

A Charitable Remainder Trust is a way of giving assets to The Huntsville Hospital Foundation through a trust agreement. A charitable remainder trust can be established by contributing bonds, stock securities, mutual funds or real estate to a trustee who holds and manages the contribution. You may choose a charitable remainder trusts because you have an asset you would like to give to the Foundation but you need the income now or if you do not wish to part with your asset at the present time.

### Benefits for You

1. Tax Advantages – A charitable tax receipt is issued upon transferring assets to a trust that names The Huntsville Hospital Foundation as the capital beneficiary. The five-year carry-forward provision allows effective tax planning while you are alive rather than the one-year carry back upon death. The government has allowed a beneficial tax treatment of capital gains on these gifts.
2. Income – Your trust can provide you with a lifetime income.
3. Worry Free Management – Your trust can be managed professionally, freeing you from daily investment decision or market concerns.
4. Eliminates Probate and Estate Fees – Your gift is not subject to probate fees and other estate costs.
5. Avoids Will Challenges – Trust assets are not considered part of your estate.
6. Protects Privacy – By transferring assets to a trust, your decision is private, unlike a will which becomes a public document once it has been probated.
7. Control – The trust retains your assets until death, at which point The Huntsville Hospital Foundation will receive the “remainder” of the property in the trust.
8. Recognition – Your gift can be honoured during your lifetime, should you wish.

How does it work?

You receive a charitable tax receipt for the fair market value of the remainder interest, which is calculated by a Canada Revenue Agency formula that takes into account your life expectancy and the present value of the property being transferred into the trust. Professional valuations are required to determine a value of the remainder interest.

#### Costs

Before creating a trust, the total cost of setting up and administering it must be weighed against the future reduction of tax and other benefits that it will provide. The assets within the charitable remainder trust should be worth at least \$500,000 to offset fees, which must be paid annually. The fees are tax-deductible.

Important points to remember include:

- The transfer of assets to the trust is irrevocable, which means you cannot reverse the transfer once it has been completed;
- The amount of the charitable tax receipt is determined by a formula set down by Canada Revenue Agency, which takes into account your life expectancy and the present value of the assets;
- Valuations are required to determine the value of the remainder interest.

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The Huntsville Hospital Foundation team can work with your legal team to explore Legacy Giving ideas and support.



The Huntsville Hospital Foundation Legacy Project