



crt with a trust as income beneficiary

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The Internal Revenue Service has issued an important new revenue ruling which clarifies the situations in which a charitable remainder trust, the term of which is measured by the life or lives of one or more individuals, may distribute the annuity or unitrust amount to another trust rather than directly to the individual. The heart of the matter is Regulation Section 664-3(a)(5)(i) which first provides that the term of a CRT can be measured either by the life or lives of a named individual or individuals or for a fixed term of years not to exceed 20 years, but then goes on to provide that only an individual (or a charity) may receive an amount for the life of an individual. This means, for example, that a CRT which distributes the annuity or unitrust amount to a corporation or limited liability company may not have a term measured by the life of an individual.

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practice areas

nonprofit organizations