

# DECHOMAI FOUNDATION, INC. - SPECIALIZED TRUSTEE SERVICES

EXPERT MANAGEMENT FOR CHARITABLE REMAINDER TRUSTS (CRTS) WITH NON-CASH ASSETS

Dechomai Foundation, Inc. (DFI) offers a unique solution for donors looking to fund CRTs with complex, non-cash assets, especially for situations where the long-term trustee is not prepared to manage such assets during the trusts holding period.

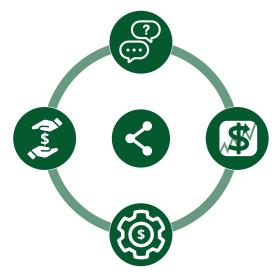
Dechomai was founded in 2003 by Bryan Clontz, Ph.D., CFP®, CAP®, AEP® and works with many of the country's largest charities for illiquid asset receipt, management, and disposition.

### **Key Service Highlights:**

- · Comprehensive trust design, drafting, and administration of the CRT
- Specialized handling of non-cash asset donations
- Smooth transition to a long-term trustee after asset liquidation, "post-flip"

#### Communicate with DFI on the Trust Design and Drafting

- 1. Consultations with the Donor, and the donor's advisor, is available to walk through the specifics of the process, and for them to ask questions and review the requisite paperwork.
- 2. Donor establishes the "flip" charitable remainder unitrust and funds the trust with the complex asset. DFI will assist the long-term trustee and the donor by drafting the trust instrument. The donor agrees to have their own attorney review the terms of the trust.
- 3. During the holding period DFI provides all services as trust fiduciary including the administration and annual tax return.
- 4. Post "flip" DFI appoints either a corporate trustee or charitable organization as trustee after the successful sale of the complex asset.



ASSETS ACCEPTED	
Liquid Assets	Illiquid Assets
<ul><li>Cash</li><li>Publicly Traded Securities</li><li>Mutual Funds</li></ul>	<ul> <li>Real Estate</li> <li>Business Ownership</li> <li>C and S Corp Stock</li> <li>Tangible Personal Property (with Board Approval)</li> </ul>

#### **Detailed Fee Structure:**

#### For Assets Under \$10 Million:

- 2.4% on the first \$1M
- 1.6% on the next \$4M
- 0.8% on amounts above \$5M

#### For Assets Over \$10 Million:

- 100 bps (1%) for the first \$10M
- 75 bps (0.75%) for the next \$15M
- 50 bps (0.5%) for the next \$25M
- 25 bps (0.25%) for the next \$25M
- 10 bps (0.1%) for all excess over \$75M

#### Annual Holding Fee (if applicable):

• Based on the same bps schedule, prorated monthly, for assets held beyond one year *Note: All fees are calculated based on the greater of gross consideration received or appraised value. Minimum fee:* \$10,000.

#### FAQ's

### What is a Flip CRUT and How Does It Work?

A Flip CRUT is a type of Charitable Remainder Unitrust (CRUT) that begins as a Net Income CRUT (NICRUT) or Net Income with Makeup CRUT (NIMCRUT) and then 'flips' to a standard CRUT upon a specific triggering event, like the sale of an illiquid asset. In the initial phase, the trust pays the income beneficiary(s) the lesser of the actual trust income or a fixed percentage of the trust's assets. After the triggering event, it pays a determined fixed percentage of its assets, revalued annually, to the beneficiaries. CRUT's have a 5% required minimum payout annually, post-FLIP.

## What are the Benefits of a Flip CRUT?

Flip CRUTs offer flexibility for donors who wish to contribute assets that are not immediately income-producing, like undeveloped real estate or closely held stock. Initially, these trusts can provide lower income payouts, which may increase post-FLIP event when the trust assets become more liquid and income-producing. Additionally, Flip CRUTs offer tax benefits, as donors can receive an immediate income tax deduction for a portion of the gifted asset's value and potentially reduce estate taxes.

# When does the 'Flip' Occur in a Flip CRUT?

The 'flip' from a NICRUT or NIMCRUT to a standard CRUT occurs on a predetermined triggering event, which is defined in the trust document. The most common triggering events include the sale of an illiquid asset held in the trust, or a specific date. Once this event occurs, the trust's payout method changes, and it starts operating like a standard CRUT, paying a fixed percentage of its revalued assets annually to the beneficiaries.

Discover how DFI can facilitate your donor or clients' philanthropic goals with our specialized short-term trust services.

### LET'S TALK

Call or email the professionals at Dechomai today about turning your unusual donations into usable cash. (404) 375-5496 | admin@dechomai.org