to one or more charities, not to exceed **$105,000 per year in 2024, or $108,000 in 2025**. This is called a "Qualified Charitable Distribution" (QCD), and it excludes the distribution from income taxation. (Spouses can each do their own QCD.)

- The QCD rule distributions from age 70 ½, even though the RMD age has increased to age 72, because it existed before the RMD age increase. However, the IRA owner must actually be at least 70 ½, not only be within the year they turn 70 ½.
- These Qualified Charitable Distributions (QCDs) are not deductible, because instead, **they won't be included in your taxable income** at all. This may cause more favorable tax treatment than taking a regular distribution and then taking a charitable deduction, as it may allow you to remain in a lower income tax bracket. This is also relevant if you might otherwise phase out of tax benefits based on higher income.
- **Donor action required:** Note that your IRA "Trustee" (administrator) reports your IRA distributions on your 1099-R tax form to the IRS as a "taxable" distribution made to the IRA owner, whether it was a QCD or not. The 1099-R form doesn't have a spot to code it as a QCD. Therefore, the IRA owner should inform their tax preparer that they made a QCD directly to charity, so that it can be properly reported on the IRS owner's tax return.

IRS Publication 590-B, "Distributions from individual Retirement Accounts" (IRAs).

IRA Method #2: Naming Charities in IRA Beneficiary Designations

IRAs are often very tax-efficient sources of charitable giving.



For individuals considering leaving bequests to charities at their death anyway, it is often much more income tax efficient to use **traditional IRAs** to fulfill those charitable intentions, rather than leaving IRAs to family and cash to charities.

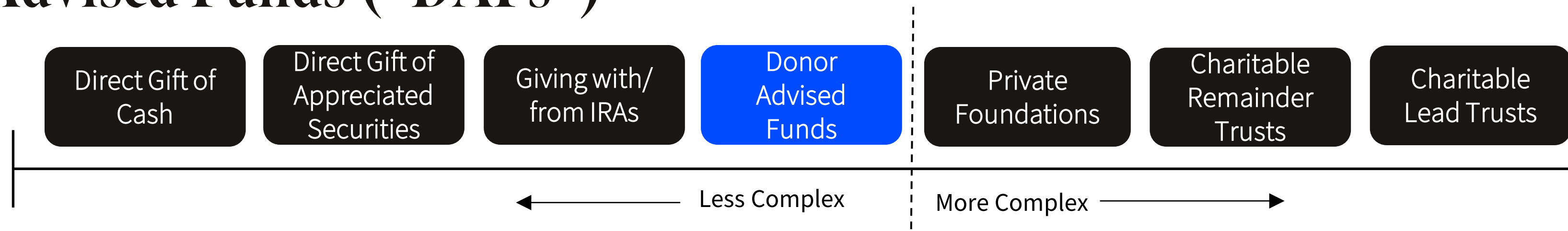
- **Traditional IRA Rules** -- Distributions from traditional IRAs to individuals are taxed to the recipient at ordinary income tax rates.
    - *Example 1:* $500,000 to charity + **$500,000 IRA to Family**, withdrawn immediately: assuming a 30% Federal + State tax rate:

      Charity gets all $500,000 (no income tax) and **Family only gets $350,000** ($500k - $150k in income taxes).

- **Leaving Traditional IRAs to Charity Instead** – IRA funds left to charity will not be subject to income tax at all, because the charity is a tax-exempt entity. Other funds equal to the IRA could be left to heirs instead; those bequests would not be subject to ordinary income tax, and presumably got a step-up in basis, so capital gains should be minimal as well.
    - *Example 2:* **$500,000 traditional IRA to Charity** + $500,000 outright to Family:

      Charity gets all $500,000 (no income tax) + **Family gets $500,000**. The only tax is capital gains (if sold) since date of death.

Donor Advised Funds (“DAFs”)

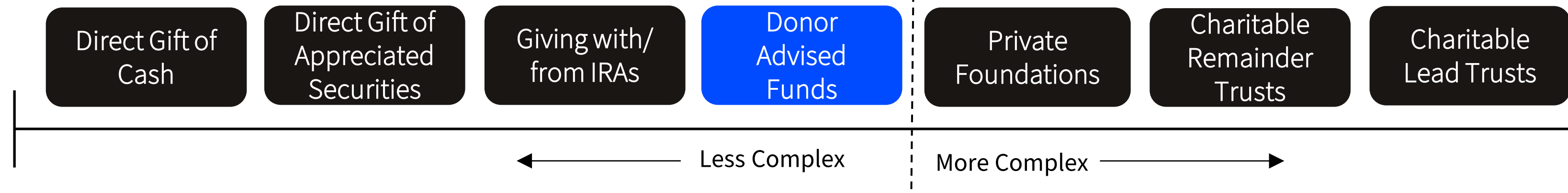


A **Donor Advised Fund (“DAF”),** sometimes also called a **Charitable Gift Fund**, is a charitable investment vehicle that allows the donor to get an immediate charitable deduction for current contributions made to the DAF now, even if the actual disbursement of DAF funds to charities happens in future tax years. This is an irrevocable charitable donation and cannot be undone.

- **Process** – A Donor “recommends” that donations from the DAF be made to charities in particular amounts. The DAF makes the final determination as to the charitable recipient and the amount of the distributions. This structure, unlike a Private Foundation, has no minimum annual distribution requirement. Donors can also select their own successors to be the next “Advisor.”
- **Deductibility** – The Donor can take a full tax deduction, subject to AGI limitations, for contributions made to the Donor Advised Fund in the year of the contribution.
- **Tax-free growth** – The assets grow income and capital gains tax-free, similarly to an IRA, but are entirely for charity.

Donation to DAFs are considered donations to public charities, and the corresponding AGI limitations. https://wwwirs.giv/pub/irs-leg/donor_advised_explanation_073108.pdf. Excess contributions can be carried forward for up to five years. IRS Publication 526, https:www.irs.gov.pub/irs-pdf/p526.pdf. Page 19.

Donor Advised Funds (“DAFs”), Continued



Donor Advised Funds used to sometimes be called a “poor man’s private foundation,” but these days, they get used by everyone due to their administrative convenience and increased privacy.

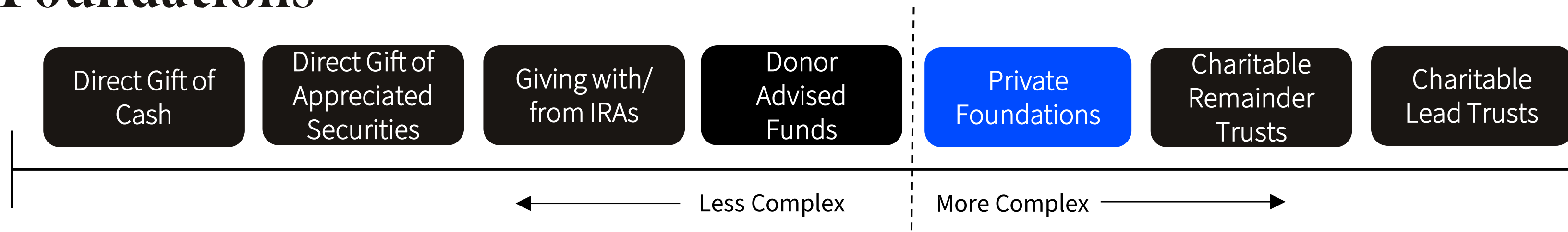
Disadvantages of DAFs, Compared to Private Foundations

- Donor does not have sole authority on distributions, but can make recommendations; DAFs usually approve recommendations
- DAFs often have higher fees than a pure investment management account, as most DAFs charge fees to cover both the investment management fee and an administrative fee
- Many DAF custodians only permit investments in “model” portfolios
- DAF funds should not be used to fulfill pledges
- Because distributions are not required, funds may never actually help charities, despite the deduction

Advantages of DAFs over Private Foundations

- Low barrier to entry in general; permits low initial or subsequent contribution amounts
- Often, larger maximum deductions are permitted (based on AGI limits) compared to a Foundation
- ***No required 5% annual distributions***
- More convenient; less administratively burdensome
- No need for a separate tax return or Form 990-PF reporting
- More private; can be anonymous
- No excise tax

Private Foundations



Private Foundations are 501(c)(3) non-profit organizations, which are usually funded and controlled by one individual or family. There are a lot of similarities between DAFs and Private Foundations, with four main distinctions: Private Foundations (1) have more Donor control,(2) a greater reporting burden and (3) therefore somewhat less privacy, and (4) Foundations also require 5% annual distributions, whereas DAFs require none.

As with DAFs, Donors can take a tax deduction* for contributions made to a Foundation. Assets grow income and capital gains tax-free, similarly to an IRA, less a small excise tax, and are entirely earmarked for charity.

Private Foundation Advantages

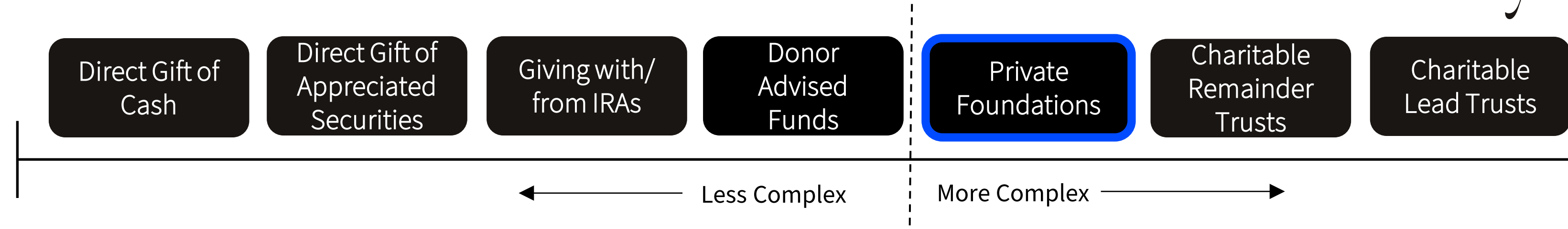
- Maximum control and flexibility for the Donor
- The Donor and the Board have full decision-making authority on distributions
- Good method for bringing additional family members into participating in philanthropy (i.e., as Board members), potentially with a reasonable salary

Private Foundation Disadvantages

- Foundations must distribute 5% a year* to charities
- Higher barrier to entry; although a Donor can create a Foundation of any amount, the reporting requirements make it administratively burdensome at under $1-3 million or more
- Lower cap on contribution deductibility, compare to a Donor Advised Fund
- More administratively burdensome and time-consuming to administer
- Reporting requirements (tax return/Form 990)
- Has a small excise tax, despite otherwise being a tax-exempt entity

** Subject to AGI limitations. Limits differ when contributing cash versus non-cash assets. Speak to your tax advisor for details.*
1. IRC Sec. 170(a) and (b), allowing deductions of contributions to private foundations. Subject to adjusted gross income (AGI) limitations (IRC Sec. 170). Excess contributions can be carried forward up to five years. . IRS Publication 526, https://www.irs.gov/pub/irs-pdf/p526.pdf. Page 19.
2. Foundations are subject to a 30% excise tax if they make insufficient qualifying distributions. See "2020 Instructions for Form 990-PF," page 32, https://www.irs.gov/pub/irs-pdf/i990pf.pdf. Although qualifying distributions are not defined as 5% explicitly, in determining undistributed income subject to tax, it factors in minimum investment return against the fair market value of the Foundation, which uses the applicable percentage of 5% as of 1975. Treas. Reg. 53.4942(a)-2, "Contribution of undistributed income."

Sidebar: Alternatives to a Private Foundation if You Want to be Politically Active



501(c)(4) – Social Welfare Organizations

Some individuals want to control or contribute to a non-profit entity which is more active in public policy, politics, or even lobbying. Such activities cannot be done in a Private Foundation. Instead, such work happens in "social welfare" organizations, which are organized under Internal Revenue Code 501(c)(4) instead of 501(c)(3), and are designed to act for the "public good."

In many states, donors to such organizations are not disclosed. However, New York and a few other states do disclose donors in some circumstances.

One must pay careful attention to the types of activities, as there are limits on the amount of direct political activity, but they can be broadly used for things like lobbying or advocating for a particular issue. One should be cautious , however, because there have been multiple cases of misuse or abuse of these types of organization being used improperly, so they have gotten some bad press.

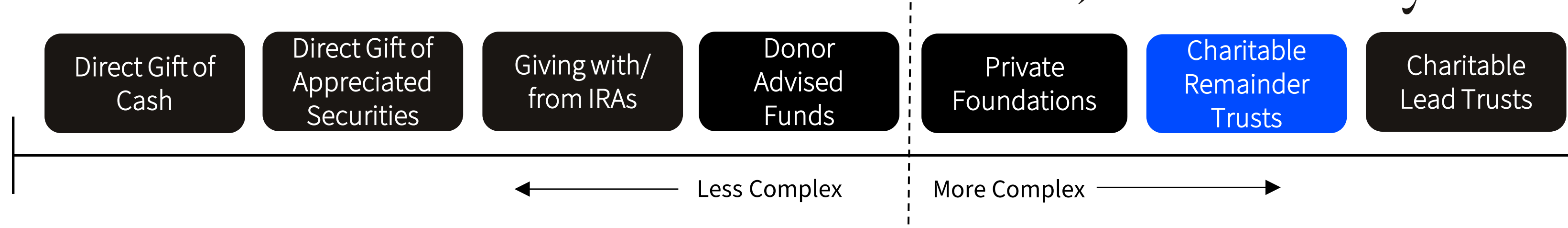
Advantages

- Broader ability to focus on particular social issues or lobbying.
- Ability to work *in part* on political activities.
- Still a tax-exempt organization
- Contributions to a 501(c)(4) do not recognize gain, nor are they considered taxable gifts.

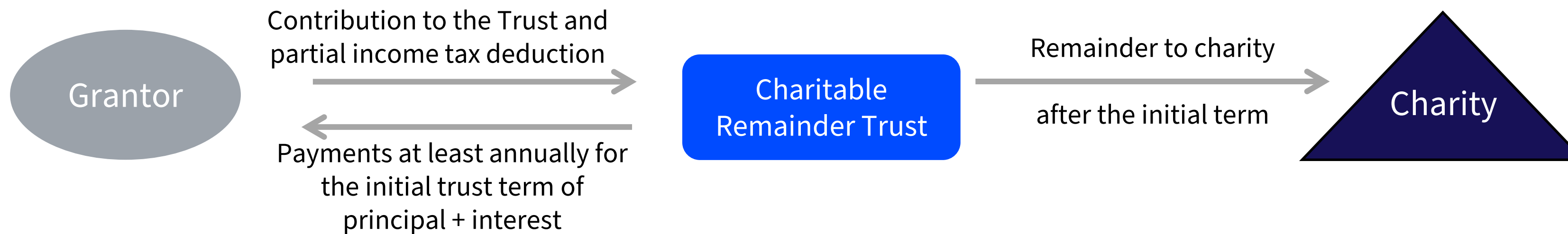
Disadvantages

- Contributions to 501(c)(4)s are usually not income tax deductible.
- If the Donor controls the Organization at their death, it might be included in their taxable estate.

Charitable Remainder Trusts – Donor Benefits First, Then Charity



Charitable Remainder Trusts (CRTs) are irrevocable "split interest" trusts that have a combination of both individual and charitable beneficiaries. Distributions to individual beneficiaries (usually the grantor) are made at least annually for a defined number of years, and then after the initial period, any remaining assets are paid to charitable beneficiaries. A CRT has to be structured to leave at least 10% to the remainder charitable beneficiary.

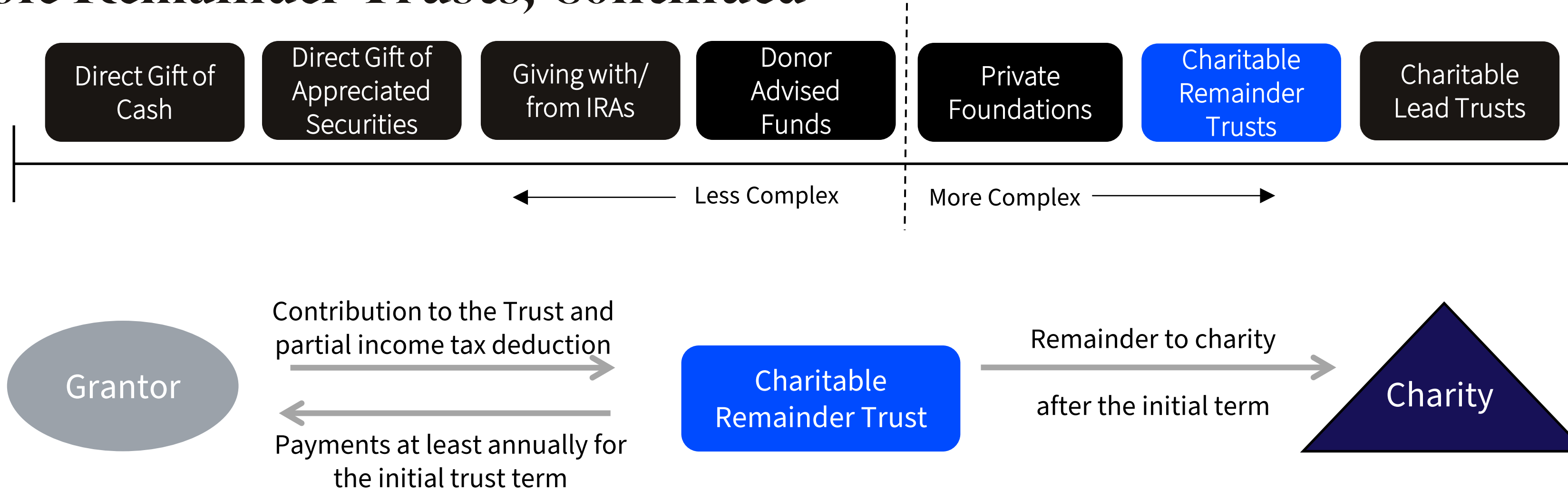


In addition to being a philanthropic giving vehicle, this type of trust provides an up-front ***partial* income tax deduction** in the year of funding (assuming no AGI limitations), an income stream back to the grantor, and also potential **income tax deferral**. The CRT calculation for the payments back to the grantor will include the Section 7520 Rate (4.8% as of September 2024) of interest.

Great For…

Diversifying concentrated investment positions immediately. Low-basis or concentrated assets can be liquidated right after Trust funding, with tax on the realized income potentially deferred and paid out (and taxed) over a period of years. IRAs can also be "inherited" by CRTs to regain the lifetime "stretch" IRA treatment lost by the SECURE Act's 10-year distribution rules.

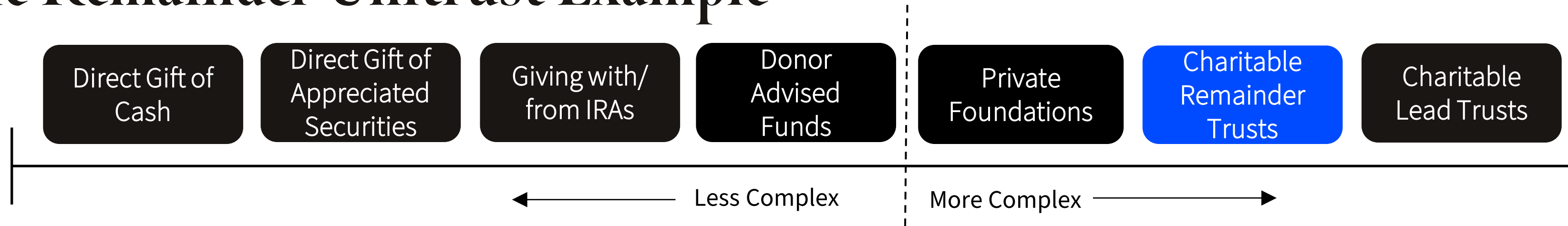
Charitable Remainder Trusts, Continued



- **Minimum Remainder to Charity** – A CRT must be structured to leave **at least 10%** to charity at the end of the trust term, after factoring in the applicable §7520 rate and trust duration; the greater the remainder, the greater the deduction (the "**10% test**").
- **Minimum/Maximum Amount to Beneficiaries annually – Between 5% and 50%** of the Trust must be distributed to the income beneficiaries annually.
- **Maximum duration** – CRTs can last for **up to 20 years**, or for **one or more lifetimes**.
- **Required interest rate** – The annual payments must include a federally set interest rate called the §7520 rate, published monthly by the IRS. The grantor may use the §7520 rate from either the current (funding) month or either of the prior 2 months. (In September 2024, the rate is 4.80%.) This rate is also referred to as the "hurdle rate." Highest rate is usually best for deductions.
- **Taxation** – Grantor is subject to taxation on trust income as trust distributions are made, based on a 4-tier system.

**IRC § 664 creates CRTs. The income tax requirements (the 5, 10, 50% tests, etc.) are found in IRC 664(d)(1)-(2).*

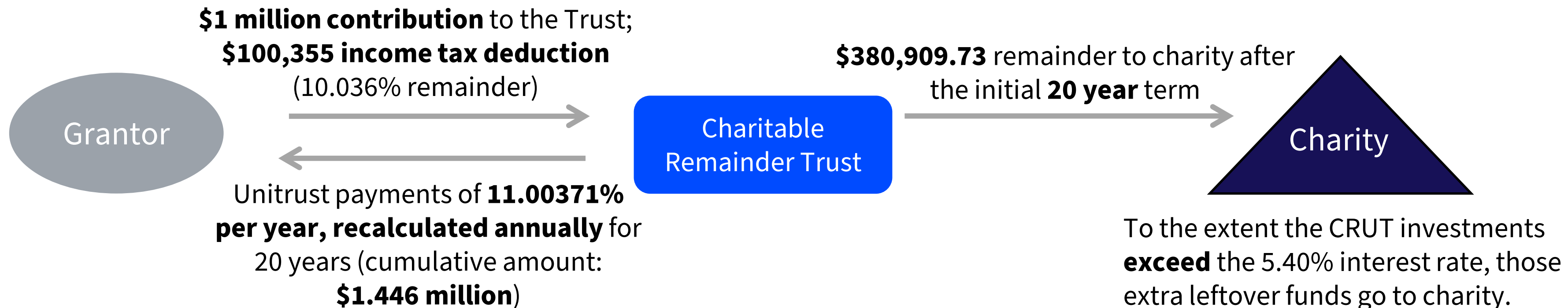
Charitable Remainder Unitrust Example



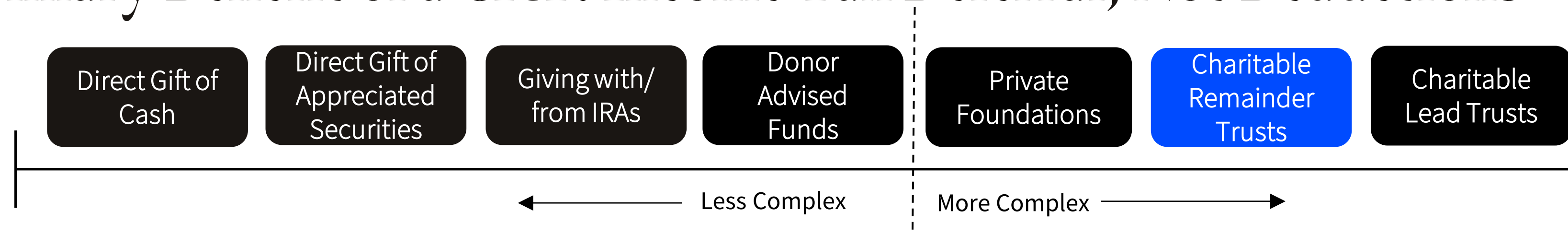
A CRUT beginning with $1 million, benefiting the Grantor and their spouse. Any funds left at the end of the term go to to the charitable remaindermen.

Example Assumptions:

Starting Trust Value	$1 million
Required Interest Rate	5.40% interest rate (July 2024 § 7520 Rate); *highest* of the 3-month period is the most favorable for Grantor
Hypothetical Return	6.80% annualized return
Duration of CRUT	20-year initial term of annual payments of 11.00371% of the trust / year
Expected Remainder	$100,355
Deductibility	10.036% of the whole (same as the remainder)



The Primary Benefit of a CRT: Income Tax Deferral, Not Deductions



Precisely because of how CRTs are taxed, the 4-tier structure creates **income tax deferral**. Because of this, CRTs are excellent vehicles for:

- Income tax deferral *and*
- Reducing investment concentrations or divesting low-basis stock *and*
- Some amount of up-front income tax deduction.

All of these objectives can be accomplished as long as the grantor is comfortable paying tax on the CRT distribution amount *as it is distributed* annually. In addition, after the initial term, any remainder goes to charity, so any as-yet-untaxed income never gets taxed at all.

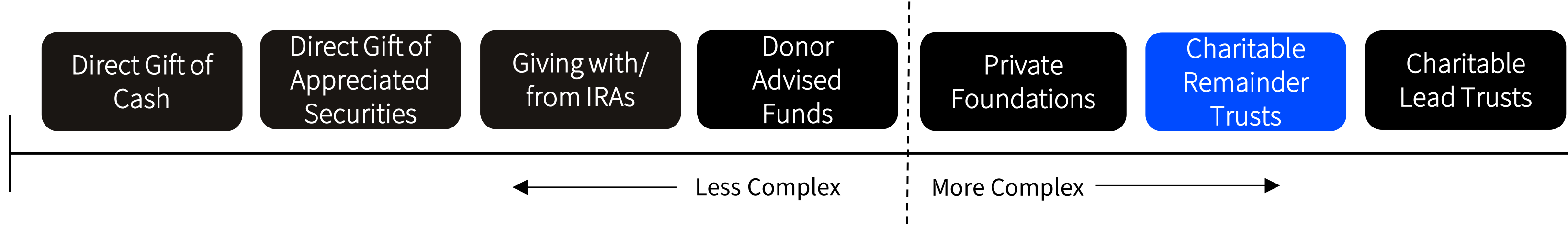
Example:

$2,000,000 of long-term capital gains (LTCG) taken immediately after trust funding, to reduce a concentration of low-basis stock. Payments are $100,000/year (x 20 years) plus interest.

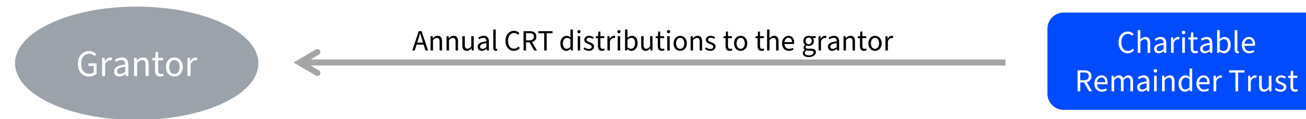
The tax impact is *accumulated and deferred, except* to the extent of annual payments. Accordingly, tax impact only comes out at $100,000 (plus interest) per year. After distributing current-year income, the rest of the annual payment is (in this scenario) all LTCG. The remaining realized income remains tax deferred.

If the term ends with $500,000 of accrued LTCG, that $500,000 of capital gain income avoids tax.

Charitable Remainder Trust Taxation – Income Tax Deferral Until Distribution



Assets contributed to a CRT retain the grantor's basis until sale. The taxation of CRT income works in a **4-Tier Tax System** based on both the **type** and **timing** of the income. A key benefit of a CRT is **income tax deferral**: income within the CRT is **not taxed until it is distributed out to the trust beneficiary; usually the grantor**. Any realized gains and other trust income accumulates within the trust, remaining untaxed until distribution.

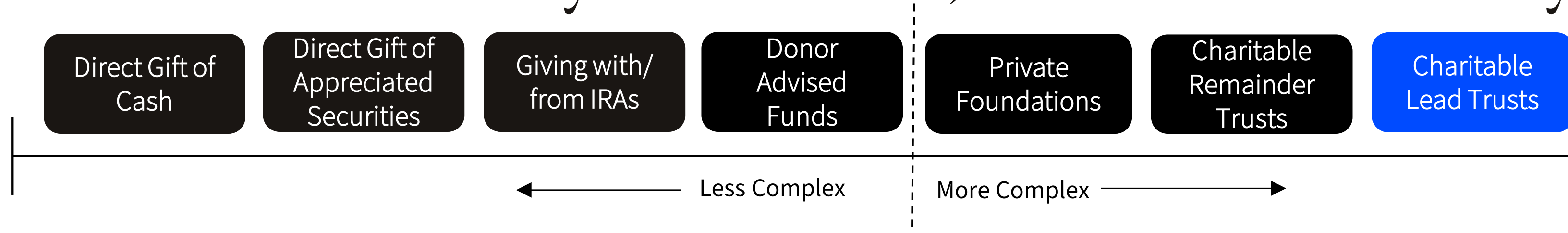


Tier 1	Ordinary income & qualified dividends	Taxed as ordinary income or capital gains
Tier 2	Capital gains (all types)	Higher-rate capital gains distributed and taxed first. Examples: collectibles, short-term gains, business sales, long-term gains, etc.
Tier 3	Other income	Example: municipal bond income
Tier 4	Return of principal	Neither taxable nor income. Only distributed if all other Trust income has been disbursed.

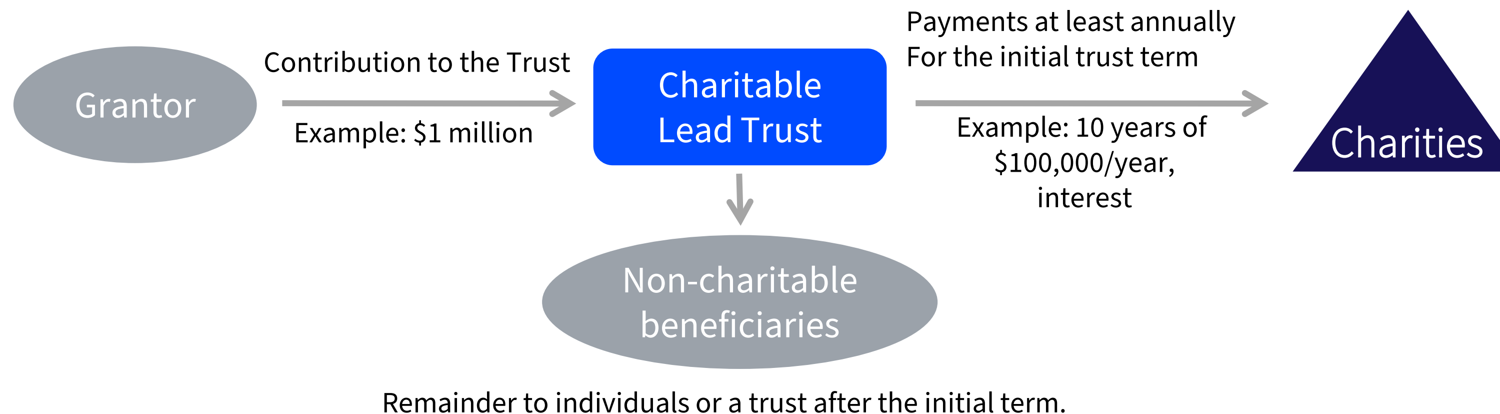
Income Timing Order: *Current year income is distributed first, then accumulated income from prior years is distributed (and taxed) next.* Any undistributed income is not taxed at the trust level or grantor level until it is distributed, year-by-year, to the grantor in subsequent years.

Example: Grantor funds a CRT with $2 million of Stock Z, with a basis of $500,000, and the CRT sells all of Stock Z two days later, incurring $1.5 million in long-term gains, and reinvests in a diversified portfolio. Grantor receives his first $100,000 annual payment a year later. Assuming no other income was generated, grantor would pay tax on the $100,000 of capital gains distributed, and the other $1.4 million in accumulated gains would continue benefiting from tax deferral.

Charitable Lead Trusts – Charity Benefits First, then the Donor's Family



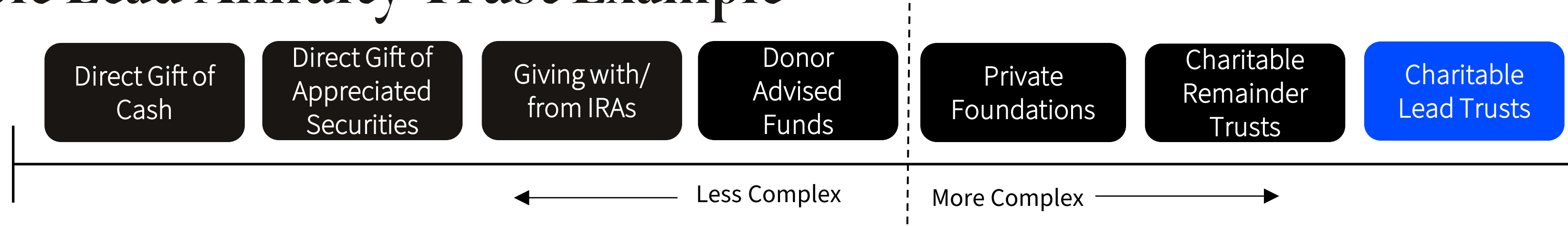
Charitable Lead Trusts (CLTs) are irrevocable trusts that "lead" with payments at least annually to one or more charities for a set period of time, and then the remaining assets go to non-charitable beneficiaries, either outright or in trust. If successful, a CLT is both a philanthropic giving vehicle and a wealth transfer vehicle. The value of the remainder interest, if any, as determined at the outset of the trust, is a taxable gift. If a "CLAT" type trust and "zeroed out," **this trust could transfer all excess trust appreciation down-generation with no gift or estate tax**.



Remainder to individuals or a trust after the initial term.

The remainder going to individuals consists of any trust appreciation which exceeds the required Section 7520 interest rate, and this excess appreciation, regardless of size, does not change the amount of gift exemption used up front. Therefore, **CLTs work particularly well as wealth transfer vehicles in low interest rate environments**, as it is easier to exceed the interest rate threshold (the "hurdle rate").

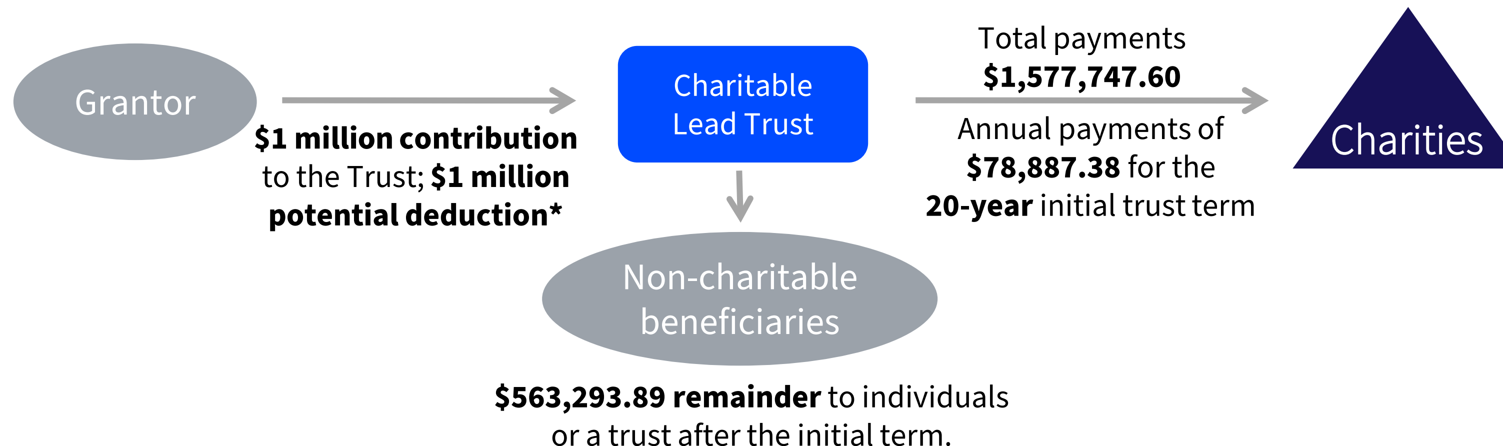
Charitable Lead Annuity Trust Example



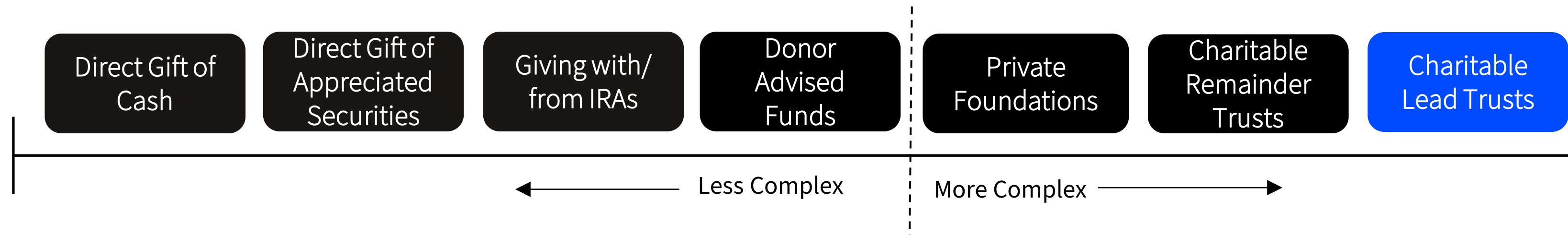
CLATs are more popular than CLUTs because they can be "zeroed out" for no taxable gift at all. In this example, a grantor trust CLAT begins with $1 million, benefiting charities up front. Any funds left at the end of the term go to family, even if it exceeds the originally expected remainder. Deductibility depends on grantor vs. non-grantor trust status.

Example Assumptions:

Starting Trust Value	$1 million
Required Interest Rate	4.80% interest rate (September 2024 § 7520 Rate); *lowest* of the 3-month period is the most favorable for Grantor
Hypothetical Return	6.80% annualized return
Duration of CLAT	20-year initial term, with *equal* annual payments
Expected Remainder	0% (Structured to be "zeroed out"); no taxable gift
Deductibility	Depends on grantor vs non-grantor trust status and expected remainder interest



Charitable Lead Trust Taxation – "Grantor" versus "Non-Grantor" Trusts



The income taxation and deductibility of CLTs depends on whether it is set up as a grantor trust or not. Grantor trusts tax all trust income back to the Grantor.

If the CLT is a Grantor Trust, all trust income is taxed back to the Grantor, but the Grantor can get a **(full or partial) income tax deduction** based on the lead interest.

- ***Upside of a grantor trust CLT:*** For the up-front deduction, which could be particularly helpful for funding a CLT in a particularly large income tax year.
- ***Downside of a grantor CLT:***
  - Carrying the tax burden for the subsequent years, particularly if tax rates rise, or if the asset values (and income) increase significantly.
  - Charitable deduction recapture if the grantor dies early. If the grantor dies before the initial term has expired, a portion of the deduction is recaptured.

If the CLT is a Non-Grantor Trust – No income tax deduction *to the Grantor* at all, but this also allows the grantor to avoid paying trust taxes themselves. Not a tax-exempt trust. However, the ***CLT itself* gets a deduction** for distributions to charity per the CLT terms, without reference to any donor-based AGI limitation.

- ***Downside to non-Grantor CLTs:*** No charitable deduction to the grantor, and any income in excess of distributions to charity are taxed at the trust level.
- ***Upside to non-Grantor CLTs:***
  - Grantor never has to pay income tax, personally, on trust income, and the income might avoid taxation altogether (or in large part) to the extent it is distributed to charities. It avoids the capital gain and other income repercussions of assets which were likely highly appreciated.
  - The primary non-philanthropic benefit to CLTs is transfer-tax efficient intergenerational wealth transfer, especially with zeroed out CLATs– not only the income tax deduction.

**The amount of gift tax exemption, if any, which is used up in the creation of the CLT will depend on the type of CLT used (annuity trust vs. unitrust) and the ratio of the benefit going to the charities versus individuals. The greater the charitable benefit, the lower the gift tax exemption used. The choice of whether to use a grantor or non-grantor CLT should be made in conjunction with legal and tax advisors.*

Comparing Charitable Remainder Trusts vs. Charitable Lead Trusts – Criteria

Requirements / Criteria	Charitable Remainder Trusts	Charitable Lead Trusts
Initial Term Beneficiary & Remainderman	Initial Term: Donor, and/or spouse (Usually) Remaindermen: Charities (1 or more)	Initial Term: Charities (1 or more) Remaindermen: Individuals (usually family)
Minimum or Maximum Payout Percentages	10% Test – At least 10% to charity. 5% Test(s) – At least 5% (and no more than 50%) must go to the income beneficiary annually, [1] and CRATs can't have more than a 5% probability of exhaustion.	No maximum or minimum payout. No minimum amount to remaindermen. [7]
Trust Term	A maximum term of 20 years, or for one or more lives. [2]	No maximum term of years; it can be any duration if a term of years.[7] Can also be based on one or more lives. [7]
100% Income or Estate Tax Deduction Possible?	No. [3]	Re: Income tax: Yes, for grantor trust CLATs only.[8,9] Re: Estate tax: Yes, for CLATs only. [9]
Can it be "zeroed out"? (Structured for no taxable gift)	Yes, if client and/or spouse are the only income beneficiaries. [4]	Yes for CLATs only; not CLUTs.[9]
Additions allowed?	Yes for unitrusts (CRUTs), no for annuity trusts (CRATs).	Guidance is unclear; additions to CLATs, if possible, would not get income, gift, or estate tax deductions. CLUT additions likely permit deductions.
Taxation	Annual distributions to Grantor are taxed based on the 4-tier ordering rules. [5] The CRT itself is a tax-exempt entity, less any UBTI excise tax. [6]	Grantor Trust: Tax deductible up front, but fully taxable to the donor,[7] at least until the initial term ends. Non-Grantor Trust: No deduction, but not taxed to the grantor either. [7]

1. IRC §664 creates CRTs. The income tax requirements (the 5, 10, 50% tests, etc) are found in IRC § 664(d)(1)-(2).
2. IRC §664(d)(1)(A) and (d)(2)(A).
3. Logically, a CRT will not be 100% deductible because the present interest of the remainder interest to charity cannot be 100% of the original trust value, as it occurs after the non–deductible income interest to individuals.
4. IRC § 2523, gift of an interest to a spouse gets a full deduction for purposes of calculating taxable gifts.
5. 4-Tier system of taxation found in IRC § 664(b) and Treas. R. § 1.664-1(d)(1)(i).
6. IRC § 664(c), CRTs not subject to tax, except that per 664(c)(2)(A), UBTI subject to 100% excise tax.
7. "Audit Technique Guide for Charitable Trusts," https://www.irs.gov/pub/irs-tege/atg_chariaible_trusts.pdf, pg. 10-11, Charitable Lead Trusts. Also, IRC § 170(f)(2)(B) is silent on such restrictions, unlike § 664 on CRTs.
8. IRC § 170(f)(2)(B), only permitting a deduction on a CLT if the "grantor is treated as the owner of such interest…."
9. The value of unitrust payments cannot be definitively determined at the outset of a Charitable Unitrust, because the unitrust payment is redetermined annually utilizing the trust value at the time. Because of this uncertainty, a CLUT cannot be zeroed out. By contrast, a CLAT's annuity payments are determined at the outset of the Trust, and the lead payments can be mathematically calculated to equal the initial trust value, adjusted for the §7520 rate.

Comparing Charitable Remainder Trusts vs. Charitable Lead Trusts - Goals

Donor Goals	Charitable Remainder Trusts	Charitable Lead Trusts
1. Upfront Income Tax Deduction During Life	Partial deduction only, although it can still be high depending on structure; minimum 10%	Grantor Trusts: **Yes**, and up to a 100% deduction is possible with grantor CLATs. Non-Grantor Trusts: **No**.
2. Income Tax Deferral (during life)	**Yes**; tax impact is distributed gradually over time via the 4-tier tax system.	Grantor Trust: No. Non-Grantor Trust: N/A; Donor not taxed on trust income.
3. Income Tax Avoidance During Life	Not really. The grantor pays income tax gradually upon distributions. The remainder to charity avoids income tax.	Grantor Trust: **No**, because the donor pays the tax during at least the initial trust term. Non-Grantor Trust: **Yes**, because the grantor stops paying the taxes upon CLT funding.
4. Estate Tax Deduction at Death	Partial estate tax deduction possible; minimum 10%. CRTs usually have smaller deductions than CLTs.	Yes; up to 100% with CLATs. CLTs usually have much greater deductions than CRTs.
5. Wealth Transfer Down Generation(s)	**No**, unless descendants are the initial beneficiaries, which is rare (creates a taxable gift).	**Yes**, and with CLATs, could even be structured as not a taxable gift.
6. Divest Investment Concentrations or Low Basis Stock	**Yes**, due to tax deferral	Grantor Trust: **No**; all trust income taxed to Donor. Non-Grantor Trust: **Yes**, as income not taxed to Donor.
7. Regaining "Stretch IRA" Treatment	**Yes**; CRT can distribute (IRA ordinary income) over underlying beneficiary's lifetime instead of 5-10 years	No
8. Funding with Illiquid Assets	More difficult with CRUTs (annual valuation) than CRATs. Be cautious of UBTI (100% excise tax) caused by a non C-corp business or by debt (mortgaged real estate, etc).	More difficult with CLUTs (annual valuation needed) than CLATs. Best with Shark-fin CLAT or liquidating assets.

Philanthropic Vehicle Selection by Donor Goal

Income Tax Deduction or Deferral (Gifted During Life)

Fully Deductible (subject to AGI limitations)
- Cash Gift
- Appreciated Securities
- IRA QCDs** (post age 72)
- DAFs
- Private Foundation
- Most Grantor Charitable Lead Trusts*

Partially Deductible
- Charitable Remainder Trust *(Usually 10%)*
- Some Charitable Lead Trusts

Income Tax *Deferral*
- Charitable Remainder Trust

No Lifetime Income Tax Deduction
- Non-Grantor Charitable Lead Trust**
- IRA Beneficiary Designations

Donor Control or Access

No Donor Control (Fully to Charity)
- Cash Gift
- Appreciated Securities
- IRA QCDs** (post age 72)

Ongoing Donor Influence or Control (All for Charity)
- DAFs
- Private Foundation

Payments to Donor Now for a Term of Years, then to Charity
- Charitable Remainder Trust

Payments to Charity for a Term of Years, then to Donor's Family
- Charitable Lead Trust

Timing of the Gift to Charity

Now
- Cash or Appreciated Securities
- IRA QCDs** (post age 72)

Never, or as Donor Recommends
- DAFs

At least 5% Per Year
- Private Foundation

For a Term of Years Starting Now
- Charitable Lead Trust

One Lump Sum Years from Now
- Charitable Remainder Trust

New Bequests or Trusts for Charity Can be Made At Death
- Cash Gift
- Appreciated Securities
- IRA Beneficiary Designations
- Charitable Lead Trust *(A CLAT can zero out estate tax)*
- DAFs
- Private Foundation
- Charitable Remainder Trust

** A "Zeroed out" Grantor-taxed CLAT can be fully deductible. CLUTs (Unitrust types) aren't fully deductible. Non-Grantor-taxed CLTs aren't deductible at all, but the trust will pay its own taxes.*

*** IRA QCDs, if made directly from the charity, reduce taxable income rather than only permitting an income tax deduction post-IRA withdrawal. Separately, if you die owning the IRA, it will be included in your taxable estate for estate tax purposes, and will also be taxable income to the non-charity beneficiaries. If a Roth IRA, the recipients will have non-taxable income but the Roth will still be part of your taxable estate for estate tax purposes.*

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