



valuation rule for early termination of net-income charitable remainder unitrusts

MSK Client Alert

June 27, 2016

Under Internal Revenue Code § 664, a qualified charitable remainder unitrust each year during its term distributes to a non-charitable beneficiary a fixed percentage (5% or greater) of the value of trust assets, determined annually (the unitrust amount). Assets remaining in the CRUT at the end of its term are distributed to charity. Section 664(d) provides that a qualified CRUT may limit distributions to the non-charitable beneficiary to the *lesser* of the unitrust amount or trust income under fiduciary accounting principles (a net-income CRUT, or NICRUT), and may pay the non-charitable beneficiary any trust income in excess of the unitrust amount to the extent that aggregate distributions in prior years were less than the aggregate unitrust amounts as a result of the net-income limitation (a net-income with make-up CRUT, or NIMCRUT).

[View Full Alert](#)

attorneys

David Wheeler Newman

practice areas

nonprofit organizations

tax and trusts & estates