Policy 2.92
New Charitable Remainder Trust (CRT) Accounting

Responsible Official: VP for Finance
Administering Division/Department: Controller's Office
Effective Date: September 1, 2008
Last Revision: August 3, 2009

Policy Sections:

I. Overview

All new Charitable Remainder Trusts (CRT's) should be recorded and processed in the standard set forth in this policy.

The Controller's Office is responsible for implementation of this policy.

II. Applicability

This policy applies to all new CRT's.

III. Policy Details

When a new CRT is established by a donor from the donation of money or stock as outlined in a signed agreement, it must be recorded in the University's accounting system. A new account and memo bank must be created in the University's accounting system by the Controller's Office and the gift must be recorded by Gift Records. The Controller's Office must ensure the new CRT account in the University's accounting system is ready for any automatic feeds provided by State Street Global Advisors (SSgA) and any applicable manual journal entries are made. A new permanent file must also be created to retain the signed agreement and necessary documentation.

Exceptions to the policy (no CRT is recorded):

- If a CRT is not Trusteed by Emory University and Emory University is not the sole or primary beneficiary the CRT is generally not recorded on the University's books.
- If a CRT has revocable beneficiary clause, it is not recorded on the University's books.

The following journal entries are used to record the initial gift:

- If the CGA is funded with a stock gift:

  Entry #1: a debit to the security account and a credit to the gift clearing account. To record the gift: amount is equal to the charitable deduction obtained from the PG Calculation Worksheet.

  Entry #2: a debit to the security account and a credit to the annuity payable account. To record the Annuity Payable: amount is equal to the principal donated less the charitable deduction obtained from the PG Calculation Worksheet.

- If the CGA is funded with cash:

  Entry #1: a credit to the gift clearing account. To record the gift: Amount is equal to the charitable deduction obtained from the PG Calculation Worksheet.

  Entry #2: a credit to the annuity payable account. To record the Annuity Payable: amount is equal to the principal donated less the charitable deduction obtained from the PG Calculation Worksheet.

The following responsibilities must be fulfilled on a monthly basis by the Controller's Office:

> After a CRT has been set up, each CRT must be reconciled with the bank statement and the signed reconciliation must be signed by the manager and filed in the Controller's Office.

The following responsibilities must be fulfilled on an annual basis by the Controller's Office:

> A new annuity payable calculation must be made each August based July's market value and the current age of the annuitant. The new payable must then be entered in the accounting system.

IV. Definitions

Charitable Remainder Trust (CRT): An agreement in which property or money is donated to a charitable organization and the donor receives income from the investment during the remainder of his or her lifetime. After the donor's death, the charitable organization receives the principal of the donation to be used for a purpose specified by the donor.

Unitrust (CRUT): A form of a charitable remainder trust in which the donor donates property or money in return for a fixed percentage of income, not less than 5% per statutory requirements, of the trust's net fair market value of its assets each year until the death of the beneficiaries or other specified term.

Charitable Remainder Annuity Trust (CRAT): A form of charitable remainder trust in which the donor donates property or money in return for a fixed percentage of the initial fair market value of its assets. Unlike the Unitrust, the payments to the beneficiaries are set at the inception value and do not change.

Net Income Unitrust (NIMCRUT): A form of charitable remainder trust in which the donor donates property or money and receives income for the lifetime of the beneficiaries. The income payment is either the specified percentage of the market value in that year or the net income earned by the trust in that year. It also may contain a "make-up" provision in which the donor can elect to receive less income than the agreed upon percentage of market value in return for receiving a higher percentage in a subsequent year.

V. Related Links and Resources

- Current Version of This Policy: http://policies.emory.edu/2.92
- SSgA Charitable Giving Website: https://www.cam.ssga.com
- Controller's Office Website: https://www.finance.emory.edu/external/deptpages/ctrl/index.cfm

VI. Contact Information

Subject	Contact	Phone	Email
CRT Accounting	Controller's Office	404.727.6080	ctrl@emory.edu

VII. Revision History

August 2009 Changes to journal entry process
