Charitable Remainder Trust (CRT)

After years of hard work building a successful business, you're ready to plan your transition to retirement — and enjoy some well-deserved freedom. If it appears that none of your children have a desire to continue your family business, you may be interested in liquidating some of your business assets for retirement. But doing so may create a large tax bill.

How can you convert your business assets into a retirement nest egg, while keeping taxes to a minimum? A Charitable Remainder Trust (CRT) is a strategic business option that allows you to convert the full value of your business assets into income-producing investments, without reducing the amount due to taxes.[1] More of your capital can continue to work for you than if you sold the assets outright and paid tax on the sale.

BENEFITS OF A CRT

Current tax laws provide incentives and potential deductions for donations to a Charitable Remainder Trust. In addition to avoiding tax on the sale of your business assets, you're allowed a tax deduction for placing capital assets into a CRT. This strategy can offer you these benefits:

- Reduce your tax burden.
- Increase your retirement income.
- Make a generous gift to your favorite charities.

A CRT MAY BE RIGHT FOR YOU

A Charitable Remainder Trust may be an effective solution if you:

- Own depreciated business assets.
- Own appreciated land, or investment or business assets.
- Intend to sell your assets to unlock additional retirement income.
- Want to preserve your estate for your family and heirs.

ADVANTAGES OF A CRT

By establishing a Charitable Remainder Trust, you may:

- Realize immediate income-tax savings.
- Avoid tax on the sale of depreciated business assets or appreciated capital assets.
- Convert a low-yielding property to an investment asset with a potentially higher yield, which may significantly increase your retirement income.
- Make a substantial gift to your favorite charity.
- Provide financial peace of mind for you and your family.
- Potentially reduce estate taxes.

REPLACING THE ASSETS GIFTED TO CHARITY

While you'd like to maximize the full potential of gifting assets to your favorite charity, you don't need to diminish the amount of your estate that passes to your children, grandchildren and other heirs. By establishing a separate Wealth Replacement Trust (WRT), you can help ensure your family's financial peace of mind:

- You can use tax savings and cash flow from the CRT to make annual gifts to the Wealth Replacement Trust.
- The trustee of the WRT uses the gifted funds to purchase a life insurance policy on your life — or a policy on the joint lives of you and your spouse — to replace all or part of the assets that you donated to the CRT.
- The beneficiaries of the WRT will receive the life insurance proceeds upon your death, which are ordinarily income tax-free and not taxed in your estate.

SETTING UP A CRT

Talk with your Farm Bureau agent today about initiating a Charitable Remainder Trust. He or she will work with you, your family and other professional advisers to develop a CRT strategy that fits your needs and goals. In addition, you'll receive a CRT report, which provides:

- Projected cash flow.
- Estimated tax savings.

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This material provides general information about a Charitable Remainder Trust for retiring business owners that can be funded with life insurance. For more complete information about the life insurance products available, including costs and features, contact your Farm Bureau agent. Neither the Company nor its agents give tax or legal advice. Consult with your attorney and other professional advisers for tax and legal advice to determine the best solution for your specific situation.

1 Distributions from a CRT are taxed at the time they are received.

Variable annuity and life insurance products are issued through an insurance company that is not affiliated with our companies.

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