CHARITABLE REMAINDER TRUST:

A Way To Diversify Out Of P&G Stock

Use this guide to understand the terms and benefits of using a Charitable Remainder Trust (CRT). A CRT is an option to diversify out of P&G stock, while minimizing capital gains tax and aiding the charity of your choice.

Features of a CRT

A CRT provides potential income for you at a stated rate, either for your lifetime or the lifetime of you and your spouse. After that, the remainder of money in the CRT goes to the designated charity. Some key features of a CRT are:

- The trust is irrevocable and contributions are irrevocable transfers of property.
- Income from the trust is a percentage of the value of the trust and payable yearly. The minimum rate is 5 percent, and the maximum rate is a stated formula but can be in the low teens. Most people select an income stream of 5 percent to 8 percent. If capital appreciation occurs, the value of the trust grows and your income rises. If the value of the trust declines, your income decreases. You can also fix the income each year, similar to an annuity. Additional contributions are not allowed for charitable remainder annuity trusts.
- The term of the trust can be for up to a maximum of 20 years, your life, or two lives.
- Capital gains on the sale of stock within the trust are non-taxable. However, the named income beneficiary will pay income tax on income received.
- You can select one or more charities and, depending on how the CRT is established, may maintain the flexibility of changing the charities during the lifetime of the trust.
- If you transfer P&G stock into the trust, you receive a potential income tax deduction. The amount of the deduction depends upon the type of trust, terms of trust, projected income payments and IRS interest rates.
- An income tax return for the trust must be prepared annually

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