

Charitable Remainder Trusts, 1998

by Melissa J. Belvedere

In 1999, the Statistics of Income Division conducted the first of what will be an annual series of studies of charitable remainder trusts [1]. This study collected data from Reporting Year 1998, using Form 5227, *Split Interest Trust Information Return*. For 1998, a total of 85,060 information returns were filed by charitable remainder trusts. Of that total, 23.7 percent were filed by charitable remainder annuity trusts, which reported net ordinary income of \$0.3 billion, total net capital gains of \$0.9 billion, and distributions of \$0.7 billion. The remaining 76.3 percent of returns were filed by charitable remainder unitrusts. Unitrusts, which reported total assets at fair market value of over \$64.3 billion, earned \$1.8 billion in ordinary income, received \$8.2 billion in total net capital gains, and distributed over \$4.4 billion to beneficiaries (Figure A).

Figure A

Selected Data Items of Charitable Remainder Trusts, by Type of Trust, 1998

[Money amounts are in thousands of dollars]

Item	Total	Annuity trusts	Unitrusts
	(1)	(2)	(3)
Number of returns.....	85,060	20,137	64,923
Net ordinary income ¹	2,125,974	315,951	1,810,023
Total net capital gains (losses) ²	9,058,904	876,021	8,182,883
Distributions ³	5,180,277	748,448	4,431,828
Total assets at end of year:			
Book value.....	62,932,182	8,648,497	54,283,685
Fair market value.....	64,304,568	N/A	64,304,568

N/A--Not applicable.

¹ "Net ordinary income" is taken from Form 5227, line 13.

² "Total net capital gains (losses)" is calculated as "net short-term capital gains" (line 16) plus "net long-term capital gains" (line 19).

³ "Distributions" has been calculated as the difference between "total accumulations" (sum of columns (a) through (d), line 22) and "undistributed at end of tax year" (sum of columns (a) through (d), line 23).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Split Interest Trust Background Information

All split interest trusts must file Form 5227, *Split Interest Trust Information Return*, annually to

report their financial activities and to determine if the trust is to be treated as a private foundation. A split interest trust is a trust that:

"is not exempt from tax under section 501(a)...has some unexpired interests that are devoted to purposes other than religious, charitable, or similar purposes described in section 170(c)(2)(B)...and has an amount transferred in trust after May 26, 1969, for which a deduction was allowed under one of the Code sections listed in section 4947(a)(2)" [2].

These trusts are *not formally recognized as tax-exempt* by the Internal Revenue Service, but retain many of the characteristics of tax-exempt entities. In short, they are hybrids that combine many of the features of 501(c)(3) "charitable" tax-exempt organizations with the features of simple (private) trusts [3].

There are three main types of split interest trusts: pooled income funds, charitable lead trusts, and charitable remainder trusts. A pooled income fund, created and maintained by a charitable organization, pays lifetime interest income to its donors, while the remaining interest is kept by the charitable organization. A charitable lead trust pays a fixed annuity to a charitable organization over a certain period of time, after which the remaining interest is transferred to a noncharitable beneficiary. For the purposes of this study, data were collected only for charitable remainder trusts, of which there are two types—charitable remainder annuity trusts (CRAT's) and charitable remainder unitrusts (CRUT's).

A CRAT pays a recipient a fixed amount annually, which is specified when the trust is established. The fixed amount is determined by applying a percentage to the fair market value of the net assets initially placed in the trust. The percentage that is applied must be between 5 percent and 50 percent of the initial value of the trusts. Upon the death of the beneficiary, or at the end of the term specified in the trust instrument, the assets remaining in the trust are transferred to a specified charity. Additional regulations require that the amount transferred to the charity must be at least 10 percent of the fair market value of the net assets initially placed in trust.

A CRUT is similar to an annuity trust in that the payments to a beneficiary are determined as a

Melissa Belvedere is an economist with the Special Studies Special Projects Section. This article was prepared under the direction of Michael Alexander, Chief.

Charitable Remainder Trusts, 1998

percentage of net assets. Unlike an annuity trust, however, annual payments are based on applying a fixed percentage (specified when the trust is established) to the fair market value of the net assets of the trust, *as they are valued each*

year. As with annuity trusts, the percentage applied to the fair market value of the net assets must be between 5 percent and 50 percent. The remaining assets that are donated to charity upon the death of the beneficiary must be at least 10 percent of the net fair market value of all assets initially placed in the trust.

There are two variations on the standard unitrust, both of which affect how the annual payment amount is calculated. One type of unitrust is a net income charitable remainder unitrust (NI-CRUT). A NI-CRUT is one that pays the lesser of either a fixed percentage of the fair market value of assets or the trust's actual income for the year. Under this arrangement, distribution deficiencies (when the actual income is less than the percentage amount) are not made up in future years.

The other type of unitrust is the net income with makeup charitable remainder unitrust (NIM-CRUT). This trust is identical to the NI-CRUT, except distribution deficiencies may be made up when, in future years, the percentage amount exceeds the trust's income [4, 5, 6].

Annuity Trusts

In this article, both annuity trusts and unitrusts are classified as small, medium, or large, based on the end-of-year fair market value of the trust's total assets [7]. A small trust is one whose reported fair market value of assets is less than \$500,000. This class includes those trusts that did not report the fair market value of their assets, or those that reported holding assets with zero fair market value. Medium-sized trusts are those holding assets of at least \$500,000 and less than \$3,000,000. A large trust is any trust having assets valued at \$3.0 million or more.

For 1998, some 20,137 annuity trusts filed information returns; small trusts comprised 81.8 percent, mid-sized trusts accounted for 16.0 percent, and large

For 1998, some 20,137 annuity trusts reported total net income of almost \$1.2 billion, and distributed \$748.4 million to non-charitable recipients.

trusts made up only 2.3 percent of the total. Annuity trusts reported total net income from all sources of almost \$1.2 billion. Small trusts earned 28.3 percent of this total net income, medium trusts 31.7 percent, and large trusts 39.9 percent. In the aggregate, annuity trusts distributed about 60 percent of their net income for 1998. Distributions during Reporting Year 1998 were \$748.4 million; at the end of the year, \$4.6 billion of accumulated income were left undistributed [8].

Annuity trusts report all income accumulated (undistributed) from prior years. Current net income is added to these prior-year accumulations and reported as "total accumulations." After current-year distributions are subtracted, undistributed accumulations for the end of the year are reported.

Income and Accumulations

Of the almost \$1.2 billion in total net income reported by annuity trusts for 1998, some \$316.1 million were net ordinary income, \$12.9 million were net short-term capital gains, and \$863.0 million came from net long-term capital gains. About \$357.5 million of gross ordinary income were reported, or about 28.8 percent of total gross income. Interest income was the greatest single source of gross ordinary income for all annuity trust asset-sized groupings (as shown in Table 1 at the end of this article), except for those whose assets were between \$500,000 and \$1,500,000. Trusts in this asset category reported dividend income as their greatest source of gross ordinary income. Total accumulations of ordinary income amounted to \$592.8 million. Forty-six percent of this total was distributed in 1998 (\$270.9 million). (See Figure B for selected income and deduction items and Figure C for information on accumulations.)

By a considerable margin, the greatest source of income for annuity trusts came from net long-term capital gains. For trusts of all sizes combined, net long-term capital gains comprised 72.3 percent of total net income. After taking \$8.6 million of allowed deductions from \$871.7 million of gross long-term capital gains, net income from long-term capital gains amounted to \$863.0 million. The amounts of long-term capital gain income earned by small and medium trusts were roughly equal (\$245.2 million, or 28.4 percent of the total, and \$262.7 million, or 30.4

Charitable Remainder Trusts, 1998

Figure B

Selected Income and Deduction Information for Annuity Trusts, by Size of Fair Market Value of Total Assets, 1998

[Money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets		
		Under	\$500,000	\$3,000,000
		\$500,000 ¹	under \$3,000,000	or more
	(1)	(2)	(3)	(4)
Number of returns	20,137	16,464	3,219	454
Total gross income	1,242,546	350,824	399,512	492,209
Gross ordinary income ²	357,509	101,406	132,406	123,696
Gross short-term capital gain income (loss) ³	13,359	1,214	884	11,261
Gross long-term capital gain income (loss) ⁴	871,678	248,204	266,223	357,251
Total deductions	50,509	13,678	20,435	16,397
Deductions allocable to ordinary income.....	41,389	10,648	16,614	14,127
Deductions allocable to short-term capital gain income (loss).....	473	29	262	182
Deductions allocable to long-term capital gain income (loss).....	8,648	3,000	3,559	2,089
Ratio expressed as a percentage	Total	Size of fair market value of total assets		
		Under	\$500,000	\$3,000,000
		\$500,000 ¹	under \$3,000,000	or more
	(1)	(2)	(3)	(4)
Net ordinary income/total net income ⁵	26.9	26.9	30.5	23.0
Net short-term capital gain/total net income ⁵	1.1	0.4	0.2	2.3
Net long-term capital gain/total net income ⁵	72.3	72.7	69.3	74.6

¹ Includes returns with zero (including unreported) fair market value assets.

² "Gross ordinary income" is taken from Form 5227, line 8.

³ "Gross short-term capital gain income (loss)" is taken from Form 5227, line 14.

⁴ "Gross long-term capital gain income (loss)" is taken from Form 5227, line 17c.

⁵ "Total net income" is calculated as the sum of "net ordinary income" (line 13), "net short-term capital gain" (line 16), and "net long-term capital gain" (line 19).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Figure C

Accumulation Information for Annuity Trusts, by Type of Income, 1998

[Money amounts are in thousands of dollars]

Item	Type of income ¹				
	Total	Net ordinary income	Capital gains (losses)		Nontaxable income
			Net short-term	Net long-term	
	(1)	(2)	(3)	(4)	(5)
Total accumulations ²	5,307,646	592,799	155,237	4,330,668	228,942
Prior year undistributed income ³	4,055,407	276,873	142,345	3,467,539	168,650
Current year net income ⁴	1,252,264	315,951	12,892	863,130	60,292
Current year distributions ⁵	748,448	270,895	22,286	411,339	43,929
Undistributed at end of tax year ⁶	4,559,198	321,904	132,951	3,919,329	185,013

¹ All income information (ordinary income, net short-term and long-term capital gain income, and nontaxable income) is taken from Form 5227, columns (a) through (d) of the Accumulation Schedule.

² "Total accumulations" is taken from Form 5227, line 22.

³ "Prior year undistributed income" is taken from Form 5227, line 20.

⁴ "Current year net income" is taken from Form 5227, line 21.

⁵ "Current year distributions" is calculated as "total accumulations" (line 22) less "undistributed at end of tax year" (line 23).

⁶ "Undistributed at end of tax year" is taken from Form 5227, line 23.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Charitable Remainder Trusts, 1998

percent of the total, respectively). Large trusts received \$355.2 million in net long-term capital gains, or 41.1 percent of the total. Less, percentage wise, was distributed from long-term capital gain accumulations than from any other income source; only 9.5 percent, or \$411.3 million, were distributed [9]. The \$12.9 million of net short-term capital gains represented only 1.1 percent of total net income for annuity trusts; 14.4 percent of annuity trust accumulations of short-term capital gain income were distributed.

Nontaxable income is reported by split-interest trusts only in the accumulation schedule. For 1998, annuity trusts reported gaining nontaxable income of \$60.3 million. Total accumulations of nontaxable income from 1998 and prior years were \$228.9 million, or only 4.3 percent of accumulations from all sources. Approximately \$43.9 million were distributed from nontaxable income (Figure C).

Distribution Detail

Figure D presents detailed distribution information of charitable remainder annuity trusts. From the figure, it becomes clear that, on the whole, distributions came primarily from long-term capital gains, although distributions from ordinary income were also significant, particularly for medium and large trusts. An overwhelming portion of the distributions of small trusts was funded from long-term capital gain income, a feature that set it apart from trusts in other size categories. Over 68 percent of the total distributions from small trusts were made from long-term capital gain income; distributions made from ordinary income were a distant second, comprising 24.9 percent of the small trusts' distributions. This is not surprising, as small trusts distributed almost 20 percent of their total long-term capital gain accumulations.

Distributions from long-term capital gain were a much smaller percentage of total distributions for trusts of other sizes. The total distributions of medium-sized trusts were primarily from ordinary income (47.9 percent)

Annuity trusts' distributions came primarily from long-term capital gains and ordinary income.

and long-term capital gains (40.7 percent). Medium-sized trusts distributed over 60 percent of their total accumulations of ordinary income, whereas they distributed only 6.0

percent of long-term total accumulations.

The percentage of distributions of large trusts which came from ordinary income and long-term capital gain income were roughly similar (43.9 percent and 45.5 percent, respectively). It is important to note, however, that the distributions from ordinary income represented 33.8 percent of the total ordinary income accumulations, whereas the distributions from long-term capital gains represented only 5.2 percent of the large trusts' total accumulations of long-term capital gains.

Balance Sheet Information

As previously discussed, the payments of annuity trusts are a fixed amount, based on the value of the assets when initially placed in the trusts. Because of this payment structure, there is no compelling need to calculate the fair market value of assets annually. For this reason, annuity trusts are not required to report the fair market value of their assets and liabilities. Some annuity trusts choose to provide fair market value information regarding their assets, while others do not. For purposes of consistency in this study, data on the fair market values of assets and liabilities of annuity trusts are not collected at all. For this reason, all statistics in this section pertaining to assets, investments, and liabilities reported are book value amounts.

Annuity trusts held assets in the book value amount of \$8.6 billion in 1998. Of that amount, approximately \$7.3 billion were classified as investments [10]. Small trusts were responsible for 26.1 percent of all assets (\$2.3 billion), and roughly 26.3 percent of all investments (\$1.9 billion). Mid-sized trusts held approximately \$3 billion in assets, of which \$2.5 billion were investments; these trusts held 34.4 percent of all assets and 35.1 percent of the aggregate investments amount. In 1998, some 39.5 percent of all assets and 38.6 percent of all investments were owned by large trusts (\$3.4 billion and \$2.8 billion, respectively). The composition of assets for trusts in each size category, as well as for all annuity trusts, can be seen in Figure E.

Charitable remainder annuity trusts reported \$155.5 million (book value) in liabilities for 1998. Of this amount, small trusts accounted for \$107.6 million, medium-sized trusts accounted for \$26.4 million, and large trusts accounted for only \$21.5 million. When the liabilities of each size class are expressed as a

Charitable Remainder Trusts, 1998

Figure D

Distribution Information for Annuity Trusts, by Source of Distribution Funds and Size of Trust, 1998

[Money amounts are in thousands of dollars]

Source of funds	Size of trust							
	Total		Small ¹		Medium ²		Large ³	
	Amount distributed	Percent of total	Amount distributed	Percent of total	Amount distributed	Percent of total	Amount distributed	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total ⁴	748,448	100.0	346,450	100.0	204,388	100.0	197,610	100.0
Ordinary income ⁵	270,895	36.2	86,271	24.9	97,870	47.9	86,754	43.9
Net short-term capital gain (loss) ⁶	22,286	3.0	9,199	2.7	3,399	1.7	9,687	4.9
Net long-term capital gain (loss) ⁷	411,339	55.0	238,321	68.8	83,136	40.7	89,883	45.5
Nontaxable income ⁸	43,929	5.9	12,659	3.7	19,984	9.8	11,286	5.7

Source of funds	Size of trust			
	Total	Small ¹	Medium ²	Large ³
	(1)	(2)	(3)	(4)
Total				
Distributions.....	748,448	346,450	204,388	197,610
Total accumulations ⁹	5,307,646	1,510,810	1,661,505	2,135,332
Distributions/accumulations ¹⁰	14.1	22.9	12.3	9.3
Ordinary income ⁵				
Distributions.....	270,895	86,271	97,870	86,754
Total accumulations ⁹	592,799	174,837	160,972	256,991
Distributions/accumulations ¹⁰	45.7	49.3	60.8	33.8
Net short-term capital gain (loss) ⁶				
Distributions.....	22,286	9,199	3,399	9,687
Total accumulations ⁹	155,237	37,819	41,119	76,299
Distributions/accumulations ¹⁰	14.4	24.3	8.3	12.7
Net long-term capital gain (loss) ⁷				
Distributions.....	411,339	238,321	83,136	89,883
Total accumulations ⁹	4,330,668	1,219,531	1,376,716	1,734,421
Distributions/accumulations ¹⁰	9.5	19.5	6.0	5.2
Nontaxable income ⁸				
Distributions.....	43,929	12,659	19,984	11,286
Total accumulations ⁹	228,942	78,623	82,698	67,621
Distributions/accumulations ¹⁰	19.2	16.1	24.3	16.7

¹ Small annuity trusts are those having from zero (including unreported) to less than \$500,000 in fair market value of total assets.

² Medium annuity trusts are those having from \$500,000 to less than \$3,000,000 in fair market value of total assets.

³ Large annuity trusts are those having \$3,000,000 or more in fair market value of total assets.

⁴ All distribution amounts are calculated as "total accumulations" (line 22) less "undistributed at end of tax year" (line 23).

⁵ All ordinary income information is taken from Form 5227, column (a) of the Accumulation Schedule.

⁶ All short-term capital gain information is taken from Form 5227, column (b) of the Accumulation Schedule.

⁷ All long-term capital gain information is taken from Form 5227, column (c) of the Accumulation Schedule.

⁸ All nontaxable income information is taken from Form 5227, column (d) of the Accumulation Schedule.

⁹ Total accumulations is taken from Form 5227, line 22.

¹⁰ This ratio is expressed as a percentage within the figure.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

percentage of total assets, small trusts showed the highest percentage. Small trusts reported liabilities that were 4.8 percent of their assets; large trusts reported liabilities that were only 0.6 percent of their assets [11].

Charitable Remainder Unitrusts

As stated previously, charitable remainder unitrusts are classified as small, medium, or large in this article. The same system of size classification that was used with annuity trusts is also used with unitrusts.

Charitable Remainder Trusts, 1998

Figure E

Selected Balance Sheet Information for Annuity Trusts, by Size of Trust, 1998

[Money amounts in thousands of dollars]

Item	Size of trust			
	Total	Small ¹	Medium ²	Large ³
	(1)	(2)	(3)	(4)
Total assets (book value).....	8,648,497	2,259,589	2,975,801	3,413,107
Total investments ⁴	7,338,255	1,927,438	2,578,105	2,832,711
Securities ⁵	6,122,501	1,644,422	2,099,957	2,368,112
Total liabilities.....	155,514	107,601	26,426	21,487

Ratio expressed as a percentage	Size of trust			
	Total	Small ¹	Medium ²	Large ³
	(1)	(2)	(3)	(4)
Total investments/total assets.....	84.9	85.3	86.6	83.0
Securities/total investments.....	83.4	85.3	81.5	83.6
Total liabilities/total assets.....	1.8	4.8	0.9	0.6

¹ Small annuity trusts are those having from zero (including unreported) to less than \$500,000 in fair market value of total assets.

² Medium annuity trusts are those having from \$500,000 to less than \$3,000,000 in fair market value of total assets.

³ Large annuity trusts are those holding \$3,000,000 or more in fair market value of total assets.

⁴ Represents "government obligations," "corporate stock," "corporate bonds," "investments—land, buildings, and equipment," and "other investments."

⁵ Represents "government obligations," "corporate stock," and "corporate bonds."

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

For 1998, some 64,923 unitrusts filed information returns. Small unitrusts accounted for 63.8 percent of all unitrusts; medium trusts made up 31.3 percent of the total, while large trusts were 4.9 percent of the 64,923 unitrusts filing Form 5227 for 1998. Unitrusts reported \$10.0 billion of total net income in 1998. Small unitrusts earned \$1.3 billion, or 12.8 percent of this total net income; medium trusts earned \$3.2 billion (32.3 percent); large trusts earned \$5.5 billion (54.9 percent). Distributions during Reporting Year 1998 were \$4.4 billion; at the end of the year, \$34.3 billion were left undistributed.

Income and Accumulations

Unitrusts reported earning approximately \$10.0 billion in total net income in 1998. The \$10.0 billion comprise \$1.8 billion of net ordinary income, \$0.3 billion of net short-term capital gain income, and \$7.9 billion of net long-term capital gain income. For trusts of all sizes, dividends were the biggest single source of ordinary income, closely followed by interest income. Itemized data on ordinary income (losses) and net short- and long-term capital gains (losses) of unitrusts can be found in Table 4. Dividend income and interest income averaged 46.4 percent and 40.9 percent of gross ordinary income, respectively. Net

ordinary income accounted for 18.1 percent of total net income. Unitrusts accumulated \$2.7 billion, total, in 1998. Over 60 percent of ordinary income accumulations were distributed, amounting to \$1.7 billion. (See Figure F for selected income and deduction items and Figure G for information on accumulations.)

Net long-term capital gain was the largest component of total net income, ranging from 77.1 percent of total net income (for small trusts) to 80.9 percent for (medium trusts). Net long-term capital gains of \$7.9 billion were reported; gross long-term capital gain income was \$8.0 billion, and deductions allocable to those gains totaled approximately \$0.1 billion. Larger unitrusts reported much greater amounts of net long-term capital gain income than did smaller trusts. Whereas small trusts earned only \$986.5 million of net long-term capital gains (12.4 percent of the total), medium trusts earned \$2.6 billion (32.9 percent of the total), and the large trusts earned \$4.3 billion (54.6 percent of the total). Unitrusts distributed \$2.6 billion (7.5 percent) from long-term capital gain accumulations. Short-term capital gain income represented only 2.5 percent of total net income; unitrusts distributed only 6.8 percent of their accumulations of net short-term capital gains.

In 1998, unitrusts reported \$53.1 million of

Charitable Remainder Trusts, 1998

Figure F

Selected Income and Deduction Information for Unitrusts, by Size of Fair Market Value of Total Assets, 1998

[Money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets		
		Under	\$500,000	\$3,000,000
		\$500,000 ¹	under \$3,000,000	or more
	(1)	(2)	(3)	(4)
Number of returns	64,923	41,425	20,311	3,187
Total gross income	10,385,342	1,338,954	3,359,683	5,686,705
Gross ordinary income ²	2,100,662	328,933	740,580	1,031,150
Gross short-term capital gain income (loss) ³	262,583	16,019	-17,915	264,480
Gross long-term capital gain income (loss) ⁴	8,022,097	994,002	2,637,019	4,391,076
Total deductions	393,087	58,774	129,352	204,961
Deductions allocable to ordinary income.....	288,130	50,554	100,298	137,279
Deductions allocable to short-term capital gain income (loss).....	10,058	706	3,211	6,141
Deductions allocable to long-term capital gain income (loss).....	94,899	7,514	25,843	61,542
Ratio expressed as a percentage	Total	Size of fair market value of total assets		
		Under	\$500,000	\$3,000,000
		\$500,000 ¹	under \$3,000,000	or more
	(1)	(2)	(3)	(4)
Net ordinary income/total net income ⁵	18.1	21.7	19.8	16.2
Net short-term capital gain/total net income ⁵	2.5	1.2	-0.7	4.7
Net long-term capital gain/total net income ⁵	79.4	77.1	80.9	79.0

¹ Includes returns with zero (including unreported) fair market value assets.

² "Gross ordinary income" is taken from Form 5227, line 8.

³ "Gross short-term capital gain income (loss)" is taken from Form 5227, line 14.

⁴ "Gross long-term capital gain income (loss)" is taken from Form 5227, line 17c.

⁵ "Total net income" is calculated as the sum of "net ordinary income" (line 13), "net short-term capital gain" (line 16), and "net long-term capital gain" (line 19).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Figure G

Accumulation Information for Unitrusts, by Type of Income, 1998

[Money amounts are in thousands of dollars]

Item	Type of income ¹			
	Total	Net ordinary income	Capital gains (losses)	
			Net short-term	Net long-term
	(1)	(2)	(3)	(4)
Total accumulations ²	38,753,854	2,738,848	975,734	34,817,285
Prior year undistributed income ³	28,708,204	928,826	723,200	26,887,244
Current year net income ⁴	10,045,956	1,810,022	252,524	7,930,359
Current year distributions ⁵	4,431,828	1,715,597	66,720	2,621,317
Undistributed at end of tax year ⁶	34,322,025	1,023,251	909,014	32,195,969

¹ All income information (ordinary income, net short-term and long-term capital gain income, and nontaxable income) is taken from Form 5227, columns (a) through (d) of the Accumulation Schedule.

² "Total accumulations" is taken from Form 5227, line 22.

³ "Prior year undistributed income" is taken from Form 5227, line 20.

⁴ "Current year income" is taken from Form 5227, line 21.

⁵ "Current year distributions" is calculated as "total accumulations" (line 22) less "undistributed at end of tax year" (line 23).

⁶ "Undistributed at end of tax year" is taken from Form 5227, line 23.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Charitable Remainder Trusts, 1998

nontaxable income. When added to their prior-year un-distributed income (\$168.9 million), their total accumulations in 1998 were \$222.0 million. About \$28.2 million were distributed, or 12.7 percent of their accumulations.

Distribution Detail

One thing that is apparent from Figure H is the similarity in the composition of aggregate distributions made by small and medium trusts. The percentages of distributions that came from ordinary income were

Figure H

Distribution Information for Unitrusts, by Source of Distribution Funds and Size of Trust, 1998

[Money amounts are in thousands of dollars]

Source of funds	Size of trust							
	Total		Small ¹		Medium ²		Large ³	
	Amount distributed	Percent of total	Amount distributed	Percent of total	Amount distributed	Percent of total	Amount distributed	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total ⁴	4,431,828	100.0	730,154	100.0	1,405,193	100.0	2,296,481	100.0
Ordinary income ⁵	1,715,597	38.7	310,504	42.5	614,355	43.7	790,739	34.4
Net short-term capital gain (loss) ⁶	66,720	1.5	18,004	2.5	14,365	1.0	34,350	1.5
Net long-term capital gain (loss) ⁷	2,621,317	59.1	395,488	54.2	764,890	54.4	1,460,939	63.6
Nontaxable income ⁸	28,195	0.6	6,158	0.8	11,583	0.8	10,453	0.5

Source of funds	Size of trust			
	Total	Small ¹	Medium ²	Large ³
	(1)	(2)	(3)	(4)
	(1)	(2)	(3)	(4)
Total				
Distributions.....	4,431.828	730.154	1,405.193	2,296.481
Total accumulations ⁹	38,753.854	4,191.582	12,540.443	22,021.829
Distributions/accumulations ¹⁰	11.4	17.4	11.2	10.4
Ordinary income ⁵				
Distributions.....	1,715.597	310.504	614.355	790.739
Total accumulations ⁹	2,738.848	398.599	789.748	1,550.502
Distributions/accumulations ¹⁰	62.6	77.9	77.8	51.0
Net short-term capital gain (loss) ⁶				
Distributions.....	66.720	18.004	14.365	34.350
Total accumulations ⁹	975.734	101.058	160.616	714.060
Distributions/accumulations ¹⁰	6.8	17.8	8.9	4.8
Net long-term capital gain (loss) ⁷				
Distributions.....	2,621.617	395.488	764.890	1,460.939
Total accumulations ⁹	34,817.285	3,650.697	11,505.222	19,661.366
Distributions/accumulations ¹⁰	7.5	10.8	6.6	7.4
Nontaxable income ⁸				
Distributions.....	28.195	6.158	11.583	10.453
Total accumulations ⁹	221.986	41.228	84.857	95.902
Distributions/accumulations ¹⁰	12.7	15.2	13.7	10.9

¹ Small unitrusts are those having from zero (including unreported) to less than \$500,000 in fair market value of total assets.

² Medium unitrusts are those having from \$500,000 to less than \$3,000,000 in fair market value of total assets.

³ Large unitrusts are those having \$3,000,000 or more in fair market value of total assets.

⁴ All distribution amounts are calculated as "total accumulations" (line 22) less "undistributed at end of tax year" (line 23).

⁵ All ordinary income information is taken from Form 5227, column (a) of the Accumulation Schedule.

⁶ All short-term capital gain information is taken from Form 5227, column (b) of the Accumulation Schedule.

⁷ All long-term capital gain information is taken from Form 5227, column (c) of the Accumulation Schedule.

⁸ All nontaxable income information is taken from Form 5227 column (d) of the Accumulation Schedule.

⁹ "Total accumulations" is taken from Form 5227, line 22.

¹⁰ This ratio is expressed as a percentage within the figure.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Charitable Remainder Trusts, 1998

Figure I

Selected Balance Sheet Information for Unitrusts, by Size of Trust, 1998

[Money amounts in thousands of dollars]

Item	Size of trust					
	Small ¹		Medium ²		Large ³	
	Book value	FMV	Book value	FMV	Book value	FMV
	(1)	(2)	(3)	(4)	(5)	(6)
Total assets.....	7,266,502	7,809,161	18,502,627	22,539,180	28,514,555	33,956,228
Total investments ⁴	5,572,690	6,088,023	14,719,915	17,968,342	24,445,362	29,882,876
Securities ⁵	3,936,664	4,494,584	11,337,131	14,143,927	16,001,578	20,883,077
Total liabilities.....	53,403	36,630	229,622	146,267	369,029	462,737

Ratio expressed as a percentage	Size of trust					
	Small ¹		Medium ²		Large ³	
	Book value	FMV	Book value	FMV	Book value	FMV
	(1)	(2)	(3)	(4)	(5)	(6)
Total investments/total assets.....	76.7	78.0	79.6	70.3	75.7	88.0
Securities/total investments.....	70.6	73.8	77.0	78.7	65.5	69.9
Total liabilities/total assets.....	0.7	0.5	1.2	0.6	1.3	1.4

¹ Small unitrusts are those having from zero (including unreported) to less than \$500,000.

² Medium unitrusts are those having from \$500,000 to less than \$3,000,000.

³ Large unitrusts are those holding \$3,000,000 or more.

⁴ Represents "government obligations," "corporate stock," "corporate bonds," "investments--land, buildings, equipment," and "other investments."

⁵ Represents "government obligations," "corporate stock," and "corporate bonds."

NOTE: "FMV" is the abbreviation for fair market value.

very similar (42.5 percent for small trusts, 43.7 percent for medium trusts). Likewise, the percentages of distributions that came from net long-term capital gain income were nearly identical (54.2 percent for small trusts, 54.4 percent for medium trusts). Large trusts' distributions came primarily from net long-term capital gain accumulations (63.6 percent), while accumulations of ordinary income were also significant (34.4 percent).

As with annuity trusts, unitrusts distributed a proportion of their aggregate ordinary income accumulations that was far greater than the proportion distributed from any other source. The small and medium trust groups each distributed approximately 78 percent of their ordinary income accumulations during 1998. Large trusts collectively distributed 51.0 percent of their ordinary income accumulations. In comparison, the second largest distributions/accumulations percentage (shown in Figure H) for sources of funds within each of the asset-seized grouping other than ordinary income were only 17.8 percent for short-term capital gains of small organizations, 13.7 percent for nontaxable income of medium organizations, and 10.9 percent of nontaxable income by large trusts.

Balance Sheet Information

Charitable remainder unitrusts, unlike annuity trusts, are required to provide information on both the book value and fair market value of their assets and liabilities. As shown in Figure I, the book value of total assets held by unitrusts ranged from \$7.3 billion for small trusts to \$28.5 billion for large trusts. The fair market value of total assets was \$7.8 billion for small trusts, \$25.5 billion for medium trusts, and \$34.0 billion for large trusts. Using book values, the ratio of total investments to total assets ranged from 75.7 for large unitrusts, to 76.7 for small trusts. When the same ratio is calculated using fair market values, the range was from 70.3 for medium trusts to 88.0 for large trusts.

The percentage of a trust's investments that were held as securities was greatest for medium-sized trusts. Charitable remainder unitrusts having assets between \$500,000 and \$3,000,000 held the greatest percentage of their investments in securities (77.0 percent in book value and 78.7 percent in fair market value). Trusts with assets over \$3 million held only 65.6 percent (book value), or 69.9 percent (fair market value), of their investments in securities.

Charitable Remainder Trusts, 1998

Figure J

Coefficients of Variation for Selected Items, by Type of Trust, 1998

Item	Annuity trusts	Unitrusts
Coefficients of variation (percentages)		
Gross ordinary income.....	5.48	2.21
Total deductions to ordinary income.....	4.35	3.41
Net ordinary income.....	6.05	2.50
Net short-term capital gains (losses).....	55.51	8.48
Net long-term capital gains (losses).....	10.55	3.70
End-of-year total assets (book value).....	4.19	0.89
End-of-year total assets (FMV).....	N/A	0.76
End-of-year total liabilities (book value).....	32.47	9.27
End-of-year total liabilities (FMV).....	N/A	5.48

N/A--Not applicable.

NOTE: "FMV" is the abbreviation for fair market value.

The amount of total liabilities reported by trusts in each size category increased as the size of the trust increased. Small unitrusts reported book value of total liabilities in the amount of \$53.4 million, medium trusts reported \$229.6 million, and large trusts reported \$369.0 million. It is interesting that, for small trusts, the fair market value of total liabilities (\$36.6 million) was less than the book value. The liability-to-asset ratio (total liabilities divided by total assets), measured using book value, was 0.007 for small trusts, 0.012 for medium trusts, and 0.013 for large trusts. When measured using fair market value, the liability-to-asset ratio for medium trusts was less than the corresponding book value ratio.

Data Sources and Limitations

All statistics in this article are based on a sample of Forms 5227, the *Split Interest Trust Information Return*, from Reporting Year 1998. All charitable remainder trusts that are described in Internal Revenue Code section 664 and had operations during Calendar Year 1998 were required to file the form. Trusts for which 1998 was either an initial or a final year also filed Form 5227, so the sample does contain some part-year returns. The returns of charitable remainder trusts that were to be edited for this Statistics of Income study were computer-designated at the IRS Ogden Submission Processing Center after posting to the IRS Master File. The study year 1998 sample was stratified based on both the type of organization (either an annuity trust or a unitrust), as

well as the reported size of fair market value of total assets.

Charitable remainder annuity trusts were sampled at rates ranging from approximately 2.8 percent for trusts with assets of less than \$500,000 to 100 percent for trusts with assets of \$1.5 million or more. Unitrusts were sampled at rates from 1.8 percent for trusts with less than \$1.0 million in assets to 100 percent for trusts holding \$3.0 million or more in assets. After excluding returns that were selected for the sample but later rejected, the sample size was 6,471 (1,724 annuity trusts plus 4,747 unitrusts). The estimated population size was 85,060, of which 20,137 were annuity trusts and 64,923 were unitrusts. Rejected returns included those which were filed with no money amounts reported and those that were filed by a type of trust that was not an annuity trust or a unitrust. The magnitude of sampling error, measured by coefficients of variation, for selected items is shown in Figure J.

Although information from Parts III (the Current Distributions Schedule), V-A (Charitable Remainder Annuity Trust Information), and V-B (Charitable Remainder Unitrust Information) of Form 5227 was collected, it is not discussed or reported in this article due to issues of reliability. The Distribution Schedule is the portion of the return where the trust shows the accounts from which its annual distribution amounts are taken. Taxpayers report each income recipient and the amount they received from ordinary income, long- and short-term capital gains, nontaxable income, and corpus. Because of the nature of the form, it is impossible to verify the amounts reported by taxpayers in this schedule. Therefore, all distribution amounts discussed in the article, or presented in the figures represent amounts calculated from Part II (the Accumulation Schedule). Similarly, there is no method to confirm the information reported in Part V-A (Charitable Remainder Annuity Trust Information). For this reason, the data from these two sections have not been reported at this time. Part V-B (Charitable Remainder Unitrust Information) is different from the other two sections in that it is a "worksheet" of sorts, where the taxpayer is to show how the annual percentage amount to be distributed was determined. Due to the extremely poor nature of taxpayer reporting in this section, the data are considered extremely unreliable.

The samples were designed to provide reliable

Charitable Remainder Trusts, 1998

estimates of total revenue. The data presented were collected from returns as they were originally filed. The data were subject to comprehensive testing and correction procedures in order to ensure statistical reliability and validity. In most cases, changes made to the original return resulting from either administrative processing or a taxpayer amendment were not incorporated into the data. A discussion of the reliability of estimates based on samples, methods for evaluating the magnitude of both sampling and nonsampling error, and the precision of sample estimates can be found in the general Appendix in this issue of the *SOI Bulletin*.

Notes and References

- [1] Data were collected from Reporting Year 1998 for charitable remainder trusts (annuity trusts and unitrusts) only. The same is true for the current study of returns from Reporting Year 1999 (an article will appear in the Winter 2001/2002 *Bulletin*). The Reporting Year 2000 study will include additional data from the other types of split-interest trusts (charitable lead trusts and pooled income funds). Data and an article containing information from all types of split-interest trusts filing Form 5227 for Reporting Year 2000 will be available in the Winter 2002/2003 *Bulletin*.
- [2] The definition of split-interest trusts was taken from the "Instructions for Form 5227," page 1.
- [3] The term "charitable" refers to tax-exempt organizations with purposes that are charitable, educational, scientific, literary, or religious in nature.
- [4] For an indepth discussion of the types of charitable remainder trusts and their uses, see "Charitable Remainder Trust Strategies... including the Full Monty CRUT," text from a presentation given by Conrad Teitell at the Washington Non-Profit Legal and Tax Conference in Spring of 2000. (Washington Non-Profit Legal and Tax Conference, Conference Proceedings Manual, Organization Management, Inc., Fairfax, VA, March 2000.)
- [5] For a detailed presentation of historical information on all split-interest trusts (including charitable lead trusts and pooled income funds) and charitable trusts, see "Charitable Trusts: An IRS Examination of Nonexempt Charitable Organizations," by Thomas B. Petska in *1983 Proceedings of the American Statistical Association, Section on Survey Research Methods, 1984* also published in *Statistics of Income and Related Administrative Research: 1983*, Statistics of Income Division, Internal Revenue Service, 1983.
- [6] Regardless of the type of trust that filed Form 5227, the filing of Form 1041, *U.S. Income Tax Return for Estates and Trusts*, may also have been required. Form 1041 must be filed annually by the fiduciaries of all estates and non-exempt trusts, provided the entity meets given filing thresholds. This study contains information on charitable remainder trusts only, both those that report unrelated business income as well as those that do not; the fiduciary study, however, reports data from split-interest trusts that have unrelated business income only. Statistics from Form 1041 are also presented in this issue of the *SOI Bulletin*. (See Mikow, Jacob, "Fiduciary Income Tax Returns, 1997.")
- [7] Both annuity trusts and unitrusts are discussed in terms of the size of fair market value of end-of-year assets. When discussing the size of trusts, the fair market value of assets used is the value reported on Line C of the first page of Form 5227; the size of the trust is *not* taken from the balance sheet. This is significant because annuity trusts do not have to provide information on the fair market value of their assets on the balance sheet (unitrusts, however, are required to provide book value, as well as fair market value information). When looking at the tables at the end of this article, it appears that a higher number of annuity trusts than unitrusts have either zero or unreported assets. Often taxpayers will inadvertently leave Line C on the front page blank—if the trust in question is a unitrust, however, then the requisite information can be

Charitable Remainder Trusts, 1998

gleaned from the balance sheet. No such correction is possible when an annuity trust leaves Line C blank. The tables include information from trusts whose value of assets are zero at the end of the year (both from the front page and from the balance sheet)—these trusts may be final-year filers. Final-year filers often report income, and the values of their assets at the beginning of the year.

[8] Total distributions for Reporting Year 1998 were calculated as the difference between “Total accumulations” (Line 22) from all sources (undistributed prior-year income plus current-year net income) less “Income undistributed at end of tax year” (Line 23) from all sources. The sources of income and distributions are ordinary income, net short-term capital gain income, net long-term capital gain income, and nontaxable income.

[9] Amounts in Figure C for “Current Year Income” may not match the amounts from Figure B because the information is taken from a different section of the return. All data re-

ported in Figure B came from Part I of Form 5227; information presented in Figure C is taken from Part II of Form 5227, the Accumulation Schedule. The discrepancies are the result of taxpayer reporting error.

[10] “Investments” refer to government obligations; corporate stock; corporate bonds; land, buildings, and equipment that is not held for charitable purposes; and other assets. “Securities” include government obligations, corporate stock, and corporate bonds. When “Receivables Due” are included in tables, they encompass net accounts receivable, receivables due from disqualified persons, and net other notes receivable. “Other assets” refer to cash; savings and temporary cash investments; inventories for sale or use; prepaid expenses; charitable-purpose land, buildings, and equipment; and other assets.

[11] Data for book-valued liabilities for annuity trusts should be used with caution because of the high coefficient of variation (CV) associated with aggregate total liabilities for annuity trusts. For CV’s on other data items, see Figure J.

SOURCE: IRS, Statistics of Income Bulletin, Winter 2000-2001, Publication 1136 (Rev. 2-2001).

Charitable Remainder Trusts, 1998

Table 1.--Charitable Remainder Annuity Trusts: Selected Income Information, by Size of Fair Market Value of Total Assets, 1998

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Zero or not reported ¹	\$1 under \$500,000	\$500,000 under \$1,500,000	\$1,500,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns.....	20,137	1,552	14,912	2,598	621	364	90
Total net income.....	1,191,972	178,678	158,468	231,048	147,960	200,852	274,965
Ordinary income:							
Gross ordinary income.....	357,509	38,841	62,565	89,504	42,902	58,454	65,242
Interest income.....	178,023	13,273	35,507	33,225	24,012	32,097	39,908
Dividends.....	132,542	11,374	21,668	35,691	15,933	22,526	25,351
Business income (loss).....	-30	--	--	--	-30	--	--
Rents, royalties, partnerships, other estates and trusts.....	22,458	13,396	860	3,402	2,123	2,703	-26
Farm income (loss).....	59	--	--	--	46	13	--
Ordinary gain (loss).....	78	--	67	-3	-1	17	-2
Other income.....	24,257	798	4,342	17,190	820	1,097	11
Total allocable deductions.....	41,389	4,347	6,302	10,744	5,870	7,339	6,788
Interest.....	939	119	4	671	78	61	6
Taxes.....	832	86	71	278	97	155	144
Other deductions.....	39,625	4,142	6,227	9,797	5,699	7,123	6,638
Net ordinary income ².....	315,951	34,494	56,263	78,652	36,972	51,115	58,454
Capital gain (loss):							
Short-term capital gain (loss):							
Gross gain (loss).....	13,359	-3,588	4,802	34	850	3,348	7,913
Allocable deductions.....	473	4	26	188	74	80	101
Net gain (loss) ³	12,892	-3,592	4,777	-154	776	3,273	7,812
Long-term capital gain (loss):							
Gross gain (loss).....	871,678	149,581	98,623	154,935	111,288	148,103	209,149
Allocable deductions.....	8,648	1,806	1,194	2,484	1,076	1,639	450
Net gain (loss) ⁴	863,129	147,775	97,429	152,550	110,212	146,464	208,699

¹ Includes returns that do not report the fair market value of their assets on the first page, or that report this amount as zero. Often, this amount is reported as zero for those trusts filing a final return. In these cases, the trusts report having assets at the beginning of the year, but nothing at the end of the year.

² Taken from "ordinary income less deductions" on line 13 of Form 5227. This amount may not equal "total ordinary income" (line 8) less "total deductions allocable to ordinary income" (line 12) due to taxpayer reporting error.

³ Taken from Form 5227, line 16.

⁴ Taken from Form 5227, line 19.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Charitable Remainder Trusts, 1998

Table 2.--Charitable Remainder Annuity Trusts: Accumulation Information, by Size of Fair Market Value of Total Assets, 1998¹

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Zero or not reported ²	\$1 under \$500,000	\$500,000 under \$1,500,000	\$1,500,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns.....	20,137	1,552	14,912	2,598	621	364	90
Total accumulations.....	5,307,646	747,571	763,238	1,044,229	617,276	965,749	1,169,581
Ordinary income.....	592,799	87,122	87,714	93,587	67,385	111,300	145,690
Net short-term capital gain income (loss).....	155,237	13,830	23,990	35,627	5,492	24,388	51,910
Net long-term capital gain income (loss).....	4,330,668	626,902	592,629	853,412	523,304	791,496	942,925
Nontaxable income.....	228,942	19,717	58,905	61,603	21,095	38,565	29,056
Prior year undistributed income.....	4,055,407	561,189	591,496	796,713	463,822	756,481	885,705
Ordinary income.....	276,873	52,628	31,477	14,935	30,413	60,185	87,236
Net short-term capital gain income (loss).....	142,345	17,422	19,213	35,781	4,716	21,115	44,099
Net long-term capital gain income (loss).....	3,467,539	479,127	495,199	700,862	413,092	645,032	734,226
Nontaxable income.....	168,650	12,013	45,607	45,136	15,601	30,148	20,145
Current year net income.....	1,252,264	186,382	171,767	247,515	153,455	209,269	283,876
Ordinary income.....	315,951	34,494	56,263	78,652	36,972	51,115	58,454
Net short-term capital gain income (loss).....	12,892	-3,592	4,777	-154	776	3,273	7,812
Net long-term capital gain income (loss).....	863,130	147,775	97,429	152,550	110,212	146,464	208,699
Nontaxable income.....	60,292	7,704	13,298	16,467	5,494	8,417	8,911
Current year distributions ³.....	748,448	231,536	114,914	140,658	63,730	91,479	106,131
Ordinary income.....	270,875	32,196	54,075	66,733	31,137	44,702	42,052
Net short-term capital gain income (loss).....	22,286	2,986	3,213	3,293	107	1,215	8,472
Net long-term capital gain income (loss).....	411,339	194,031	44,290	55,916	27,220	41,348	48,535
Nontaxable income.....	43,929	2,323	10,336	14,717	5,266	4,214	7,072
Undistributed at end of tax year.....	4,559,198	516,036	648,324	903,570	553,546	874,271	1,063,450
Ordinary income.....	321,904	54,927	33,639	26,854	36,248	66,598	103,638
Net short-term capital gain income (loss).....	132,951	10,844	17,776	32,334	5,385	23,174	43,438
Net long-term capital gain income (loss).....	3,919,329	432,872	548,339	797,497	496,084	750,148	894,390
Nontaxable income.....	185,013	17,394	48,570	46,885	15,829	34,351	21,984

¹ All information presented in this table is taken from the accumulation schedule.

² Includes returns that do not report the fair market value of their assets on the first page, or that report this amount as zero. Often, this amount is reported as zero for those trusts filing a final return. In these cases, the trusts report having assets at the beginning of the year, but nothing at the end of the year.

³ All reported distribution amounts are calculated as the difference of "total accumulations" (line 22) less "undistributed at end of tax year" (line 23).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Charitable Remainder Trusts, 1998

Table 3.--Charitable Remainder Annuity Trusts: Book Value Balance Sheet Information, by Size of Fair Market Value of Total Assets, 1998

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Zero or not reported ¹	\$1 under \$500,000	\$500,000 under \$1,500,000	\$1,500,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns.....	20,137	1,552	14,912	2,598	621	364	90
Total net assets (end of year)².....	8,301,734	691,302	1,379,131	1,902,749	981,010	1,403,534	1,944,008
Total liabilities and net assets							
(end of year)³.....	8,575,115	728,547	1,500,741	1,948,807	1,008,163	1,419,777	1,969,080
Total assets (end of year).....	8,648,497	755,103	1,504,486	1,979,542	996,258	1,423,897	1,989,210
Cash.....	118,319	13,148	20,622	41,162	16,178	13,425	13,785
Savings and temporary cash investments.....	636,022	26,820	111,577	108,954	78,838	134,519	175,313
Net accounts receivable.....	39,601	--	941	507	533	1,364	36,256
Receivables from disqualified persons.....	94	48	--	--	--	--	45
Net other notes receivable.....	98,546	6,809	30,111	2,330	22,700	20,526	16,070
Inventories for sale or use.....	--	--	--	--	--	--	--
Prepaid expenses.....	556	--	--	214	48	281	11
Total investments.....	7,338,256	690,070	1,237,368	1,743,889	834,215	1,199,616	1,633,095
Securities.....	6,122,501	665,210	989,221	1,418,700	681,256	989,981	1,378,131
Government obligations.....	1,666,256	126,349	353,326	342,440	189,796	273,809	380,535
Corporate stock.....	3,279,365	384,641	405,038	841,581	372,878	515,331	759,895
Corporate bonds.....	1,176,880	154,220	230,857	234,679	118,582	200,841	237,701
Land, buildings, and equipment.....	55,875	7,134	5,711	18,236	9,522	15,271	--
Other investments.....	1,159,880	17,726	242,436	306,953	143,437	194,364	254,964
Charitable purpose land, buildings, and equipment.....	42,227	7,934	2,464	7,402	9,945	14,396	87
Other assets.....	372,876	10,275	99,221	75,084	33,981	39,770	114,546
Total liabilities (end of year).....	155,514	37,706	69,896	17,565	8,861	15,047	6,439
Accounts payable, accrued expenses.....	16,536	--	4,980	800	2,392	5,778	2,587
Deferred revenue.....	7,625	--	3,048	--	1,491	700	2,387
Loans from disqualified persons.....	272	--	109	--	164	--	--
Mortgages and notes payable.....	3,968	767	--	--	52	2,928	221
Other liabilities.....	127,084	36,938	61,731	16,765	4,763	5,642	1,245

¹ Includes returns that do not report the fair market value of their assets on the first page, or that report this amount as zero. Often, this amount is reported as zero for those trusts filing a final return. In these cases, the trusts report having assets at the beginning of the year, but nothing at the end of the year.

² Taken from "total net assets" (line 46, column (b)) of Form 5227.

³ Taken from "total liabilities and net assets" (line 47, column (b)) of Form 5227. This amount may not equal "total liabilities" (line 43, column (b)) plus "total net assets" (line 46, column (b)) due to taxpayer reporting error.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Charitable Remainder Trusts, 1998

Table 4.--Charitable Remainder Unitrusts: Selected Income Information, by Size of Fair Market Value of Total Assets, 1998

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Zero or not reported ¹	\$1 under \$500,000	\$500,000 under \$1,500,000	\$1,500,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns.....	64,923	221	41,204	15,930	4,381	2,555	632
Total net income.....	9,992,956	5,669	1,274,755	1,993,842	1,234,706	2,053,849	3,430,085
Ordinary income:							
Gross ordinary income.....	2,100,662	96	328,837	441,088	299,492	394,590	636,560
Interest income.....	872,047	11	127,698	181,459	111,699	169,973	281,206
Dividends.....	978,763	84	157,501	201,408	131,797	182,912	305,060
Business income (loss).....	294	--	188	--	--	106	--
Rents, royalties, partnerships, other estates and trusts.....	101,391	--	14,268	27,944	8,406	18,718	32,056
Farm income (loss).....	-138	--	--	--	--	-102	-36
Ordinary gain (loss).....	2,174	--	--	1,994	-6	364	-178
Other income.....	146,151	--	29,179	28,281	47,596	22,643	18,452
Total allocable deductions.....	288,130	4	50,550	57,733	42,565	51,122	86,156
Interest.....	22,522	--	495	187	262	1,980	19,598
Taxes.....	8,349	--	1,888	988	1,729	1,632	2,112
Other deductions.....	258,053	4	48,217	56,875	40,574	47,726	64,656
Net ordinary income ².....	1,810,023	91	278,167	381,545	256,927	343,115	550,178
Capital gain (loss):							
Short-term capital gain (loss):							
Gross gain (loss).....	262,583	540	15,479	-5,930	-11,986	36,491	227,988
Allocable deductions.....	10,058	--	706	2,232	979	1,949	4,192
Net gain (loss) ³	252,574	540	14,773	-8,162	-12,965	34,543	223,796
Long-term capital gain (loss):							
Gross gain (loss).....	8,022,097	5,037	988,965	1,636,596	1,000,423	1,686,397	2,704,679
Allocable deductions.....	94,899	--	7,514	16,137	9,707	11,611	49,930
Net gain (loss) ⁴	7,930,358	5,037	981,815	1,620,459	990,744	1,676,191	2,656,111

¹ Includes returns that do not report the fair market value of their assets on the first page, or that report this amount as zero. Often, this amount is reported as zero for those trusts filing a final return. In these cases, the trusts report having assets at the beginning of the year, but nothing at the end of the year.

² Taken from "ordinary income less deductions" on line 13 of Form 5227. This amount may not equal "total ordinary income" (line 8) less "total deductions allocable to ordinary income" (line 12) due to taxpayer reporting error.

³ Taken from Form 5227, line 16.

⁴ Taken from Form 5227, line 19.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Charitable Remainder Trusts, 1998

Table 5.--Charitable Remainder Unitrusts: Accumulation Information, by Size of Fair Market Value of Total Assets, 1998¹

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Zero or not reported ²	\$1 under \$500,000	\$500,000 under \$1,500,000	\$1,500,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns.....	64,923	221	41,204	15,930	4,381	2,555	632
Total accumulations.....	38,753,853	9,614	4,181,966	7,254,358	5,286,085	7,841,130	14,180,698
Ordinary income.....	2,738,848	584	398,014	455,318	334,430	505,086	1,045,415
Net short-term capital gain income (loss).....	975,734	1,040	100,017	41,942	118,674	161,950	552,110
Net long-term capital gain income (loss).....	34,817,285	7,990	3,642,707	6,696,113	4,809,109	7,109,410	12,551,956
Nontaxable income.....	221,986	--	41,228	60,985	23,872	64,684	31,217
Prior year undistributed income.....	28,707,204	3,946	2,898,672	5,242,695	4,045,217	5,995,361	10,742,312
Ordinary income.....	928,826	493	119,847	73,772	77,504	161,973	495,237
Net short-term capital gain income (loss).....	723,200	501	85,243	50,104	131,640	127,398	328,314
Net long-term capital gain income (loss).....	26,887,244	2,953	2,660,891	5,075,654	3,818,365	5,433,219	9,896,164
Nontaxable income.....	168,934	--	32,691	43,165	17,709	52,772	22,597
Current year net income.....	10,045,956	5,669	1,283,292	2,011,662	1,240,868	2,065,760	3,438,706
Ordinary income.....	1,810,022	91	278,167	381,546	256,927	343,113	550,178
Net short-term capital gain income (loss).....	252,524	540	14,773	-8,162	-12,965	34,543	223,796
Net long-term capital gain income (loss).....	7,930,359	5,037	981,816	1,620,459	990,744	1,676,191	2,656,111
Nontaxable income.....	53,052	--	8,536	17,820	6,162	11,913	8,621
Current year distributions ³.....	4,431,828	9,615	720,539	856,974	548,219	799,798	1,496,714
Ordinary income.....	1,715,597	584	609,919	382,665	231,690	323,321	467,508
Net short-term capital gain income (loss).....	66,720	1,040	16,964	2,196	12,169	14,561	19,789
Net long-term capital gain income (loss).....	2,621,317	7,990	387,498	463,013	301,877	453,846	1,007,092
Nontaxable income.....	28,195	--	6,158	9,100	2,483	8,129	2,325
Undistributed at end of tax year.....	34,322,026	--	3,461,427	6,397,384	4,737,866	7,041,362	12,683,986
Ordinary income.....	1,023,251	--	88,095	72,653	102,740	181,855	577,908
Net short-term capital gain income (loss).....	909,014	--	83,053	39,746	106,505	147,388	532,321
Net long-term capital gain income (loss).....	32,195,969	--	3,255,209	6,233,100	4,507,232	6,655,563	11,544,864
Nontaxable income.....	193,792	--	35,070	51,885	21,389	56,556	28,893

¹ All information presented in this table is taken from the accumulation schedule.

² Includes returns that do not report the fair market value of their assets on the first page, or that report this amount as zero. Often, this amount is reported as zero for those trusts filing a final return. In these cases, the trusts report having assets at the beginning of the year, but nothing at the end of the year.

³ All reported distribution amounts are calculated as the difference of "total accumulations" (line 22) less "undistributed at end of tax year" (line 23).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Charitable Remainder Trusts, 1998

Table 6.--Charitable Remainder Unitrusts: Book Value Balance Sheet Information, by Size of Fair Market Value of Total Assets, 1998

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Zero or not reported ¹	\$1 under \$500,000	\$500,000 under \$1,500,000	\$1,500,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns.....	64,923	221	41,204	15,930	4,381	2,555	632
Total net assets (end of year)²	53,309,155	--	7,135,408	10,685,668	7,382,944	9,787,874	18,317,262
Total liabilities and net							
assets (end of year)³.....	54,036,492	--	7,181,789	10,854,991	7,534,947	9,928,470	18,536,295
Total assets (end of year).....	54,283,685	--	7,266,502	10,938,307	7,564,320	9,967,994	18,546,561
Cash	956,649	--	126,602	195,735	175,208	174,999	284,106
Savings and temporary cash investments.....	3,835,431	--	523,196	759,485	465,473	827,135	1,260,143
Net accounts receivable.....	140,681	--	7,589	7,340	58,494	18,808	48,449
Receivables from disqualified persons.....	6,800	--	--	2,868	--	2,516	1,416
Net other notes receivable.....	823,985	--	163,384	219,277	235,785	142,771	62,768
Inventories for sale or use.....	30,135	--	7,030	--	--	--	23,105
Prepaid expenses.....	6,536	--	843	267	79	4,965	383
Total investments.....	44,737,968	--	5,572,690	8,601,499	6,118,416	8,227,528	16,217,834
Securities.....	31,275,382	--	3,936,664	6,715,795	4,621,336	6,373,280	9,628,298
Government obligations.....	4,412,925	--	415,680	948,419	626,823	1,014,071	1,407,930
Corporate stock.....	22,020,295	--	2,717,238	4,704,936	3,323,958	4,457,054	6,817,110
Corporate bonds.....	4,842,152	--	803,746	1,062,440	670,555	902,155	1,403,258
Land, buildings, and equipment.....	438,559	--	111,887	122,408	46,939	90,177	67,146
Other investments.....	13,024,037	--	1,524,139	1,763,296	1,450,141	1,764,071	6,522,390
Charitable purpose land, buildings, and equipment.....	419,807	--	145,644	93,484	63,788	48,534	68,358
Other assets.....	3,344,937	--	748,097	1,058,351	447,077	520,760	570,652
Total liabilities (end of year).....	652,054	--	53,403	108,436	121,186	147,001	222,028
Accounts payable, accrued expenses.....	180,733	--	27,380	25,526	28,105	43,772	55,950
Deferred revenue.....	59,913	--	477	24,315	613	17,571	16,936
Loans from disqualified persons.....	585	--	188	--	--	343	54
Mortgages and notes payable.....	17,906	--	1,083	124	1,349	13,685	1,665
Other liabilities.....	392,748	--	24,275	58,471	91,119	71,460	147,422

¹ Includes returns that do not report the fair market value of their assets on the first page, or that report this amount as zero. Often, this amount is reported as zero for those trusts filing a final return. In these cases, the trusts report having assets at the beginning of the year, but nothing at the end of the year.

² Taken from "total net assets" (line 46, column (b)) of Form 5227.

³ Taken from "total liabilities and net assets" (line 47, column (b)) of Form 5227. This amount may not equal "total liabilities" (line 43, column (b)) plus "total net assets" (line 46, column (b)) due to taxpayer reporting error.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Charitable Remainder Trusts, 1998

Table 7.--Charitable Remainder Unitrusts: Fair Market Value Balance Sheet Information, by Size of Fair Market Value of Total Assets, 1998

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Zero or	\$1 under	\$500,000	\$1,500,000	\$3,000,000	\$10,000,000
		not reported ¹	\$500,000	under \$1,500,000	under \$3,000,000	under \$10,000,000	or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns.....	64,923	221	41,204	15,930	4,381	2,555	632
Total assets (end of year).....	64,304,568	--	7,809,161	13,440,559	9,098,622	12,751,539	21,204,689
Cash	1,048,570	--	193,577	138,571	256,421	196,146	263,855
Savings and temporary cash investments.....	3,645,609	--	492,006	739,030	614,977	755,949	1,043,647
Net accounts receivable.....	240,700	--	3,507	52,673	117,969	25,127	41,424
Receivables from disqualified persons.....	4,206	--	--	24	310	2,456	1,416
Net other notes receivable.....	775,930	--	157,333	171,086	258,915	137,637	50,958
Inventories for sale or use.....	18,829	--	18,829	--	--	--	--
Prepaid expenses.....	8,609	--	635	287	30	6,625	1,033
Total investments.....	53,939,239	--	6,088,023	10,836,488	7,131,854	10,895,506	18,987,370
Securities.....	39,521,580	--	4,494,584	8,610,937	5,532,990	8,695,729	12,187,341
Government obligations.....	4,947,320	--	437,848	1,090,787	652,733	1,142,023	1,623,929
Corporate stock.....	29,501,697	--	3,260,996	6,467,435	4,161,992	6,582,555	9,028,719
Corporate bonds.....	5,072,563	--	795,740	1,052,715	718,265	971,151	1,534,693
Land, buildings, and equipment.....	889,397	--	175,721	262,025	96,906	229,620	125,125
Other investments.....	13,528,262	--	1,417,718	1,963,526	1,501,958	1,970,157	6,674,904
Charitable purpose land, buildings, and equipment.....	775,206	--	238,548	195,112	158,666	89,858	93,023
Other assets.....	3,824,924	--	612,277	1,307,286	559,480	635,937	709,945
Total liabilities (end of year).....	645,632	--	36,630	87,874	58,393	115,020	347,717
Accounts payable, accrued expenses.....	172,499	--	20,856	14,540	29,316	48,006	59,781
Deferred revenue.....	28,080	--	293	24,315	510	1,518	1,443
Loans from disqualified persons.....	429	--	26	--	--	333	69
Mortgages and notes payable.....	11,258	--	1,083	460	1,177	6,720	1,818
Other liabilities.....	430,695	--	14,370	48,558	26,134	57,027	284,605

¹ Includes returns that do not report the fair market value of their assets on the first page, or that report this amount as zero. Often, this amount is reported as zero for those trusts filing a final return. In these cases, the trusts report having assets at the beginning of the year, but nothing at the end of the year.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.