

## 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

- Cash
- Publicly Traded Securities
- Mutual Funds

#### Illiquid Assets

- Real Estate
- Business Ownership
- C and S Corp Stock
- Tangible Personal Property (with Board Approval)

## 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](mailto:admin@dechomai.org)