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Situation

- Couple with a CRT concerned about mortality risk: when they die, their family loses out on the money left in the trust

Solution

- Sell income interest and take off the table - now, in cash - the future value of the CRT's income stream

Results

- Mortality risk eliminated
- Couple regains control of a large lump sum of cash to redeploy for their children and grandchildren

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SALE OF CRT INCOME INTEREST

Case Study: Mortality Risk

A Charitable Remainder Trust (CRT) gives you the right to receive payments from now into the uncertain future.

That uncertainty – the risk that you'll die and your family loses out on the money left in the trust, which must be paid to charity – is a risk that you and your family are not getting paid to bear.

You can eliminate that risk by selling your income interest in the CRT and taking off the table – now, in cash – the value of your future income stream.

No one knows what next week, next month, or next year will bring. But as we get older, the tidings don't necessarily improve.

That's a big reason why people like Michael and Claudia Bonfante are acting now to sell their CRT income interests.

In 1997, the Bonfantes created a CRT to defer the taxes on the sale of a business. While the trust had served them well, a recent health scare for Michael had the couple thinking about the mortality risk associated with the trust. As Michael put it:

> *"Claudia and I hated the thought that, once we're gone, so is the trust. The kids get nothing. The trust worked fine over the years, but it was time to start thinking about the kids and grandkids."*

Michael contacted Sterling for a review, which showed what the Bonfantes would get from selling their income interest, and provided a side-by-side comparison to the value of keeping it.[1]

After seeing the numbers, the Bonfantes decided to sell their income interest and completed the sale shortly thereafter.

> *"We might draw some income here and there, but the vast majority of the proceeds are going to the kids and their families," said Michael.*

The Bonfantes used the sale to convert their CRT income interest – an asset from which their heirs would receive no benefit – into meaningful bequests to each of their children and grandchildren.

[1] The Bonfantes kindly agreed to share their CRT review with other beneficiaries. For a free copy, e-mail CRT@SterlingFoundations.com with "Bonfante CRT Review" as the subject.