

Split-Interest Trusts, Filing Year 2004

by Lisa Schreiber

The *Split-Interest Trust Information Return* (Form 5227) is filed by entities with both charitable and noncharitable beneficiaries. More than 123,000 Forms 5227 were filed in 2004, an increase of 1.6 percent from Filing Year 2003 [1]. In total, \$7.9 billion in distributions were reported for split-interest trusts in 2004. The end of year book value of assets in Filing Year 2004 was more than \$100.8 billion.

A split-interest trust can be created by a will or a trust document. The trust instrument specifies the term of the trust, designates the trustee as well as the beneficiaries, and provides parameters for managing assets and distributing income to the beneficiaries. The instrument usually specifies the contents of the trust. The individual who owns, and then transfers, the assets that make up the trust corpus, is known as the grantor.

A trustee is charged with holding, investing, and distributing the income and assets of the trust. A trustee may be an individual, a group of individuals, or an entity such as a bank or charity. Each trustee must ensure that all transactions, including distributions, conform to the requirements of the trust document and any applicable laws. Additionally, trustees must coordinate the preparation, verification, and submission of all required State and Federal tax forms.

There are three distinct types of split-interest trusts: charitable remainder trusts, charitable lead trusts, and pooled income funds. In 2004, there were 115,955 returns filed for charitable remainder trusts. Trustees for charitable lead trusts submitted 5,658 returns in 2004, while trustees for pooled income funds submitted 1,591 returns.

Charitable Remainder Trusts

Under a charitable remainder trust (CRT) agreement, an income stream is distributed annually to one or more noncharitable beneficiaries for a defined period of time. The period may be either a fixed duration, statutorily limited to 20 years, or the lifetime of a noncharitable beneficiary [2]. A beneficiary must report the distributions as gross income on his or her *U.S. Individual Income Tax Return* (Form

1040). At the conclusion of the period, the trust is dissolved, and the remaining value is distributed to predetermined charitable beneficiaries [3]. The charitable distribution must equal at least 10.0 percent of the initial fair market value of the assets placed in the trust [4]. At the time of trust creation, the donor receives an income tax deduction based on an estimate of the charitable distribution. The donor is also eligible for a gift tax deduction if the charitable beneficiary has been named.

There are two types of charitable remainder trusts. Charitable remainder annuity trusts (CRATs) and charitable remainder unitrusts (CRUTs) differ in the calculation of the noncharitable distribution amount. Charitable remainder annuity trusts annually distribute a fixed percentage, between 5.0 percent and 50.0 percent, of the initial fair market value of the property in the trust. As a result, the amount of the distribution to noncharitable beneficiaries from a CRAT should be the same each year. Charitable remainder unitrusts distribute a fixed percentage, between 5.0 percent and 50.0 percent, of the fair market value of the trust property, valued annually. Therefore, the value of the distribution to noncharitable beneficiaries from a CRUT, called the unitrust amount, may vary from year to year, depending on the value of the assets in the trust.

There are two common variants of charitable remainder unitrusts that allow for added flexibility of noncharitable distributions. One variant, a net income charitable remainder unitrust (NI-CRUT), permits the trustee to distribute only the amount of trust income for that year, should that amount be less than the distribution that would otherwise be required [5]. This allows the trustee to limit distributions in years when the trust's income is low, so as to not deplete the trust corpus. A related variant is called the net income with makeup charitable remainder unitrust (NIM-CRUT) [6]. A NIM-CRUT works like a NI-CRUT, in that the trustee is allowed to distribute the lesser of the trust income or the required percentage of fair market value. However, the reductions in distributions accumulate. The trustee must make up for previous distribution deficiencies when trust income permits.

Charitable remainder unitrusts may accept property transfers throughout the life of the trust. These are called "additional contributions." These

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contributions may be in the form of any asset, including cash and financial assets. All additional contributions must be detailed on an attachment to the Form 5227 filed for the year in which the contribution was received. The presence of additional contributions complicates the calculation of the unitrust amount. Preparers must prorate the value of the contributions based on the date they were donated to the trust [7]. The unitrust amount is then calculated by multiplying the sum of the balance sheet fair market value and the prorated value of the additional contributions by the unitrust percentage.

Charitable Lead Trusts

Under a charitable lead trust (CLT) agreement, a charitable organization receives the income interest in the trust assets, while the remainder interest is transferred to a noncharitable beneficiary or the donor. Annual distributions are made to a predetermined charitable beneficiary. The amount of CLT distributions is not constrained by minimum or maximum payout restrictions. The distributions continue for the lifetime of an individual, who is usually the grantor or the grantor's spouse [8].

Charitable lead trusts are classified as annuity trusts or unitrusts depending on the calculation of the distribution amount. Charitable lead annuity trusts (CLATs) distribute a fixed dollar amount or a fixed percentage of the initial fair market value of the trust property. Charitable lead unitrusts (CLUTs) distribute a fixed percentage of the net fair market value of the trust property, determined annually. CLATs tend to be favored over CLUTs. CLATs do not require that the trust property be revalued annually, therefore reducing the trustee's costs, and allow the noncharitable remainder beneficiaries to benefit from the appreciation of trust assets.

CLTs are further classified by the role of the grantor or donor. If the donor of the trust assets is the noncharitable beneficiary, the trust is classified as a grantor charitable lead trust. In this case, the grantor will receive an income tax deduction up to the amount of the present value of the charitable distributions as well as a gift tax deduction [9]. Because a grantor CLT is not considered to be a separate taxable entity, the grantor must pay tax on income earned by the trust. Grantor CLTs are generally used to convert future charitable contributions into a current tax deduction. A trust is classified as a

nongrantor charitable lead trust if the donor of the trust property is not a beneficiary. In the case of nongrantor charitable lead trusts, the grantor receives only a gift tax charitable deduction at the time of the trust creation equal to the present value of the charitable distributions. The nongrantor CLT is considered to be a fully taxable separate entity for income tax purposes. As a result, the grantor is not liable for tax owed on trust income. Nongrantor CLTs are generally used as a transfer tax reduction technique.

Pooled Income Funds

Under a pooled income fund (PIF) arrangement, donors to a charitable organization contribute assets to a pool of donated assets and in return receive income payments for the remainder of the grantors' lifetimes [10]. The transfer of assets to the fund must be irrevocable. Generally, donors make contributions to existing pooled income funds, thus incurring far lower administrative costs to the grantor than a charitable remainder trust. At the time of donation, the grantor receives income and gift tax deductions equal to the estimated value of the final charitable contribution. The donee charity, commonly a large educational institution, is responsible for the maintenance of the fund, including investing assets and the distributing to beneficiaries. PIFs are prohibited from investing in tax-exempt securities. Each year, grantors receive a distribution from the fund based on the ratio of their contributions to the value of the investment pool and the return on the fund assets for that year. These distributions are reported as gross income on the grantor's Form 1040. At the time of the donor's death, the charity receives the grantor's prorated share of the value of the PIF.

Filing and Reporting Requirements

A *Split-Interest Trust Information Return* (Form 5227) must be submitted for each calendar year a split-interest trust is in existence [11]. Form 5227 must be filed with the IRS by April 15 of the year following the applicable calendar year. Form 5227 is used to disclose the financial activities of the trust, not to calculate tax liability. If a trust incurred any taxable income during the calendar year, a Form 1041, *United States Income Tax Return for Estates and Trusts*, must be completed.

Form 5227 is divided into several parts, many of which are only completed for one type of split-interest trust. The first section of the return outlines the identification details of the SIT, and is the only portion of the return that is completed in its entirety for all trust types. The trust name, identification number, the type of trust, and the creation date of the trust are included in this section. Trustee information, such as name and address, is also included. Additionally, the end-of-year fair market values of the trust assets are reported. A checkbox allows preparers of charitable remainder trust returns to declare any unrelated business taxable income (UBIT), thus indicating their need to file a Form 1041.

A paid preparer completed 31.3 percent of returns filed in 2004.

This article primarily focuses on split-interest trust reporting for Filing Year 2004. Throughout this article, trusts are described in terms of their size as being small, medium, or large, based on the trust's reported end-of-year total book value of

assets. Small trusts are those that reported total assets of \$500,000 or less, including those trusts that either did not report end-of-year book value of total assets, or that reported the amount as zero [12]. Medium size trusts are those with between \$500,000 and \$3.0 million in total assets. Large trusts reported total assets of \$3.0 million or more.

Overview

The number of Forms 5227 filed increased from 121,309 during Filing Year 2003 to 123,205 in 2004 (Figure A). In Filing Year 2004, about 27.0 percent of Forms 5227 reported a charity as the trustee (Figure B). Trust grantors or beneficiaries were reported as trustees on 26.1 percent of the returns, and financial institutions were trustees on 16.2 percent of returns. Other entities, including trusts and noncharitable organizations, were the most common type of trustee for charitable lead trusts. The trust grantor or a beneficiary of the trust was most likely to act as the trustee of a charitable unitrust, where they made up 31.0 percent of the trustees. Charities were the most common trustees for charitable remainder annuity trusts. Financial

institutions were the most common trustees for pooled income funds.

A paid preparer completed 31.3 percent of returns filed in 2004. However, the trustee type may indicate the presence of a professional preparer even when the return does not indicate a paid preparer. Of those returns which did not indicate a paid preparer, 23.0 percent reported financial institutions or charities as the trustee. When entities such as these are acting as trustee, it is likely that the return was professionally prepared even if a paid preparer did not sign the return. CLTs were the type of trust least likely to be completed by a paid preparer; in 2004, only 17.1 percent of returns filed for CLTs were completed by a paid preparer. PIFs were the type of trust most likely to be completed by a paid preparer. Returns reporting charities acting as trustee were the most likely to be prepared by a paid preparer. Trusts with the grantor acting as trustee were the least likely to utilize a paid preparer.

Ordinary Income and Deductions

The ordinary income and deductions portion of Form 5227 is completed only for charitable remainder trusts, for which 115,955 returns were filed in 2004. Reported income is divided into seven classifications which include interest income, ordinary dividends, and business income or loss. For 2004, a total ordinary income of \$3.0 billion was reported for CRTs. Deductions allocable to ordinary income are divided into three classifications: interest, taxes, and other and totaled \$611.8 million in 2004 [13]. The total value of deductions is subtracted from the total value of ordinary income, resulting in the ordinary income less deductions, referred to in this article as "net ordinary income." For 2004, this amount was \$2.4 billion.

Capital gains and losses are not included in net ordinary income. The total short-term capital gain or loss amount, as well as the total long-term capital gain or loss amount, is taken from Form 1041 Schedule D, *Capital Gains and Losses*, for the corresponding tax year. Deductions reduce the short- and long-term amounts, resulting in a "net short-term capital gain" and a "net long-term capital gain." Charitable remainder trust returns reported total net capital gains of \$2.9 billion in 2004.

Nontaxable income is also reported separately from ordinary income. Charitable remainder trusts

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Figure A

Profile of Split-Interest Trusts, by Type of Trust, Filing Years 2003 and 2004

[Money amounts are in thousands of dollars]

Item	All			Charitable remainder annuity trusts			Charitable remainder unitrusts		
	2003	2004	Percentage change	2003	2004	Percentage change	2003	2004	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Number of returns	121,309	123,205	1.6	22,783	22,626	-0.7	91,371	93,329	2.1
Total net income ¹	N/A	N/A	N/A	812,354	547,372	-32.6	4,606,908	4,848,014	5.2
Net ordinary income ²	N/A	N/A	N/A	234,505	229,106	-2.3	2,257,780	2,129,437	-5.7
Total net capital gains (losses) ³	N/A	N/A	N/A	529,358	275,870	-47.9	2,268,364	2,634,604	16.1
Nontaxable income ⁴	N/A	N/A	N/A	48,491	42,397	-12.6	80,763	83,973	4.0
Total distributions ⁵	10,420,829	7,896,794	-24.2	869,291	939,003	8.0	8,494,256	5,939,494	-30.1
Total assets at end-of-year:									
Book value ⁶	105,620,903	100,809,429	-4.6	9,596,835	9,464,536	-1.4	81,564,412	77,368,620	-5.1
Fair market value ⁷	N/A	N/A	N/A	N/A	N/A	N/A	84,697,749	89,573,997	5.8

Item	Charitable lead trusts			Pooled income funds		
	2003	2004	Percentage change	2003	2004	Percentage change
	(10)	(11)	(12)	(13)	(14)	(15)
Number of returns	5,481	5,658	3.2	1,675	1,591	-5.0
Total net income ¹	N/A	N/A	N/A	N/A	N/A	N/A
Net ordinary income ²	N/A	N/A	N/A	N/A	N/A	N/A
Total net capital gains (losses) ³	N/A	N/A	N/A	N/A	N/A	N/A
Nontaxable income ⁴	N/A	N/A	N/A	N/A	N/A	N/A
Total distributions ⁵	940,159	905,054	-3.7	117,123	113,244	-3.3
Total assets at end-of-year:						
Book value ⁶	12,781,399	12,318,893	-3.6	1,678,256	1,657,381	-1.2
Fair market value ⁷	N/A	N/A	N/A	N/A	N/A	N/A

N/A--Not applicable.

¹ Calculated as the sum of "ordinary income less deductions" (Form 5227, Part I, line 13), "net short-term capital gains (losses)" (line 16), "net long-term capital gains (losses)" (line 19), and "current tax year nontaxable income" (Part II, line 21(d)).

² Taken from "ordinary income less deductions" (Form 5227, Part I, line 13).

³ Calculated as the sum of "net short-term capital gains (losses)" (Form 5227, Part I, line 16) and "net long-term capital gains (losses)" (line 19).

⁴ Taken from "current tax year nontaxable income" (Form 5227, Part II, line 21(d)).

⁵ In the case of charitable remainder annuity trusts and charitable remainder unitrusts, the value of distributions is calculated as the sum of all distribution types from the Current Distributions Schedule (Form 5227, Part III). In the case of charitable lead trusts, distributions have been calculated as the sum of "excess income required to be paid for charitable purposes" (line 2), "annuity or unitrust payment required to be paid to charitable beneficiaries" (line 3), and "annuity or unitrust payments required to be paid to private beneficiaries" (line 4) from Form 5227, Section A, the Questionnaire for Charitable Lead Trusts. In the case of pooled income funds, distributions were calculated as the amount required to be distributed to the remainder beneficiary that remain undistributed (line 3), plus "amount required to be paid to private beneficiaries" (line 4), plus "amount required to be paid to the charitable beneficiary" (line 5) from Form 5227, Part VII, Section B, Questionnaires for Pooled Income Funds.

⁶ Taken from Form 5227, Part IV, line 37, column (b).

⁷ For charitable remainder unitrusts, taken from an estimated end-of-year fair market value. The end-of-year fair market value is taken from Form 5227, Line C and verified using information provided on Part IV.

NOTE: Detail may not add to totals due to rounding.

reported \$126.4 million in nontaxable income in 2004. In this article, total net income is defined as the sum of net ordinary income, net capital gains, and nontaxable income. Despite an increase in number of returns filed, the total net income reported for charitable remainder trusts decreased by 0.4 percent from 2003 to 2004. The decrease is attributable to the 32.6-percent decline in the total net income reported

for CRATs. The decline in total net income largely results from a 47.9-percent decline in net capital gains.

Accumulation Schedule

The accumulation schedule section shows the flow of income through the trust from January 1 to December 31 of the tax year [14]. This portion is also only completed for charitable remainder trusts. Income is reported in two categories, undistributed from prior

Figure B

Utilization of Paid Preparers and Distribution of Trustee Type, by Type of Trust, Filing Year 2004

Type of trustee/ preparer status	All		Charitable remainder annuity trust		Charitable remainder unitrust		Charitable lead trust		Pooled income fund	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All returns	123,205	100.0	22,626	100.0	93,329	100.0	5,658	100.0	1,591	100.0
Grantor or beneficiary.....	32,115	26.1	2,236	9.9	28,949	31.0	850	15.0	*80	*5.0
Other individual.....	5,721	4.6	655	2.9	3,941	4.2	1,124	19.9	--	--
Financial institution.....	19,930	16.2	3,644	16.1	14,735	15.8	913	16.1	638	40.1
Charity.....	33,262	27.0	9,802	43.3	22,905	24.5	*94	*1.7	461	29.0
Other entity ¹	32,178	26.1	6,289	27.8	22,800	24.4	2,677	47.3	412	25.9
Paid preparer ²	38,624	31.3	10,268	45.4	26,568	28.5	968	17.1	820	51.5
Grantor or beneficiary.....	1,706	1.4	74	0.3	1,554	1.7	*78	*1.4	--	--
Other individual.....	478	0.4	*122	*0.5	336	0.4	20	0.4	--	--
Financial institution.....	11,173	9.1	2,241	9.9	8,129	8.7	415	7.3	387	24.3
Charity.....	13,730	11.1	5,392	23.8	8,203	8.8	*24	*0.4	111	7.0
Other entity ¹	11,537	9.4	2,439	10.8	8,345	8.9	431	7.6	322	20.2
Unpaid preparer	84,581	68.7	12,359	54.6	66,762	71.5	4,690	82.9	771	48.5
Grantor or beneficiary.....	30,409	24.7	2,162	9.6	27,395	29.4	772	13.6	80	5.0
Other individual.....	5,242	4.3	534	2.4	3,605	3.9	1,104	19.5	--	--
Financial institution.....	8,757	7.1	1,403	6.2	6,606	7.1	497	8.8	251	15.8
Charity.....	19,531	15.9	4,410	19.5	14,701	15.8	*70	*1.2	350	22.0
Other entity ¹	20,642	16.8	3,850	17.0	14,455	15.5	2,246	39.7	91	5.7

* Estimate should be used with caution because of the small number of sample returns on which it is based.

¹ Other entities include trusts and noncharitable organizations.

² The presence of a paid preparer is indicated on Form 5227 by the completion of the paid preparer section found on page 4 of the return.

year and current year. Income in these two categories is further disaggregated by source: ordinary; net short-term capital gains and losses; net long-term capital gains and losses; and nontaxable. Returns filed for CRTs in 2004 reported total accumulations, including ordinary income, short-term and long-term capital gains, and nontaxable income, of \$64.0 billion. The accumulation schedule shows undistributed income at the end of the tax year, which is the amount of income held by the trust on the last day of the calendar year, once all payouts and distributions have been recorded. For 2004, end-of-year undistributed income was \$57.7 billion.

Distributions Schedule

The distributions schedule is completed only by charitable remainder trusts. It lists the beneficiaries who received distributions for the tax year and the amounts they received [15]. Distributions to both charitable and noncharitable beneficiaries are listed on this schedule. The distributions are divided into five categories: ordinary income, short-term capital gains, long-term capital gains, nontaxable income, and corpus. Trusts are required to distribute ordinary

income first, followed by short-term and then long-term capital gains, nontaxable income, and finally distributions from corpus [16]. Each distribution to a beneficiary is reported on a Schedule K-1, *Beneficiary's Share of Income, Deductions, Credits, Etc.* CRTs reported \$6.9 billion in distributions in Filing Year 2004. PIFs and CLTs report distributions on Part VII of Form 5227. The value of distributions made by all SITs decreased to \$7.9 billion in Filing Year 2004, from \$10.4 billion in 2003.

Balance Sheet

The balance sheet portion of the Split-Interest Trust Information Return is a detailed listing of the assets and liabilities of the trust. There are three separate valuations for each asset and liability category: beginning-of-year book value, end-of-year book value, and fair market value. The beginning- and end-of-year book values are reported for all types of trusts. The fair market valuation is only required for charitable remainder unitrusts. Tax law requires the fair market value to be assessed on the same date and using the same method each year that a Form 5227 is filed for a CRUT. Assets are segregated into

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several categories, including cash, receivables, and investments. Investments are further separated into five categories: U.S. and State government obligations; corporate stock; corporate bonds; land, buildings, and equipment; and other. Liabilities are also separated into four categories, including accounts payable and deferred revenue. Returns filed for charitable remainder trusts reported end-of-year book value of assets of \$86.8 billion. For all SITs, the end-of-year book value of trust assets decreased by 4.6 percent between Filing Years 2003 and 2004.

Analysis by Type of Trust

Charitable Remainder Annuity Trusts

During Filing Year 2004, some 22,626 Forms 5227 were filed for charitable remainder annuity trusts. This is a 0.7-percent decrease from Filing Year 2003, when 22,783 returns were filed. A majority of CRATs were small trusts, with end-of-year book value of total assets less than \$500,000 (Figure C). Almost \$547.4 million in total net income were reported for CRATs in 2004. The majority of net income can be attributed to net long-term capital gains, reported to

be \$262.1 million. Net short-term capital gains accounted for the smallest portion of total net income.

In 2004, charitable remainder annuity trust returns reported \$5.5 billion in total accumulations (Figure D). This includes \$4.9 billion in prior-year undistributed income, as well as \$547.4 million in current year income. At the end of the tax year, CRATs reported \$4.7 billion in undistributed income. A dramatic majority, 91.9 percent, of the undistributed income is in the form of net long-term capital gains.

Figure E shows distributions made by charitable remainder annuity trusts in Filing Year 2004. In total, \$939.0 million were distributed. Small CRATs, which accounted for 82.3 percent of all returns filed, accounted for 38.1 percent of distributions. Large CRATs accounted for 29.7 percent of total distributions but made up only 1.7 percent of the CRAT population. Long-term capital gains represented the largest portion of distributions for all sizes of CRATs, while short-term capital gains represented the smallest portion for all but the largest CRATs. Ordinary income and corpus distributions made up 25.6 percent and 19.7 percent of total charitable remainder annuity trust distributions, respectively.

Figure C

Charitable Remainder Annuity Trusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

[Money amounts are in thousands of dollars]

Item	Total	Size of book value of total assets		
		Under \$500,000 ¹	\$500,000 under \$3,000,000	\$3,000,000 or more
	(1)	(2)	(3)	(4)
Number of returns	22,626	18,629	3,622	376
Total net income ²	547,372	71,136	149,759	326,476
Net ordinary income ³	229,106	59,202	85,456	84,448
Total ordinary income.....	285,277	77,203	109,198	98,877
Deductions allocable to ordinary income.....	56,172	18,001	23,742	14,429
Net short-term capital gains or (losses) ⁴	13,778	5,267	2,832	5,680
Net long-term capital gains or (losses) ⁵	262,092	-2,502	42,207	222,388
Nontaxable income ⁶	42,397	9,170	19,265	13,961

¹ Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often these zero amounts are explained by trusts filing a final return.

² Calculated as the sum of "ordinary income less deductions" (Form 5227, Part I, line 13), "net short-term capital gains (losses)" (line 16), "net long-term capital gains (losses)" (line 19), and "current tax year nontaxable income" (Part II, line 21 (d)).

³ Taken from "ordinary income less deductions" (Form 5227, Part I, line 13). This amount may not equal "total ordinary income" (line 8) less "total deductions allocable to ordinary income" (line 12) due to taxpayer discrepancies.

⁴ Taken from Form 5227, Part I, line 16.

⁵ Taken from Form 5227, Part I, line 19.

⁶ Taken from Form 5227, Part II, line 21(d).

NOTE: Detail may not add to totals due to rounding.

Figure D

Charitable Remainder Annuity Trusts: Accumulation Information, by Type of Income, Filing Year 2004

[Money amounts are in thousands of dollars]

Item	Total	Type of income			Nontaxable income
		Net ordinary income	Capital gains (losses)		
			Net short-term	Net long-term	
(1)	(2)	(3)	(4)	(5)	
Total accumulations ¹	5,457,351	450,270	9,194	4,795,430	202,457
Prior-year undistributed income ²	4,912,595	221,164	-15,729	4,547,099	160,060
Current-year distributable income ³	547,372	229,106	13,778	262,092	42,397
Undistributed at end of tax year ⁴	4,707,794	223,688	-11,006	4,327,529	167,584

¹ Taken from Form 5227, Part II, line 22.

² Taken from Form 5227, Part II, line 20.

³ Taken from Form 5227, Part II, line 21.

⁴ Taken from Form 5227, Part II, line 23.

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

Figure E

Charitable Remainder Annuity Trusts: Distributions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

[Money amounts are in thousands of dollars]

Item	Total	Size of book value of total assets		
		Under \$500,000 ¹	\$500,000 under \$3,000,000	\$3,000,000 or more
		(2)	(3)	(4)
Number of returns	22,626	18,629	3,622	376
Total distributions ²	939,003	357,713	302,377	278,913
Ordinary income ³	240,675	67,765	85,841	87,070
Short-term capital gains ⁴	26,686	9,170	6,651	10,865
Long-term capital gains ⁵	453,059	170,248	146,544	136,266
Nontaxable income ⁶	33,996	9,765	14,960	9,271
Corpus ⁷	184,587	100,765	48,381	35,441

¹ Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often these zero amounts are explained by trusts filing a final return.

² May include distributions made after December 31 of the tax year and therefore are reported on the distribution schedule, but are not reflected as distributed on the accumulation schedule.

³ Reported on Form 5227, Part III, column (a).

⁴ Reported on Form 5227, Part III, column (b).

⁵ Reported on Form 5227, Part III, column (c).

⁶ Reported on Form 5227, Part III, column (d).

⁷ Reported on Form 5227, Part III, column (e).

NOTE: Detail may not add to totals due to rounding.

Overall, distributions from CRATs increased by 8.0 percent from Filing Year 2003 to 2004. One source of year-to-year variation in aggregate estimates is changes in the CRAT population due to the creation or termination of trusts. Figure F presents the data for all CRATs for which returns were filed in both 2003 and 2004 and presents estimates for only those trusts which did not begin or terminate in either

year. Not surprisingly, there is a smaller increase in distributions between 2003 and 2004, about 4.9 percent, reported by trusts that were ongoing in both years.

Slightly less than \$9.5 billion in assets were reported for charitable remainder annuity trusts in Filing Year 2004 (Table 3). Investments comprised the largest portion of assets, almost \$8.2 billion, or 86.2 percent of the total. Figure G shows that

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Figure F

Charitable Remainder Annuity Trusts: Distributions, Filing Years 2003 and 2004

[Money amounts are in thousands of dollars]

Item	All returns			Returns filed in both 2003 and 2004 ¹		
	2003	2004	Percentage change	2003	2004	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
Total distributions ²	869,291	939,003	8.0	673,294	706,355	4.9
Ordinary income ³	248,884	240,675	-3.3	223,945	202,635	-9.5
Short-term capital gains ⁴	12,877	26,686	107.2	12,622	21,824	72.9
Long-term capital gains ⁵	382,997	453,059	18.3	301,282	331,671	10.1
Nontaxable income ⁶	50,046	33,996	-32.1	33,592	29,115	-13.3
Corpus ⁷	174,488	184,587	5.8	101,853	121,110	18.9

¹ This category includes only returns included in both the 2003 and 2004 Filing Year and only those returns that were not categorized as initial or final in either period.

² May include distributions made after December 31 of the tax year and therefore are reported on the distribution schedule, but are not reflected as distributed on the accumulation schedule.

³ Reported on Form 5227, Part III, column (a).

⁴ Reported on Form 5227, Part III, column (b).

⁵ Reported on Form 5227, Part III, column (c).

⁶ Reported on Form 5227, Part III, column (d).

⁷ Reported on Form 5227, Part III, column (e).

NOTE: Detail may not add to totals due to rounding.

corporate stock made up 46.0 percent of the total investments reported, and comprised the largest portion of the investment portfolio for all sizes of CRATs. Investments in land, buildings, and equipment comprised the smallest portion of the investment portfolio. Table 3 also shows that \$108.5

million in liabilities were reported for CRATs in Filing Year 2004.

Charitable Remainder Unitrusts

The number of Forms 5227 filed for charitable remainder unitrusts increased from 91,371 in 2003 to

Figure G

Charitable Remainder Annuity Trusts: Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

[Money amounts are in thousands of dollars]

Item	Total		Size of book value of total assets					
			Under \$500,000 ¹		\$500,000 under \$3,000,000		\$3,000,000 or more	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total investments	8,158,094	100.0	1,818,236	100.0	3,297,309	100.0	3,042,549	100.0
U.S. and state government obligations ²	1,576,658	19.3	239,386	13.2	701,318	21.3	635,955	20.9
Corporate stock ³	3,753,837	46.0	848,864	46.7	1,545,189	46.9	1,359,784	44.7
Corporate bonds ⁴	1,259,515	15.4	304,227	16.7	512,052	15.5	443,236	14.6
Land, buildings, and equipment ⁵	93,808	1.1	28,395	1.6	37,702	1.1	27,711	0.9
Other investments ⁶	1,474,276	18.1	397,364	21.9	501,049	15.2	575,863	18.9

¹ Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often these zero amounts are explained by trusts filing a final return.

² Taken from Form 5227, Part IV, line 32a, column (b).

³ Taken from Form 5227, Part IV, line 32b, column (b).

⁴ Taken from Form 5227, Part IV, line 32c, column (b).

⁵ Taken from Form 5227, Part IV, line 33, column (b).

⁶ Taken from Form 5227, Part IV, line 34, column (b).

NOTE: Detail may not add to totals due to rounding.

Split-Interest Trusts, Filing Year 2004

93,329 in 2004. Approximately 70.6 percent of returns filed were for small CRUTs with less than \$500,000 end-of-year book value of assets. In Filing Year 2004, about \$4.8 billion in total net income were reported for charitable remainder unitrusts (Figure H). Net long-term capital gains comprised the largest portion of the income, with \$2.8 billion reported. Nontaxable income made up the smallest

portion of income for small and medium CRUTs, accounting for only 1.7 percent of total income for all CRUTs.

Returns filed for charitable remainder unitrusts in 2004 reported \$58.6 billion in total accumulations, including \$53.7 billion in prior-year undistributed income (Figure I). The majority of the accumulations were reported as net long-term capital gains.

Figure H

Charitable Remainder Unitrusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

[Money amounts are in thousands of dollars]

Item	Total	Size of book value of total assets		
		Under \$500,000 ¹	\$500,000 under \$3,000,000	\$3,000,000 or more
	(1)	(2)	(3)	(4)
Number of returns	93,329	65,869	24,124	3,336
Total net income ²	4,848,014	448,442	1,389,281	3,010,291
Net ordinary income ³	2,129,437	302,628	609,935	1,216,874
Total ordinary income.....	2,685,045	412,817	777,682	1,494,545
Deductions allocable to ordinary income.....	555,605	110,187	167,747	277,672
Net short-term capital gains or (losses) ⁴	-153,558	39,846	55,750	-249,153
Net long-term capital gains or (losses) ⁵	2,788,162	92,938	689,128	2,006,095
Nontaxable income ⁶	83,973	13,030	34,468	36,475

¹ Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often these zero amounts are explained by trusts filing a final return.

² Calculated as the sum of "ordinary income less deductions" (Form 5227, Part I, line 13), "net short-term capital gains (losses)" (line 16), "net long-term capital gains (losses)" (line 19), and nontaxable income (Part II, line 21 (d)).

³ Taken from "ordinary income less deductions" (Form 5227, Part I, line 13). This amount may not equal "total ordinary income" (line 8) less "total deductions allocable to ordinary income" (line 12) due to taxpayer discrepancies.

⁴ Taken from Form 5227, Part I, line 16.

⁵ Taken from Form 5227, Part I, line 19.

⁶ Taken from Form 5227, Part II, line 21(d).

NOTE: Detail may not add to totals due to rounding.

Figure I

Charitable Remainder Unitrusts: Accumulation Information, by Type of Income, Filing Year 2004

[Money amounts are in thousands of dollars]

Item	Total	Type of income			Nontaxable income
		Net ordinary income	Capital gains (losses)		
			Net short-term	Net long-term	
(1)	(2)	(3)	(4)	(5)	
Total accumulations ¹	58,554,087	4,518,621	2,181,098	51,475,558	378,811
Prior-year undistributed income ²	53,716,542	2,389,184	2,222,491	48,810,029	294,838
Current-year distributable income ³	4,848,014	2,129,437	-153,558	2,788,162	83,973
Undistributed at end of tax year ⁴	53,000,317	2,899,377	1,829,383	47,947,510	324,048

¹ Taken from Form 5227, Part II, line 22.

² Taken from Form 5227, Part II, line 20.

³ Taken from Form 5227, Part II, line 21.

⁴ Taken from Form 5227, Part II, line 23.

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

Split-Interest Trusts, Filing Year 2004

Nontaxable income made up the smallest percentage of accumulations. CRUTs reported \$53.0 billion in undistributed income at the end of the tax year.

Charitable remainder unitrust distributions are shown in Figure J. During Filing Year 2004, more than \$5.9 billion in distributions were reported. Of this, large CRUTs, which made up just 3.6 percent of all CRUTs in 2004, accounted for \$2.0 billion, or 33.5 percent of total distributions that year. In contrast, small CRUTs, which made up 70.6 percent of the CRUT filing population in 2004, reported distributions of \$2.3 billion, or 38.4 percent of the total. Long-term capital gains were the most common type of distribution, accounting for 51.7 percent of all distributions made by charitable remainder unitrusts. For small CRUTs, the corpus provided the second largest source of distributions, while distributions from ordinary income were the second largest source for CRUTs in the two larger size classes. Nontaxable income was the smallest percentage of distributions for all CRUTs filing in 2004.

Overall distributions from CRUTs declined by 30.1 percent between 2003 and 2004. Figure K presents distribution data of CRUTs for which ongoing returns were filed in both 2003 and 2004. These data show that the decline in distributions between 2003 and 2004 was only 15.2 percent for

ongoing trusts. Overall changes in distributions from each source were much more moderate for this group than for the whole population of CRUTs. As it is common for returns to make large final distributions primarily from corpus, it is not surprising that the distribution from corpus was much smaller for ongoing trusts than for the overall population of returns.

Charitable remainder unitrust returns filed in 2004 reported \$77.4 billion for end-of-year book value of assets (Table 6). Approximately 84.0 percent of the asset value was made up of investments, reported to be \$65.0 billion. Corporate stock comprised \$32.3 billion, or 49.7 percent, of total investments for Filing Year 2004 (Figure L). For large CRUTs, other investments surpassed corporate stock as the largest percentage of the portfolio. Other investments include partnerships, annuities, and bonds issued by foreign governments. Overall, CRUT returns reported \$879.1 million in liabilities during the filing year. Accounts payable, accrued expenses, and deferred revenue accounted for \$317.9 million of total liabilities.

Charitable Lead Trusts

Trustees filed returns for 5,658 charitable lead trusts in 2004. This is a 3.2-percent increase from the number filed in 2003. CLT returns filed in 2004

Figure J

Charitable Remainder Unitrusts: Distributions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

[Money amounts are in thousands of dollars]

Item	Total	Size of book value of total assets		
		Under \$500,000 ¹	\$500,000 under \$3,000,000	\$3,000,000 or more
	(1)	(2)	(3)	(4)
Number of returns	93,329	65,869	24,124	3,336
Total distributions ²	5,939,494	2,278,222	1,668,983	1,992,288
Ordinary income ³	1,587,644	322,843	538,499	726,301
Short-term capital gains ⁴	406,515	149,421	104,342	152,752
Long-term capital gains ⁵	3,072,668	1,225,158	848,726	998,784
Nontaxable income ⁶	43,750	7,715	21,099	14,936
Corpus ⁷	828,917	573,085	156,317	99,515

¹ Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often these zero amounts are explained by trusts filing a final return.

² May include distributions made after December 31 of the tax year and therefore are reported on the distribution schedule, but are not reflected as distributed on the accumulation schedule.

³ Reported on Form 5227, Part III, column (a).

⁴ Reported on Form 5227, Part III, column (b).

⁵ Reported on Form 5227, Part III, column (c).

⁶ Reported on Form 5227, Part III, column (d).

⁷ Reported on Form 5227, Part III, column (e).

NOTE: Detail may not add to totals due to rounding.

Split-Interest Trusts, Filing Year 2004

Figure K

Charitable Remainder Unitrusts: Distributions, Filing Years 2003 and 2004

[Money amounts are in thousands of dollars]

Item	All returns			Returns filed in both 2003 and 2004 ¹		
	2003	2004	Percentage change	2003	2004	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
Total distributions ²	8,494,256	5,939,494	-30.1	4,601,012	3,901,608	-15.2
Ordinary income ³	1,648,067	1,587,644	-3.7	1,408,918	1,334,755	-5.3
Short-term capital gains ⁴	408,227	406,515	-0.4	149,270	231,992	55.4
Long-term capital gains ⁵	5,782,224	3,072,668	-46.9	2,704,138	1,977,733	-26.9
Nontaxable income ⁶	57,584	43,750	-24.0	44,685	35,753	-20.0
Corpus ⁷	598,154	828,917	38.6	294,001	321,375	9.3

¹ This category includes only returns included in both the 2003 and 2004 Filing Year samples and only those returns that did not make initial or final distributions in either period.

² May include distributions made after December 31 of the tax year and therefore are reported on the distribution schedule, but are not reflected as distributed on the accumulation schedule.

³ Reported on Form 5227, Part III, column (a).

⁴ Reported on Form 5227, Part III, column (b).

⁵ Reported on Form 5227, Part III, column (c).

⁶ Reported on Form 5227, Part III, column (d).

⁷ Reported on Form 5227, Part III, column (e).

NOTE: Detail may not add to totals due to rounding.

Figure L

Charitable Remainder Unitrusts: Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

[Money amounts are in thousands of dollars]

Item	Total		Size of book value of total assets					
			Under \$500,000 ¹		\$500,000 under \$3,000,000		\$3,000,000 or more	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total investments	64,953,763	100.0	9,426,145	100.0	21,042,037	100.0	34,485,581	100.0
U.S. and state government obligations ²	4,599,165	7.1	451,262	4.8	1,592,337	7.6	2,555,566	7.4
Corporate stock ³	32,278,225	49.7	5,408,685	57.4	12,792,026	60.8	14,077,515	40.8
Corporate bonds ⁴	7,246,883	11.2	1,392,311	14.8	2,765,574	13.1	3,088,997	9.0
Land, buildings, and equipment ⁵	763,439	1.2	110,708	1.2	297,659	1.4	355,073	1.0
Other investments ⁶	20,066,050	30.9	2,063,180	21.9	3,594,441	17.1	14,408,430	41.8

¹ Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often these zero amounts are explained by trusts filing a final return.

² Taken from Form 5227, Part IV, line 32a, column (b).

³ Taken from Form 5227, Part IV, line 32b, column (b).

⁴ Taken from Form 5227, Part IV, line 32c, column (b).

⁵ Taken from Form 5227, Part IV, line 33, column (b).

⁶ Taken from Form 5227, Part IV, line 34, column (b).

NOTE: Detail may not add to totals due to rounding.

reported \$905.1 million in distributions (Figure M). Of this total, \$898.8 million were required payments for charitable purposes, while the other \$6.2 million were required payments to private beneficiaries. Table 8 shows that \$12.3 billion in end-of-year total

assets were reported for charitable lead trusts in Filing Year 2004. Investments made up 85.3 percent, or \$10.5 billion, of total assets (Figure N). Corporate stock was the largest component of all investments for all trust sizes, while land, buildings, and equipment

Split-Interest Trusts, Filing Year 2004

Figure M

Charitable Lead Trusts: Distributions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

[Money amounts are in thousands of dollars]

Item	Total	Size of book value of total assets		
		Under \$500,000 ¹	\$500,000 under \$3,000,000	\$3,000,000 or more
		(1)	(2)	(3)
Number of returns	5,658	2,740	2,190	728
Total distributions ^{2,3}	905,054	99,027	240,512	565,515
Required payments for charitable purposes.....	898,814	99,027	240,505	559,282
Required payment to charitable beneficiaries.....	863,573	99,027	237,865	526,682
Required excess income payments.....	35,241	--	2,640	32,601
Required payments to private beneficiaries.....	6,240	--	7	6,232

¹ Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often these zero amounts are explained by trusts filing a final return.

² All distribution information is taken from Form 5227, Part VII, Section A, the Questionnaire for Charitable Lead Trusts.

³ "Total distributions" are calculated as the sum of "excess income required to be paid for charitable purposes" (line 2), "annuity or unitrust payment required to be paid to charitable beneficiaries" (line 3), and "annuity or unitrust payments required to be paid to private beneficiaries" (line 4) from Form 5227, Part VII, Section A, the Questionnaire for Charitable Lead Trusts.

Figure N

Charitable Lead Trusts: Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

[Money amounts are in thousands of dollars]

Item	Total		Size of book value of total assets					
			Under \$500,000 ¹		\$500,000 under \$3,000,000		\$3,000,000 or more	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total investments	10,512,499	100.0	472,227	100.0	2,466,043	100.0	7,574,229	100.0
U.S. and state government obligations ²	654,023	6.2	65,833	13.9	210,409	8.5	377,782	5.0
Corporate stock ³	5,627,951	53.5	285,569	60.5	1,446,347	58.7	3,896,035	51.4
Corporate bonds ⁴	622,792	5.9	22,480	4.8	156,873	6.4	443,440	5.9
Land, buildings, and equipment ⁵	139,645	1.3	--	--	1,762	0.1	137,883	1.8
Other investments ⁶	3,468,088	33.0	98,346	20.8	650,653	26.4	2,719,089	35.9

¹ Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often these zero amounts are explained by trusts filing a final return.

² Taken from Form 5227, Part IV, line 32a, column (b).

³ Taken from Form 5227, Part IV, line 32b, column (b).

⁴ Taken from Form 5227, Part IV, line 32c, column (b).

⁵ Taken from Form 5227, Part IV, line 33, column (b).

⁶ Taken from Form 5227, Part IV, line 34, column (b).

NOTE: Detail may not add to totals due to rounding.

investments made up the smallest share. CLTs claimed \$635.1 billion in total liabilities.

Pooled Income Funds

The number of Forms 5227 filed for pooled income funds decreased by 5.0 percent, from 1,675 in 2003, to 1,591 in 2004. In Filing Year 2004, PIFs reported

distributions of \$113.2 million (Figure O). The majority of distributions were to private beneficiaries, reported to be \$64.3 million in Filing Year 2004. Of the \$1.7 billion in end-of-year total assets reported for PIFs, \$1.5 billion or 91.6 percent were investments (Table 9). The largest portion of reported investments was classified as other investments, such as

Figure 0

Pooled Income Funds: Distributions by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

[Money amounts are in thousands of dollars]

Item	Total	Size of book value of total assets		
		Under \$500,000 ¹	\$500,000 under \$3,000,000	\$3,000,000 or more
	(1)	(2)	(3)	(4)
Number of returns	1,591	1,230	251	110
Total distributions ²	113,244	8,415	20,597	84,232
Total distributions for charitable purposes ^{3,4}	48,965	*3,265	9,201	36,498
Total required payments for charitable purposes ⁵	52,789	*3,265	11,311	38,213
Undistributed required payments for charitable purposes ⁶	3,824	--	*2,110	*1,714
Distributions to private beneficiaries ⁷	64,279	5,149	11,396	47,734
Contributions received during tax year	31,412	**	**	28,072

* Estimate should be used with caution because of the small number of sample returns on which it is based.

** Data suppressed to prevent disclosure of individual taxpayer data.

¹ Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often these zero amounts are explained by trusts filing a final return.

² Distributions where calculated as "amount required to be distributed to the remainder beneficiary that remain undistributed" (line 3), plus "amount required to be paid to private beneficiaries" (line 4), plus "amount required to be paid to the charitable beneficiary" (line 5) from Form 5227, Part IV, Section B, Questionnaires for Pooled Income Funds.

³ Taken from Form 5227, Part VII, Section B, the Questionnaire for Pooled Income Funds.

⁴ Calculated as the "amount required to be distributed for the tax year to satisfy the remainder interest" (line 3), plus the "amount of income required to be paid to the charitable remainder beneficiary for the tax year" (line 5), less the amounts that were required to be distributed to the remainder beneficiary that remain undistributed" (line 3).

⁵ Calculated as the sum of the "amount required to be distributed for the tax year to satisfy the remainder interest" (line 2), and the "amount of income required to be paid to the charitable remainder beneficiary for tax year" (line 5).

⁶ Taken from Form 5227, Part VII, Section B, line 3.

⁷ Taken from Form 5227, Part VII, Section B, line 4.

NOTE: Detail may not add to totals due to rounding.

partnerships or foreign bonds, and totaled \$517.8 million in 2004 (Figure P). Corporate bonds made up the second largest portion, or 26.7 percent of total investments for all sizes of PIFs. Pooled income funds claimed \$103.5 million in liabilities during Filing Year 2004.

Summary

In Filing Year 2004, there were 123,205 Split-Interest Trust Information Returns filed. This is an increase of 1.6 percent from Filing Year 2003. The largest group of trusts, charitable remainder unitrusts, increased by 1,958 returns from the previous filing year. The number of returns filed for pooled income funds decreased by 5.0 percent from 2003 to 2004. Charities were the most common trustees for SITs in Filing Year 2004. The least common type of trustee was an individual who was not a grantor or beneficiary of the trust.

Total net income reported for charitable remainder trusts decreased by 0.4 percent from 2003 to 2004. Returns filed for CRATs reported a total net income decline of 32.6 percent. Net long-term

capital gains made up the largest percentage of total net income reported for CRATs and CRUTs.

In Filing Year 2004, charitable remainder trust returns reported \$64.0 billion in total accumulations. Prior-year undistributed income was the largest component of total accumulations, making up 90.0 percent of accumulations for CRATs and 91.7 percent for CRUTs. Approximately 86.3 percent and 90.5 percent, respectively, of annuity trust and unitrust accumulations remained undistributed at the end of the tax year. Charitable remainder trust returns reported distributions of \$6.9 billion in 2004. Long-term capital gains comprised the largest percentage of distributions made by CRTs. Nontaxable income made up the smallest portion of CRT distributions.

Split-interest trust returns reported end-of-year book value of total assets of \$100.8 billion. Approximately \$85.1 billion, or 84.5 percent, of the end-of-year book value of total assets was reported to be investment-related assets. The most common investment for SITs in Filing Year 2004 was corporate stock. The least common type of investment was in land, buildings, and equipment.

Figure P

Pooled Income Funds: Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

[Money amounts are in thousands of dollars]

Item	Total		Size of book value of total assets					
			Under \$500,000 ¹		\$500,000 under \$3,000,000		\$3,000,000 or more	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total investments	1,518,753	100.0	120,589	100.0	278,826	100.0	1,119,339	100.0
U.S. and state government obligations ²	209,160	13.8	*5,972	*5.0	39,665	14.2	163,524	14.6
Corporate stock ³	364,014	24.0	21,578	17.9	60,637	21.7	281,799	25.2
Corporate bonds ⁴	405,331	26.7	42,818	35.5	119,330	42.8	243,183	21.7
Land, buildings, and equipment ⁵	*22,448	*1.5	**50,222	**41.6	**59,194	**21.3	*22,266	*2.0
Other investments ⁶	517,800	34.1	**	**	**	**	408,567	36.5

* Estimate should be used with caution because of the small number of sample returns on which it is based.

** Data are combined to prevent disclosure of individual taxpayer data.

¹ Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often these zero amounts are explained by funds filing a final return.

² Taken from Form 5227, Part IV, line 32a, column (b).

³ Taken from Form 5227, Part IV, line 32b, column (b).

⁴ Taken from Form 5227, Part IV, line 32c, column (b).

⁵ Taken from Form 5227, Part IV, line 33, column (b).

⁶ Taken from Form 5227, Part IV, line 34, column (b).

NOTE: Detail may not add to totals due to rounding.

Data Sources and Limitations

The data presented in this article were collected from a sample of Forms 5227, *Split-Interest Trust Information Return*, from Filing Year 2004. A filing year includes returns received by IRS for processing between January 1 and December 31 of a given year. A filing year file is primarily comprised of returns for the tax year immediately prior, but may include returns for numerous other tax years. For Filing Year 2004, approximately 98.2 percent of returns included in the sample are for Tax Year 2003, while Tax Year 2002 returns comprised 1.5 percent of the sampled returns. Partial-year returns for either initial or final reporting periods were included in the SOI sample. All returns included in the sample were computer-designated at the IRS Ogden Submission Processing Center after posting to the IRS Master File.

For Filing Year 2004, a sample of 11,427 returns was drawn from an estimated population of 123,811 trusts that filed Form 5227. The sample size excludes returns that were selected for the sample but later rejected. Returns could be rejected if they were not one of the four types of trusts included in the study or if no money amounts were reported. The

sample was stratified by the type of the trust (charitable remainder annuity trust, charitable remainder unitrust, charitable lead trust, or pooled income fund) and the reported book value of end-of-year total assets. The asset strata were: total assets of less than \$1.0 million, from \$1.0 million to less than \$10.0 million, and more than \$10.0 million. A fourth asset category included all trusts that reported end-of-year book value of total assets as less than \$10.0 million, but reported end-of-year fair market value of total assets in excess of \$50.0 million, for a total of 16 strata. There were an estimated 22,626 charitable remainder annuity trusts, which were sampled at rates ranging from 5.3 percent (for the smallest) to 100.0 percent (for the largest), resulting in a sample of 2,040 returns. There were an estimated 93,329 charitable remainder unitrusts, sampled at rates from 4.0 percent to 100.0 percent, creating a sample of 8,669 returns. There were an estimated 5,658 charitable lead trusts, from which a sample of 545 was drawn. Lead trusts were sampled at rates ranging from 2.6 percent to 100.0 percent. There were an estimated 1,591 pooled income funds, of which 173 were included in the sample. Pooled income funds had sample rates from 3.9 percent to

Split-Interest Trusts, Filing Year 2004

100.0 percent. For all trust types, trusts in the fourth asset category were sampled at 100.0 percent. The magnitude of sampling error for selected items, measure by coefficients of variation, is shown in Figure Q.

Unlike previously published Split-Interest Trust articles, some distribution information for charitable remainder trusts was derived from the Distribution Schedule (Part III of Form 5227).

All samples were designed to provide reliable estimates of financial activity. All data were collected from original returns as they were filed. All edited returns were subjected to comprehensive testing and data verification procedures to ensure the highest quality of data. Changes that were made to the return after filing, either by the taxpayer (on an amended return) or during IRS processing, were not generally incorporated. A complete discussion of the reliability of estimates based on samples, methods for evaluating the magnitude for both sampling and nonsampling error, and the precision of the sample estimates can be found in the Appendix to this issue of the *SOI Bulletin*.

Explanation of Selected Terms

Annuity trust.--An annuity trust is a trust in which the payments for the duration of the trust, either to a private or charitable beneficiary, are of a fixed amount. In the context of this article, an annuity trust can be either a charitable remainder trust (with a private income beneficiary) or charitable lead trust (with a charitable income beneficiary). The payment amount is determined by multiplying a specified percentage by the fair market value of the assets initially placed in the trust.

Beneficiary(ies).--Beneficiary(ies) refers to the person, persons, or organization that receives payments or assets from a trust. Recipient is used interchangeably with beneficiary. A beneficiary can be either charitable or noncharitable (private), and can be either an income beneficiary or a remainder beneficiary.

Book value.--Book value is generally the cost basis of an asset, or the price at which an asset is acquired. All trusts must report the beginning- and end-of-year book value of their assets on Part IV,

Figure Q

Coefficients of Variation for Selected Items, by Type of Split-Interest Trust, Filing Year 2004

Item	Charitable remainder annuity trusts	Charitable remainder unitrusts	Charitable lead trusts	Pooled income funds
	(1)	(2)	(3)	(4)
	Percentages			
Number of returns.....	0.69	0.17	2.00	1.55
Net ordinary income ¹	3.50	1.62	N/A	N/A
Net short-term capital gain income ²	18.68	17.28	N/A	N/A
Net long-term capital gain income ³	8.73	4.76	N/A	N/A
End-of-year total assets (book value) ⁴	1.65	0.53	1.80	3.25
End-of-year total assets (fair market value) ⁵	N/A	0.61	N/A	N/A
End-of-year total liabilities (book value) ⁶	11.07	4.67	19.58	0.66
End-of-year total liabilities (fair market value) ⁶	N/A	4.21	N/A	N/A
Required payment to private beneficiaries ⁷	N/A	N/A	32.91	3.84
Required payment to charitable beneficiaries ⁸	N/A	N/A	4.69	N/A

N/A -- Not applicable.

¹ Taken from Form 5227, Part I, line 13.

² Taken from Form 5227, Part I, line 16.

³ Taken from Form 5227, Part I, line 19.

⁴ Taken from Form 5227, Part IV, line 37, column (b).

⁵ For charitable remainder unitrusts, taken from an estimated end-of-year fair market value.

⁶ Taken from Form 5227, Part IV, line 43, column (b).

⁷ In the case of charitable lead trusts, this value is based on the amount on Form 5227, Part VII, Section A, line 4. In the case of pooled income funds, this value is based on the amount on Form 5227, Part VII, Section B, line 4.

⁸ Taken from Form 5227, Part VII, Section A, line 3.

Split-Interest Trusts, Filing Year 2004

Balance Sheet, Columns A and B, of Form 5227. All book value amounts referred to in this article are end-of-year book value amounts.

Charitable lead trust (CLT).--Charitable lead trusts are split-interest trusts in which a designated charitable organization receives an income stream from the assets in trust; one or more private beneficiaries receive the remainder interest of the trust. Charitable lead trusts can be classified as either grantor or nongrantor lead trusts, and payments can be made on an annuity basis or a unitrust basis.

Charitable remainder annuity trust (CRAT).--A charitable remainder annuity trust is a charitable remainder trust in which the income payments to the private beneficiary are fixed. The payment amount is calculated by multiplying the designated percentage by the fair market value of the assets initially placed in the trust.

Charitable remainder trust (CRT).--Charitable remainder trusts are split-interest trusts in which a private, or noncharitable, beneficiary receives a stream of income for the duration of the trust, and a designated charity receives the remainder interest of the trust. Charitable remainder trusts can be either annuity trusts or unitrusts, depending on the method used to calculate the payment amounts. Further, unitrusts can be of the net income or net income with makeup variety.

Charitable remainder unitrust (CRUT).--A charitable remainder unitrust is a charitable remainder trust in which the income payments to the private beneficiary fluctuate with the annual value of the assets in the trust. The payment amount is calculated by multiplying the designated percentage by the fair market value of the assets as they are valued each year. Unitrusts can have net income or net income with makeup provisions.

Charity or charitable organization.--A charity, or charitable organization, refers to a tax-exempt organization with purposes that are charitable, educational, scientific, literary, or religious in nature, or that otherwise qualifies as a 501(c)(3) organization.

Donor.--A donor, also referred to as a grantor or contributor, is the individual who transfers personal assets into the trust or fund.

Fair market value.--Fair market value is defined, for the purposes of this article, as the market price of the asset (or liability) as of a certain point in time. The fair market value of assets and liabilities is

reported by charitable remainder unitrusts in Part IV, Balance Sheet, Column C, of Form 5227.

Grantor charitable lead trust.--Charitable grantor lead trusts name the donor (grantor) as the remainder beneficiary. In establishing a grantor lead trust, the donor is entitled to an income tax deduction for the year in which the trust was created, but he or she must also pay taxes on the income generated by the trust's assets. The income generated is paid to a designated charitable beneficiary.

Income beneficiary.--The income beneficiary of a split-interest trust is the recipient of the stream of payments made over the duration of the trust. The income beneficiary of charitable remainder trusts and pooled income funds is the private (noncharitable) beneficiary; in charitable lead trusts, the income beneficiary is the designated charitable organization.

Income interest.--Income interest refers to the right to receive payments made to beneficiaries during the life of the trust. Income interest is paid to the income beneficiary.

Investments.--Investments refers to the sum of "government obligations" (line 32a); "corporate stock" (line 32b); "corporate bonds" (line 32c); "land, buildings, and equipment that is not held for charitable purposes" (line 33); and "other investments" (line 34) reported on Form 5227.

Net income charitable remainder unitrust (NICRUT).--Net income charitable remainder unitrusts are charitable remainder unitrusts that allow the annual payment to the private beneficiary to be the lesser of either the unitrust amount or the trust's net income.

Net income with makeup charitable remainder unitrusts (NIM-CRUT).--Net income with makeup charitable remainder unitrusts are charitable remainder unitrusts that allow the annual payment to the private beneficiary to be the lesser of either the unitrust amount or the trust's net income. Deficiencies in the distributions, which occur when the net income is less than the unitrust payment amount, are then made up in subsequent years when the net income of the trust is greater than the unitrust amount.

Nongrantor charitable lead trust.--Charitable nongrantor lead trusts name as the remainder beneficiary a recipient other than the grantor (donor). Usually, the remainder beneficiary is a child or grandchild of the grantor.

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Ordinary income.--Ordinary income is income from the following sources: interest; dividends; business income; rents, royalties, partnerships, and other estates and trusts; farm income; ordinary gain; and "other income." Ordinary income is reported in Part I, *Ordinary Income*, of Form 5227.

Pooled income fund (PIF).--A pooled income fund is a fund established and maintained by a charity to invest and manage assets donated by multiple donors. Income from the assets is distributed annually on a prorated basis to the named beneficiaries. Upon the termination of an income interest (due to the death of one of the beneficiaries), a prorated part of the basis of the fund is removed and given to the charity.

Remainder beneficiary.--The remainder beneficiary of a split-interest trust is the recipient of the trust's assets at the conclusion of the trust. In the case of charitable remainder trusts, the remainder beneficiary is the selected charity; in charitable lead trusts, the remainder beneficiary is the designated private beneficiary.

Remainder interest.--The remainder interest of a trust is the right to receive assets remaining at the conclusion of the trust, after all liabilities have been settled and prior payments to beneficiaries have been made. This interest is then distributed to the remainder beneficiary.

Securities.--Securities refer to the sum of "government obligations" (line 32a); "corporate stock" (line 32b); and "corporate bonds" (line 32c) reported on Form 5227.

Short-term investments.--Short-term investments are securities that mature in 1 year or less. Treasury bills and short-term corporate notes are common examples of a short-term investment.

Split-interest trust.--A split-interest trust, according to the 2003 Instructions for Form 5227, is a trust that "is not exempt from tax under Internal Revenue Code section 501(a); has some unexpired interests that are devoted to purposes other than religious, charitable, or similar purposes described in Code section 170(c)(2)(B); and has amounts 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)."

Trust.--A trust is a legal arrangement among its creator (donor or grantor), the manager of the trust (trustee), and the beneficiary or beneficiaries of the

trust. Trusts are legal entities in their own right, and can be responsible for any tax liabilities separate from the liabilities of the grantor and beneficiary. The conditions and provisions of a trust are defined in the trust document.

Unitrust.--A unitrust is a trust in which the income interest, paid either to a private or charitable beneficiary, varies with the annual fair market value of the total assets of the trust in a given year. In the context of this article, a unitrust can be either of the charitable remainder trust (with income payments to a private beneficiary) or charitable lead trust (with income payments to a charitable beneficiary) variety. The payment amount is determined by multiplying a specified percentage by the fair market value of the assets of the trust as they are valued annually.

Notes and References

- [1] A filing year includes all returns submitted to IRS processing between January 1 and December 31 of that year. Returns filed in 2004 were primarily for Tax Year 2003. The last split-interest trust information, published in "Split-Interest Trusts, 2002," *Statistics of Income Bulletin*, Winter 2004-2005, was for returns filed in 2003, primarily for Tax Year 2002.
- [2] For more information on the allowable duration of charitable remainder trusts, see Internal Revenue Code section 664(d)(1)(A) and 664(d)(2)(A).
- [3] The qualifications for a "charitable beneficiary" are detailed in Internal Revenue Code section 170(c).
- [4] The method of valuation of the fair market value of a trust is given in Internal Revenue Code section 7520.
- [5] For more information regarding net income charitable remainder unitrusts, see Internal Revenue section 664(d)(3)(A).
- [6] For more information regarding net income with makeup charitable remainder unitrusts, see Internal Revenue section 664(d)(3)(B).
- [7] Prorating requires the preparer to calculate the number of days remaining in the year when the additional contribution is made. This number is

Split-Interest Trusts, Filing Year 2004

then divided by the total number of days in the calendar year. The resulting percentage is then multiplied by the value of the additional contribution to determine the prorated value of the additional contributions.

- [8] In order to qualify, the individual or individuals must be the donor, the donor's spouse, a linear ancestor of a noncharitable beneficiary, or the spouse of a linear ancestor of a noncharitable beneficiary. For more information, see Treasury Regulations 1.1170A-6(c)(2)(i).
- [9] This charitable deduction is not without limit. In general, individuals may not receive a deduction for a charitable contribution in excess of 50.0 percent of the taxpayer's contribution base, usually equal to the adjusted gross income. This and other related limitations on charitable deductions are further described in Internal Revenue Code section 170(b).
- [10] Pooled income funds are further discussed in Internal Revenue Code section 642(c)(5).
- [11] Split-interest trusts created before May 27, 1969, are exempt from having to file a Form 5227, as long as no amounts have been transferred to the trust since May 27, 1969.
- [12] Trusts that do not report end-of-year total assets, or that report the amount as zero, are often final-year filers. In those instances, the trusts usually report asset amounts for the beginning of the year, but, as they have terminated, there are no trust assets to report for the end of the year.
- [13] Charitable remainder trusts are not allowed deductions for personal exemptions, charitable contributions, net operating losses, income distributions, capital loss carryforwards, Federal income taxes, or Federal excise taxes.
- [14] Those distributions made after December 31 of a tax year, for that tax year, will be included as undistributed at the end of the tax year on the Accumulation Schedule.
- [15] This schedule includes all distributions made for the tax year, even if the beneficiary received those distributions after December 31 of that year. Some trust documents may allow for calendar year distributions to be made within a certain period of time following the end of the calendar year.
- [16] Ordering distribution rules differ for certain types of ordinary income and long-term capital gains. For comprehensive ordering rules, see Form 5227 Instructions.

Split-Interest Trusts, Filing Year 2004

Table 1.--Charitable Remainder Annuity Trusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

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

Item	Total	Size of end-of-year book value of total assets					
		Zero or not reported	\$1 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 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	22,626	786	17,844	2,205	1,416	290	86
Total net income ¹	547,372	10,750	60,386	34,985	114,774	59,962	266,515
Net ordinary income ²	229,106	1,996	57,206	36,131	49,326	36,168	48,280
Total ordinary income ³	285,277	4,289	72,914	46,607	62,591	*43,602	55,274
Interest income.....	142,120	2,496	34,874	23,223	26,886	23,910	30,732
Dividends and business income (loss).....	116,265	**1,793	**39,039	20,951	26,897	13,743	23,041
Other income ⁴	26,892	**	**	2,433	8,808	5,950	1,502
Total deductions ⁵	56,172	2,293	15,708	10,476	13,265	7,435	6,995
Interest.....	404	--	**198	**146	96	12	82
Taxes.....	468	--	**	**	202	46	91
Other deductions.....	55,300	2,293	15,510	10,330	12,968	7,377	6,821
Net short-term capital gain (loss) ⁶	13,778	1,005	4,262	-894	3,725	2,034	3,646
Total short-term capital gain (loss).....	14,942	***	4,841	***	3,938	2,101	3,816
Deductions allocable to short-term capital gain (loss).....	1,164	***	579	***	212	67	171
Net long-term capital gain (loss) ⁷	262,092	6,791	-9,294	-8,019	50,225	12,801	209,586
Total long-term capital gain (loss) ⁸	264,623	***	-8,112	***	50,595	13,170	209,951
Deductions allocable to long-term capital gain (loss).....	2,531	***	1,182	***	370	369	365
Nontaxable income ⁹	42,397	958	8,212	7,767	11,498	8,959	5,003

* Estimate should be used with caution because of the small number of sample returns on which it is based.

** Data are combined to prevent disclosure of individual taxpayer data.

*** Data suppressed to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

¹ Calculated as the sum of "net ordinary income" (Form 5227, Part I, line 13), "net short-term capital gains (loss)" (line 16), "net long-term capital gains (loss)" (line 19) and current tax year nontaxable income (Part II, line 21(d)).

² Taken from "ordinary income less deductions" (Form 5227, Part I, line 13). This amount may not equal "total ordinary income" (line 8) less "total deductions allocable to ordinary income" (line 12) due to taxpayer discrepancies.

³ Taken from Form 5227, Part I, line 8.

⁴ Calculated as the sum of "rents, royalties, partnerships, other estates, and trusts" (Form 5227, Part I, line 4), "farm income or loss" (line 5), "ordinary gain or loss" (line 6), and "other income" (line 7).

⁵ Taken from Form 5227, Part I, line 12.

⁶ Taken from Form 5227, Part I, line 16.

⁷ Taken from Form 5227, Part I, line 19.

⁸ Taken from Form 5227, Part I, line 17a.

⁹ Taken from Form 5227, Part II, line 21(d).

NOTE: Detail may not add to totals due to rounding.

Split-Interest Trusts, Filing Year 2004

Table 2.--Charitable Remainder Annuity Trusts: Accumulation Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

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

Item	Total	Size of end-of-year book value of total assets					
		Zero or not reported	\$1 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 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	22,626	786	17,844	2,205	1,416	290	86
Total accumulations ¹	5,457,351	103,578	1,028,084	804,467	1,149,136	949,139	1,422,947
Net ordinary income	450,270	8,703	93,912	47,660	99,729	115,164	85,103
Net short-term capital gain (loss).....	9,194	2,905	8,153	-2,829	2,640	5,293	-6,967
Net long-term capital gain (loss)	4,795,430	84,050	888,600	729,652	991,747	771,029	1,330,351
Nontaxable income	202,457	7,921	37,419	29,985	55,019	57,653	14,460
Prior-year undistributed income ²	4,912,595	92,843	967,580	770,492	1,035,748	889,672	1,156,259
Net ordinary income	221,164	*6,707	36,706	11,529	50,403	78,996	36,823
Net short-term capital gain (loss)	-15,729	*1,840	3,512	-4,256	-1,629	-1,809	-13,387
Net long-term capital gain (loss)	4,547,099	77,333	898,156	741,000	943,453	763,790	1,123,367
Nontaxable income	160,060	*6,963	29,206	22,218	43,521	48,694	9,457
Current year net income ³	547,372	10,750	60,386	34,985	114,774	59,962	266,515
Net ordinary income	229,106	1,996	57,206	36,131	49,326	36,168	48,280
Net short-term capital gain (loss)	13,778	1,005	4,262	-894	3,725	2,034	3,646
Net long-term capital gain (loss)	262,092	6,791	-9,294	-8,019	50,225	12,801	209,586
Nontaxable income	42,397	958	8,212	7,767	11,498	8,959	5,003
Undistributed at end of year ⁴	4,707,794	20,117	856,603	686,619	1,011,305	865,115	1,268,036
Net ordinary income	223,688	*385	38,769	11,494	51,151	81,840	40,048
Net short-term capital gain (loss)	-11,006	*639	725	-3,197	1,291	3,435	-13,899
Net long-term capital gain (loss)	4,327,529	*12,977	787,912	654,548	912,582	728,092	1,231,418
Nontaxable income	167,584	*6,115	29,196	23,774	46,281	51,748	10,470

* Estimate should be used with caution because of the small number of sample returns on which it is based.

¹ Taken from Form 5227, Part II, Line 22.

² Taken from Form 5227, Part II, Line 20.

³ Taken from Form 5227, Part II, Line 21.

⁴ Taken from Form 5227, Part II, Line 23.

NOTE: Detail may not add to totals due to rounding.

Split-Interest Trusts, Filing Year 2004

Table 3.--Charitable Remainder Annuity Trusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 ¹	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	22,626	18,629	2,205	1,416	290	86
Total net assets ²	9,242,247	2,065,174	1,614,990	2,117,779	1,402,718	2,041,585
Total liabilities and net assets ³	9,463,440	2,106,143	1,623,952	2,250,057	1,417,820	2,065,468
Total assets ⁴	9,464,536	2,111,631	1,623,991	2,245,627	1,417,820	2,065,468
Cash.....	161,472	42,092	29,862	43,928	29,783	15,808
Savings and temporary cash investments.....	601,531	100,358	116,709	139,057	127,441	117,966
Receivables due ⁵	333,727	**93,612	78,834	72,128	28,636	**60,591
Inventories and prepaid expenses.....	1,411	**	--	*1,283	*53	**
Total investments	8,158,094	1,818,236	1,397,841	1,899,469	1,197,652	1,844,897
Securities.....	6,590,010	1,392,477	1,163,420	1,595,139	987,189	1,451,786
Government obligations.....	1,576,658	239,386	253,133	448,185	287,719	348,236
Corporate stock.....	3,753,837	848,864	671,230	873,960	505,591	854,193
Corporate bonds.....	1,259,515	304,227	239,057	272,994	193,879	249,357
Land, buildings, and equipment.....	93,808	28,395	**234,421	36,810	26,980	**393,111
Other investments.....	1,474,276	397,364	**	267,519	183,483	**
Charitable purpose land, buildings, and equipment.....	44,638	**57,331	--	32,895	**34,254	--
Other assets.....	163,660	**	744	56,868	**	26,206
Total liabilities ⁶	108,453	39,765	8,962	31,253	15,101	13,371
Accounts payable, accrued expenses, and deferred revenue.....	42,615	11,253	6,816	7,741	12,145	*4,661
Other liabilities ⁷	65,837	28,513	2,146	23,512	2,957	*8,710

* Estimate should be used with caution because of the small number of sample returns on which it is based.

** Data are combined to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

¹ Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often these zero amounts are explained by trusts filing a final return.

² Taken from Form 5227, Part IV, line 46, column (b). This is the excess of total assets over total liabilities.

³ Taken from "total liabilities and net assets" (Form 5227, Part IV, 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 discrepancies.

⁴ Taken from Form 5227, Part IV, line 37, column (b).

⁵ Calculated as the sum of "accounts receivable" (Form 5227, Part IV, line 27), "receivables due from officers, directors, and other disqualified persons" (line 28), and "other notes and loans receivable" (line 29).

⁶ Taken from Form 5227, Part IV, line 43, column (b).

⁷ Includes "loans from officers, directors, trustees, and other disqualified persons" (Form 5227, Part IV, line 40), "mortgages and other notes payable" (line 41), and "other liabilities" (line 42).

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

Split-Interest Trusts, Filing Year 2004

Table 4.--Charitable Remainder Unitrusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

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

Item	Total	Size of end-of-year book value of total assets					
		Zero or not reported	\$1 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 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	93,329	2,724	63,145	14,763	9,361	2,647	689
Total net income ¹	4,848,014	92,653	355,789	539,070	850,211	771,116	2,239,175
Net ordinary income ²	2,129,437	8,341	294,287	236,450	373,485	287,907	928,966
Total ordinary income ³	2,685,045	26,747	386,071	307,829	469,853	354,146	1,140,399
Interest income.....	858,357	12,762	110,105	97,813	164,833	130,372	342,472
Dividends and business income (loss).....	1,514,814	13,432	204,144	159,303	210,213	164,757	762,966
Other income ⁴	311,872	553	71,821	50,712	94,808	59,017	34,961
Total deductions ⁵	555,605	18,406	91,781	71,379	96,368	66,239	211,433
Interest.....	101,967	--	301	1,064	2,030	978	97,593
Taxes.....	9,694	9	1,009	395	906	710	6,665
Other deductions.....	443,944	18,396	90,471	69,919	93,433	64,550	107,175
Net short-term capital gain (loss) ⁶	-153,558	18,184	21,663	22,059	33,691	51,763	-300,917
Total short-term capital gain (loss).....	-140,311	18,240	23,957	24,355	36,178	53,842	-296,883
Deductions allocable to short-term capital gain (loss).....	13,246	56	2,295	2,295	2,487	2,079	4,034
Net long-term capital gain (loss) ⁷	2,788,162	65,622	27,317	267,970	421,158	410,581	1,595,514
Total long-term capital gain (loss) ⁸	2,949,535	69,238	35,747	274,385	426,870	414,052	1,729,242
Deductions allocable to long-term capital gain (loss).....	161,373	3,617	8,430	6,414	5,712	3,471	133,728
Nontaxable income ⁹	83,973	507	12,523	12,591	21,877	20,864	15,611

¹ Calculated as the sum of "net ordinary income" (Form 5227, Part I, line 13), "net short-term capital gains (loss)" (line 16), "net long-term capital gains (loss)" (line 19) and current tax year nontaxable income (Part II, line 21(d)).

² Taken from "ordinary income less deductions" (Form 5227, Part I, line 13). This amount may not equal "total ordinary income" (line 8) less "total deductions allocable to ordinary income" (line 12) due to taxpayer discrepancies.

³ Taken from Form 5227, Part I, line 8.

⁴ Calculated as the sum of "rents, royalties, partnerships, other estates, and trusts" (Form 5227, Part I, line 4), "farm income or loss" (line 5), "ordinary gain or loss" (line 6), and "other income" (line 7).

⁵ Taken from Form 5227, Part I, line 12.

⁶ Taken from Form 5227, Part I, line 16.

⁷ Taken from Form 5227, Part I, line 19.

⁸ Taken from Form 5227, Part I, line 17a.

⁹ Taken from Form 5227, Part II, line 21(d).

NOTE: Detail may not add to totals due to rounding.

Split-Interest Trusts, Filing Year 2004

Table 5.--Charitable Remainder Unitrusts: Accumulation Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

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

Item	Total	Size of end-of-year book value of total assets					
		Zero or not reported	\$1 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 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	93,329	2,724	63,145	14,763	9,361	2,647	689
Total accumulations ¹	58,554,087	1,534,914	6,669,020	6,766,352	10,482,024	10,168,112	22,933,664
Net ordinary income	4,518,621	34,915	406,094	316,216	514,602	509,240	2,737,555
Net short-term capital gain (loss).....	2,181,098	306,271	-17,871	85,053	115,355	135,272	1,557,018
Net long-term capital gain (loss)	51,475,558	1,184,059	6,237,666	6,322,742	9,740,223	9,414,342	18,576,526
Nontaxable income	378,811	9,670	43,132	42,341	111,843	109,259	62,566
Prior-year undistributed income ²	53,716,542	1,443,799	6,306,030	6,233,270	9,631,997	9,401,598	20,699,848
Net ordinary income	2,389,184	26,574	111,807	79,766	141,117	221,333	1,808,588
Net short-term capital gain (loss)	2,222,491	301,045	-57,994	55,057	52,539	65,717	1,806,127
Net long-term capital gain (loss)	48,810,029	1,107,017	6,221,609	6,068,697	9,348,375	9,026,154	17,038,177
Nontaxable income	294,838	9,163	30,609	29,750	89,966	88,395	46,955
Current year net income ³	4,848,014	92,653	355,789	539,070	850,211	771,116	2,239,175
Net ordinary income	2,129,437	8,341	294,287	236,450	373,485	287,907	928,966
Net short-term capital gain (loss)	-153,558	18,184	21,663	22,059	33,691	51,763	-300,917
Net long-term capital gain (loss)	2,788,162	65,622	27,317	267,970	421,158	410,581	1,595,514
Nontaxable income	83,973	507	12,523	12,591	21,877	20,864	15,611
Undistributed at end of year ⁴	53,000,317	486,043	5,820,696	6,076,208	9,555,890	9,378,655	21,682,824
Net ordinary income	2,899,377	12,003	131,341	101,596	193,173	255,866	2,205,398
Net short-term capital gain (loss)	1,829,383	189,538	-41,554	52,868	72,673	84,934	1,470,923
Net long-term capital gain (loss)	47,947,510	282,298	5,697,582	5,889,201	9,190,401	8,938,871	17,949,157
Nontaxable income	324,048	2,204	33,328	32,543	99,643	98,984	57,346

¹ Taken from Form 5227, Part II, Line 22.

² Taken from Form 5227, Part II, Line 20.

³ Taken from Form 5227, Part II, Line 21.

⁴ Taken from Form 5227, Part II, Line 23.

NOTE: Detail may not add to totals due to rounding.

Split-Interest Trusts, Filing Year 2004

Table 6.--Charitable Remainder Unitrusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 ¹	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	93,329	65,869	14,763	9,361	2,647	689
Total net assets ²	76,489,123	11,591,984	10,247,659	14,987,174	13,006,318	26,655,988
Total liabilities and net assets ³	77,502,885	11,704,892	10,466,607	15,181,762	13,238,480	26,911,144
Total assets ⁴	77,368,620	11,708,565	10,359,541	15,159,535	13,234,328	26,906,651
Cash.....	1,241,554	224,368	147,376	275,729	173,211	420,870
Savings and temporary cash investments.....	4,955,793	643,435	586,188	1,028,552	849,520	1,848,096
Receivables due ⁵	2,750,114	606,651	533,714	751,695	464,713	393,341
Inventories and prepaid expenses.....	9,350	763	* 653	5,262	2,559	114
Total investments.....	64,953,763	9,426,144	8,676,892	12,365,145	11,114,372	23,371,209
Securities.....	44,124,273	7,252,257	7,049,821	10,100,117	8,501,324	11,220,755
Government obligations.....	4,599,165	451,262	542,152	1,050,185	986,229	1,569,338
Corporate stock.....	32,278,225	5,408,685	5,340,006	7,452,020	6,282,655	7,794,860
Corporate bonds.....	7,246,883	1,392,311	1,167,662	1,597,912	1,232,440	1,856,557
Land, buildings, and equipment.....	763,439	110,708	100,923	196,736	216,466	138,607
Other investments.....	20,066,050	2,063,180	1,526,148	2,068,293	2,396,583	12,011,847
Charitable purpose land, buildings, and equipment.....	391,683	84,405	* 24,577	83,353	80,912	* 118,435
Other assets.....	3,066,347	722,785	390,139	649,796	549,040	754,586
Total liabilities ⁶	879,103	110,359	113,364	188,455	211,151	255,775
Accounts payable, accrued expenses, and deferred revenue.....	317,945	53,087	65,969	70,093	68,601	60,195
Loans from disqualified persons, mortgages, and notes payable.....	74,946	9,304	** 47,395	10,450	** 142,550	* 21,610
Other liabilities.....	486,212	47,968	**	107,912	**	173,969

* Estimate should be used with caution because of the small number of sample returns on which it is based.

** Data are combined to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

¹ Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often these zero amounts are explained by trusts filing a final return.

² Taken from Form 5227, Part IV, line 46, column (b). This is the excess of total assets over total liabilities.

³ Taken from "total liabilities and net assets" (Form 5227, Part IV, 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 discrepancies.

⁴ Taken from Form 5227, Part IV, line 37, column (b).

⁵ Calculated as the sum of "accounts receivable" (Form 5227, Part IV, line 27), "receivables due from officers, directors, and other disqualified persons" (line 28), and "other notes and loans receivable" (line 29).

⁶ Taken from Form 5227, Part IV, line 43, column (b).

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

Split-Interest Trusts, Filing Year 2004

Table 7.--Charitable Remainder Unitrusts: Fair Market Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 ¹	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	93,329	65,869	14,763	9,361	2,647	689
Total assets ²	89,573,997	13,809,009	11,565,904	16,630,064	14,373,913	33,195,108
Cash	1,350,827	223,143	148,701	268,520	175,291	535,172
Savings and temporary cash investments	4,864,449	641,571	587,844	1,045,584	858,962	1,730,489
Receivables due ³	2,686,817	600,706	492,471	723,527	458,538	411,577
Inventories and prepaid expenses	6,764	754	651	2,685	2,561	113
Total investments.....	76,746,124	11,367,290	9,872,105	13,806,257	12,115,731	29,584,741
Securities.....	50,791,622	8,650,069	8,043,990	11,250,799	9,351,426	13,495,338
Government obligations.....	4,835,422	509,332	620,826	1,117,859	1,055,799	1,531,606
Corporate stock.....	38,248,825	6,639,018	6,211,559	8,459,367	7,012,267	9,926,614
Corporate bonds.....	7,707,376	1,501,719	1,211,605	1,673,573	1,283,360	2,037,119
Land, buildings, and equipment	1,264,915	424,552	135,984	272,733	227,612	204,034
Other investments	24,689,587	2,292,669	1,692,131	2,282,725	2,536,694	15,885,368
Charitable purpose land, buildings, and equipment	546,767	166,194	*64,146	87,315	98,733	130,380
Other assets.....	3,372,225	809,336	399,981	696,174	664,096	802,637
Total liabilities ⁴	968,917	105,668	111,819	189,320	205,196	356,914
Accounts payable, accrued expenses, and deferred revenue.....	310,873	48,146	64,116	66,200	67,756	64,654
Loans from disqualified persons, mortgages, and notes payable	74,946	9,304	**47,703	10,450	**137,439	*21,610
Other liabilities.....	583,098	48,218	**	112,670	**	270,650

* Estimate should be used with caution because of the small number of sample returns on which it is based.

** Data are combined to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

¹ Includes returns that report the end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet as zero. Often, this amount is reported as zero for trusts filing a final return. In those cases, the trusts reported having assets at the beginning of the year, but nothing at the end of the year.

² Taken from Form 5227, Part IV, line 37, column (b).

³ Calculated as the sum of "accounts receivable" (Form 5227, Part IV, line 27), "receivables due from officers, directors, and other disqualified persons" (line 28), and "other notes and loans receivable" (line 29).

⁴ Taken from Form 5227, Part IV, line 43, column (b).

NOTE: Detail may not add to totals due to rounding.

Split-Interest Trusts, Filing Year 2004

Table 8.--Charitable Lead Trusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

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

Item	Total	Size of end-of-year book value of total assets			
		Under \$1,000,000 ¹	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)
Number of returns	5,658	3,785	1,145	537	191
Total net assets ²	11,625,670	1,250,670	1,965,799	2,624,899	5,784,301
Total liabilities and net assets ³	12,318,769	1,401,450	2,026,445	2,755,556	6,135,318
Total assets ⁴	12,318,893	1,401,450	2,026,445	2,755,542	6,135,455
Cash.....	131,067	36,633	14,996	37,761	41,677
Savings and temporary cash investments.....	879,096	174,966	176,111	221,685	306,335
Receivables due ⁵	130,536	**8,112	23,091	**69,104	30,747
Inventories and prepaid expenses.....	1,305	**	*498	**	*289
Total investments	10,512,499	1,157,757	1,780,514	2,254,878	5,319,350
Securities.....	6,904,766	874,908	1,312,601	1,489,071	3,228,185
Government obligations.....	654,023	141,690	134,552	115,252	262,530
Corporate stock.....	5,627,951	668,124	1,063,792	1,135,557	2,760,478
Corporate bonds.....	622,792	65,096	114,257	238,263	205,177
Other investments ⁶	3,607,733	282,849	467,913	765,807	2,091,165
Other assets ⁷	664,390	23,982	31,236	172,113	437,058
Total liabilities ⁸	635,101	150,779	60,646	72,658	351,017

* Estimate should be used with caution because of the small number of sample returns on which it is based.

** Data are combined to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

¹ Includes returns that report the end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet as zero. Often, this amount is reported as zero for trusts filing a final return. In those cases, the trusts reported having assets at the beginning of the year, but nothing at the end of the year.

² Taken from Form 5227, Part IV, line 46, column (b). This is the excess of total assets over total liabilities.

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

⁴ Taken from Form 5227, Part IV, line 37, column (b).

⁵ Calculated as the sum of "accounts receivable" (Form 5227, Part IV, line 27), "receivables due from officers, directors, and other disqualified persons" (line 28), and "other notes and loans receivable" (line 29).

⁶ Calculated as the sum of "investments -- land, buildings, and equipment" (Form 5227, Part IV, line 33) and "investments -- other" (line 34).

⁷ Calculated as the sum of "charitable purpose land, buildings, and equipment" (Form 5227, Part IV, line 35) and "other assets" (line 36).

⁸ Taken from Form 5227, Part IV, line 43, column (b).

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

Split-Interest Trusts, Filing Year 2004

Table 9.--Pooled Income Funds: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2004

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

Item	Total	Size of end-of-year book value of total assets		
		Under \$1,000,000 ¹	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)
Number of returns	1,591	1,330	236	24
Total net assets ²	1,424,806	217,697	605,392	601,717
Total liabilities and net assets ³	1,658,241	220,644	692,857	744,740
Total assets ⁴	1,657,381	219,767	692,874	744,740
Cash.....	10,833	*504	8,547	*1,782
Savings and temporary cash investments.....	81,115	11,568	28,137	41,408
Receivables due, inventory, and prepaid expenses ⁵	4,281	*40	3,453	*788
Total investments.....	1,518,753	183,731	643,760	691,262
Securities.....	978,505	116,103	509,656	352,745
Government obligations.....	209,160	*28,735	55,713	*124,712
Corporate stock.....	364,013	27,652	198,031	138,330
Corporate bonds.....	405,331	59,717	255,911	*89,703
Other investments ⁶	540,248	67,628	134,105	338,516
Other assets ⁷	42,398	*23,923	8,976	*9,500
Total liabilities ⁸	103,486	*411	2,217	100,858

¹ Estimate should be used with caution because of the small number of sample returns on which it is based.

² Includes returns that report the end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet as zero. Often, this amount is reported zero for funds filing a final return. In those cases, the funds reported having assets at the beginning of the year, but nothing at the end of the year.

³ Taken from Form 5227, Part IV, line 46, column (b). This is the excess of total assets over total liabilities.

⁴ Taken from "total liabilities and net assets" (Form 5227, Part IV, line 47). This amount may not equal "total liabilities" (line 43, column (b)), plus "total net assets" (line 46, column (b)) due to taxpayer reporting discrepancies.

⁵ Taken from Form 5227, Part IV, line 37, column (b).

⁶ Calculated as the sum of "accounts receivable" (Form 5227, Part IV, line 27), "receivables due from officers, directors, and other disqualified persons" (line 28), "other notes and loans receivable" (line 29), "inventories for sale or use" (line 30), and "prepaid expenses and deferred charges" (line 31).

⁷ Calculated as the sum of "investments -- land, buildings, and equipment" (Form 5227, Part IV, line 33) and "investments -- other" (line 34).

⁸ Calculated as the sum of "charitable purpose land, buildings, and equipment" (Form 5227, Part IV, line 35) and "other assets" (line 36).

⁹ Taken from Form 5227, Part IV, line 43, column (b).

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