



Situation

- Desire to simplify financial affairs
- Frustration with CRT's administrative costs and hassles

Solution

- Sell CRT income interest

Results

- Client relieved of all administrative costs and hassles
- Client received large cash payment to redeploy as they see fit

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SALE OF CRT INCOME INTEREST

Case Study: Simplification

In 2003, Walter and Sarah Blake set up a charitable remainder unitrust (CRUT) to defer the taxes on the sale of an investment property. The trust paid them 9% annually, and for many years, it worked just as the couple had anticipated.

But, eventually, the Blakes grew tired of the CRT's administrative costs and hassles. In Walter's words, "We're at a point in our lives where we're trying to simplify things, not complicate them. We've been able to do that for the most part, but when it came to the CRT, we'd always thought we were stuck with it because the trust is irrevocable. Thankfully, our financial advisor told us to get in touch with Sterling."

After speaking with Sterling, Walter realized the sale of their income interest was the perfect solution. It would shift the trust's administrative burden to the buyer, fully relieving him and Sarah of any future responsibilities with respect to the trust.

Sterling provided a review of the Blake's CRT income interest, which included an estimate of what a buyer would pay, benchmarks to assess the offer, and independent resources to confirm all of the numbers. Walter was surprised at how simple everything was after reading Sterling's review.

It all seemed too good to be true, though, and Walter contacted his attorney, John, to see if Sterling's proposal was legitimate.

John is a sophisticated attorney, but he had never heard of anyone selling an income interest in a CRT, so he was initially skeptical. He reached out to Sterling and asked for background on Sterling and the transaction, legal and tax authorities, and a list of references. Satisfied with the information Sterling provided and conversations with several references, John told the Blakes that everything checked out.

Two weeks after letting Sterling know they wanted to sell, Walter and Sarah received their lump sum of cash, which Walter is confident will better serve them over their retirement. The sale also relieved Walter and Sarah of the CRT's administrative costs, which Walter estimates will save them \$5,000 per year.