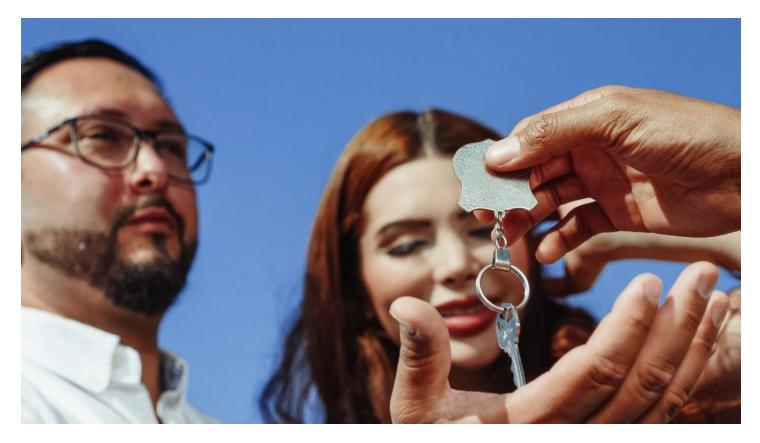
## Income timing: A NIMCRUT could hold the key



Clients who own closely-held businesses, real estate, or even cryptocurrency may be good candidates for a particular type of charitable remainder trust known as a <u>NIMCRUT</u>, which is short for "Net Income with Makeup Charitable Remainder Unitrust."

The way it works is that your client transfers a highly-appreciated asset to a trust. The trust terms provide for the payment of a fixed percentage (at least 5%) of the trust's value, revalued annually, to your client or another beneficiary.

Here's the key with the NIMCRUT: The terms of this type of trust also provide that if the trust's income is less than the designated fixed percentage, the trust will only distribute the actual income. Later, upon the liquidation of the highly-appreciated asset, for example, the income distributions will be made up.

In this way, not only does the NIMCRUT keep the highly-appreciated asset growing under favorable tax conditions inside the trust until it is sold, but it also allows your client to receive the higher income in later years, such as retirement, when the client's tax bracket is likely to be lower. As with other types of charitable remainder trusts, when the term of the NIMCRUT expires, the remainder passes to charity.

Some NIMCRUTs deploy a "FlipCRUT" feature which removes the net income limitation upon a triggering event (such as the sale of an asset or a date). This creates even more flexibility in timing income for your client.

Note that it's wise to consider naming a public charity, such as a donor-advised fund at the community foundation, versus a private foundation, as the charitable remainder beneficiary of a NIMCRUT or other charitable remainder trust. This optimizes the amount of your client's up-front charitable deduction when the trust is funded.