Charitable Remainder Trust

A charitable remainder trust is a life-income gift whereby you irrevocably transfer securities, cash, or other assets to a trustee. The trustee can be The Rockefeller University, the donor, or a bank or other financial institution.

The trustee manages the investments of these assets and pays an income to you or your designated beneficiary for life, or for a specific number of years. After the trust terminates, the remaining principal goes to The Rockefeller University to support specific areas of research or for unrestricted purposes, whichever you prefer.

Types of Charitable Remainder Trusts

There are two basic types of charitable remainder trusts: the charitable remainder annuity trust and the charitable remainder unitrust. The essential difference between these two remainder trusts is the form of the income payment. Additional details on these two types of trusts can be found on the next page.

Advantages of Charitable Remainder Trusts

In addition to making a profound impact on biomedical research at The Rockefeller University, charitable remainder trusts offer significant benefits to the donor:

- Charitable remainder trusts provide income for life for the beneficiary—often a higher income than the gifted asset is currently generating.
- These trusts afford substantial tax savings, such as an immediate charitable deduction (based on the current value of the asset), elimination of capital gains tax upon the sale of appreciated assets in the trust, and removal of the asset from the donor's taxable estate.
- If The Rockefeller University is designated as trustee, the charitable remainder trust is managed by the University's highly qualified investment professionals.

Charitable Remainder Annuity Trust

A charitable remainder annuity trust is an excellent gift plan for a donor who has highly appreciated securities and is also interested in receiving a fixed income stream. A donor places a one-time contribution of cash or appreciated assets (e.g. stocks, bonds, etc.) into a charitable remainder annuity trust. The trust then sells the assets and reinvests the proceeds, mainly in conservative vehicles, such as Treasury notes or government bonds. The beneficiary receives a fixed dollar annual income payment for life. When the trust terminates, The Rockefeller University receives the remaining principal.

Charitable Remainder Unitrust

A charitable remainder unitrust (CRUT) differs from a charitable remainder annuity trust (CRAT) in that the income to the donor is a percentage of the trust's value (e.g. six percent) rather than a fixed dollar amount (e.g. $6,000). A charitable remainder unitrust is an excellent gift vehicle for a donor with highly appreciated securities and who is somewhat more risk tolerant than a charitable remainder annuity trust donor. Why? Because the amount of the CRUT donor's income will fluctuate each year, based on the trust's performance. The advantage of the CRUT vehicle is that when the value of the trust increases, so does the income payment to the beneficiary.

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Vickie Lister, Senior Director of Planned Giving, would be happy to discuss variations on these two basic models with you and your legal and financial advisors. The Rockefeller University recommends that you consult with your legal and financial advisors before proceeding with any planned gift.

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May 2025