

Split-Interest Trusts, Filing Year 2005

by Lisa Schreiber

The *Split-Interest Trust Information Return* (Form 5227) is filed by entities with both charitable and noncharitable beneficiaries. The number of Forms 5227 filed increased by 0.9 percent from Filing Year 2004 to more than 124,000 in Filing Year 2005 [1]. In total, \$8.4 billion in distributions were reported for split-interest trusts in 2005. The total end-of-year book value of assets in Filing Year 2005 was more than \$106.5 billion.

A split-interest trust (SIT) can be created by a will or a trust instrument. The trust instrument specifies the term of the trust, designates the trustee(s) 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 to 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 2005, some 116,446 returns were filed for charitable remainder trusts (Figure A). Trustees for charitable lead trusts submitted 6,168 returns in 2005, while trustees for pooled income funds submitted 1,677 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]. At the conclusion of the period, the trust is dissolved, and the remaining value is distributed to predetermined charitable ben-

eficiaries [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].

The donor must file a *U.S. Gift Tax Return* (Form 709) for all assets contributed to the trust. Any gift exceeding \$11,000 is taxable and is included in the donor's lifetime exclusion. 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. A beneficiary must report the distributions as gross income on his or her *U.S. Individual Income Tax Return* (Form 1040).

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 required distributions accumulate. The trustee must make up for previous distribution deficiencies when trust income permits.

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Figure A

Profile of Split-Interest Trusts, by Type of Trust, Filing Years 2004 and 2005

[Money amounts are in thousands of dollars]

| Item | All | | Charitable remainder annuity trusts | | Charitable remainder unitrusts | |
|--|----------------|----------------|-------------------------------------|---------------|--------------------------------|---------------|
| | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Number of returns | 123,205 | 124,292 | 22,626 | 21,667 | 93,329 | 94,779 |
| Total distributions [1]..... | 7,896,794 | 8,424,057 | 939,003 | 1,002,261 | 5,939,494 | 6,358,763 |
| Book value of assets, end-of-year [2]..... | 100,809,429 | 106,507,419 | 9,464,536 | 9,540,935 | 77,368,620 | 79,845,710 |

| Item | Charitable lead trusts | | Pooled income funds | |
|--|------------------------|--------------|---------------------|--------------|
| | 2004 | 2005 | 2004 | 2005 |
| | (7) | (8) | (9) | (10) |
| Number of returns | 5,658 | 6,168 | 1,591 | 1,677 |
| Total distributions [1]..... | 905,054 | 935,744 | 113,244 | 127,290 |
| Book value of assets, end-of-year [2]..... | 12,318,893 | 15,500,073 | 1,657,381 | 1,620,701 |

[1] In the case of charitable remainder annuity trusts and charitable remainder unitrusts, the value of distributions have been 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, Part VII, 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 satisfy the remainder interest" (line 2), plus the "amount of income required to be paid to the private beneficiaries" (line 4), plus the "amount of income required to be paid to the charitable beneficiary" (line 5), less the "amounts that were required to be distributed to the remainder beneficiary that remain undistributed" (line 3) from Form 5227, Part VII, Section B, the Questionnaire for Pooled Income Trusts.

[2] Taken from Form 5227, Part IV, column (b).

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

Charitable remainder unitrusts may accept property transfers throughout the life of the trust. These are called "additional contributions." These contributions may be in the form of any asset, including cash and stock. 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 assigned 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

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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, meaning it cannot be altered or cancelled without consent of the beneficiary. 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 making distributions 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.

This article primarily focuses on split-interest trust reporting for Filing Year 2005, reporting, primarily, information and activities that occurred in Calendar Year 2004. Throughout this article, trusts are described in terms of size as being small, medium, or large, based on the trust's reported end-of-year total book value of assets. Small trusts are defined as 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 trusts are defined as those with between \$500,000 and \$3.0 million in total assets. Large trusts are defined as those which reported total assets of \$3.0 million or more.

Overview

The number of Forms 5227 filed increased from 123,205 during Filing Year 2004 to 124,292 in 2005 (Figure A). In Filing Year 2005, trust grantors or beneficiaries were the most common trustees for all trusts, unlike in 2004 when charities were the most common trustees (Figure B). In 2005, some 33,664 Forms 5227, or 27.1 percent, reported a charity as the trustee. Financial institutions were trustees on 19,904, or 16.0 percent of returns filed in 2005, a very small change from 2004. As in Filing Year 2004, charities were the most common trustees of CRATs. Trust grantors or beneficiaries of trusts were most likely to act as the trustees of charitable unitrusts, where they made up 32.7 percent of the trustees.

A paid preparer completed 71.2 percent of returns filed in 2005, a slight increase from the 68.7 percent of returns which utilized paid preparers 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 that did not indicate a paid preparer, 65.1

Figure B

Utilization of Paid Preparers and Distribution of Trustee Type, by Type of Trust, Filing Years 2004 and 2005

| Type of trustee/ preparer status | All | | Charitable remainder annuity trusts | | Charitable remainder unitrusts | | Charitable lead trusts | | Pooled income funds | |
|-------------------------------------|----------------|----------------|--|---------------|-----------------------------------|---------------|------------------------|--------------|---------------------|--------------|
| | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| All returns..... | 123,205 | 124,292 | 22,626 | 21,667 | 93,329 | 94,779 | 5,658 | 6,168 | 1,591 | 1,677 |
| Grantor or beneficiary..... | 32,115 | 34,309 | 2,236 | 2,466 | 28,949 | 31,029 | 850 | ** 3,136 | * 80 | ** 739 |
| Other individual..... | 5,721 | 6,254 | 655 | 749 | 3,941 | 4,228 | 1,124 | ** | 0 | ** |
| Financial institution..... | 19,930 | 19,904 | 3,644 | 3,491 | 14,735 | 14,627 | 913 | ** | 638 | ** |
| Charity..... | 33,262 | 33,664 | 9,802 | 9,410 | 22,905 | 23,528 | * 94 | 187 | 461 | 539 |
| Other entity [1]..... | 32,178 | 30,161 | 6,289 | 5,552 | 22,800 | 21,365 | 2,677 | 2,845 | 412 | 399 |
| Paid preparer [2]..... | 84,581 | 88,442 | 12,359 | 12,883 | 66,762 | 69,794 | 4,690 | 4,950 | 771 | 815 |
| Grantor or beneficiary..... | 30,409 | 32,253 | 2,162 | 2,362 | 27,395 | 29,128 | 772 | ** 2,553 | * 80 | ** 340 |
| Other individual..... | 5,242 | 5,797 | 534 | 683 | 3,605 | 3,849 | 1,104 | ** | 0 | ** |
| Financial institution..... | 8,757 | 9,181 | 1,403 | 1,392 | 6,606 | 6,924 | 497 | ** | 251 | ** |
| Charity..... | 19,531 | 21,047 | 4,410 | 5,003 | 14,701 | 15,526 | * 70 | 125 | 350 | 393 |
| Other entity [1]..... | 20,642 | 20,163 | 3,850 | 3,443 | 14,455 | 14,368 | 2,246 | 2,271 | 91 | * 81 |
| Unpaid preparer..... | 38,624 | 35,850 | 10,268 | 8,785 | 26,568 | 24,984 | 968 | 1,219 | 820 | 862 |
| Grantor or beneficiary..... | 1,706 | 2,056 | 74 | 105 | 1,554 | 1,902 | * 78 | ** 582 | 0 | ** 399 |
| Other individual..... | 478 | 457 | * 122 | 66 | 336 | 380 | 20 | ** | 0 | ** |
| Financial institution..... | 11,173 | 10,723 | 2,241 | 2,098 | 8,129 | 7,703 | 415 | ** | 387 | ** |
| Charity..... | 13,730 | 12,617 | 5,392 | 4,406 | 8,203 | 8,003 | * 24 | * 62 | 111 | 145 |
| Other entity [1]..... | 11,537 | 9,998 | 2,439 | 2,109 | 8,345 | 6,997 | 431 | 574 | 322 | 318 |

* 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] 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.

NOTE: Figure B for Filing Year 2004, as it appeared in the Spring 2006 SOI Bulletin, was revised in the Fall 2006 SOI Bulletin. The corrected 2004 Filing Year values are included here.

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 most likely to be completed by a paid preparer; in 2005, a paid preparer did not complete only 19.8 percent of returns filed for CLTs.

Ordinary Income and Deductions

The ordinary income and deductions portion of Form 5227 is completed only for charitable remainder trusts, for which 116,446 returns were filed in 2005 (Figure C). Reported income is divided into seven classifications which include interest income, ordinary dividends, and business income or loss. For 2005, a total ordinary income of \$3.1 billion was reported for CRTs, of which \$2.9 billion, or 93.5 percent, was reported for CRUTs. Deductions allocable to ordinary income are divided into three classifications: interest, taxes, and other and totaled \$623.5 million in 2005 [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.” In 2005, this amount was \$2.5 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 \$6.4 billion in 2005 (Figure C). This is an increase of 119.2 percent from \$2.9 billion in 2004. A possible explanation for such a remarkable change could be the Jobs and Growth Tax Relief Reconciliation Act of 2003, which reduced the long-term capital gain tax from 20.0 percent to 15.0 percent, and therefore spurred the sales of capital assets. As the lower tax rate was effective on May 6, 2003, the 2004 tax year, reflected on returns filed in 2005, was the first full year the change was in effect. Net long-term capital gains made up approximately 94.0 percent, or \$6.0 billion, of total net capital gains reported for CRTs in 2005.

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Nontaxable income is also reported separately from ordinary income. Charitable remainder trusts reported \$133.4 million in nontaxable income in 2005, an increase of 5.5 percent from the \$126.4 million reported in 2004 (Figure C). In this article, total net income is defined as the sum of net ordinary income, net capital gains, and nontaxable income. Despite a relatively small increase in the number of returns filed, 0.4 percent, total net income reported for charitable remainder trusts increased by 67.4 percent, from \$5.4 billion in 2004 to \$9.0 billion in 2005. As discussed earlier, this dramatic increase is largely attributable to the substantial increase in the total net capital gains reported for CRTs.

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 income from prior-year and current-year income. 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 2005 reported total accumulations, including ordinary income, short-term and long-term capital gains, and nontaxable income, of \$65.1 billion (Figure C). 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 2005, end-of-year undistributed income was \$58.7 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

Figure C

Figure C
Overview of Charitable Remainder Trusts, Filing Years 2004 and 2005

[Money amounts are in thousands of dollars]

| Item | All charitable remainder trusts | | Charitable remainder annuity trusts | | Charitable remainder unitrusts | |
|---|---------------------------------|-------------------|-------------------------------------|------------------|--------------------------------|-------------------|
| | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Number of returns | 115,956 | 116,446 | 22,626 | 21,667 | 93,329 | 94,779 |
| Total net income [1] | 5,395,386 | 9,030,411 | 547,372 | 817,535 | 4,848,014 | 8,212,876 |
| Net ordinary income [2]..... | 2,358,542 | 2,517,779 | 229,106 | 226,971 | 2,129,437 | 2,290,808 |
| Total net capital gains (losses) [3]..... | 2,910,474 | 6,379,243 | 275,870 | 550,259 | 2,634,604 | 5,828,984 |
| Nontaxable income [4]..... | 126,370 | 133,389 | 42,397 | 40,305 | 83,973 | 93,085 |
| Total accumulations for tax year [5] | 64,011,439 | 65,111,364 | 5,457,351 | 5,540,401 | 58,554,087 | 59,570,962 |
| Undistributed at end of tax year [6]..... | 57,708,111 | 58,696,916 | 4,707,794 | 4,737,789 | 53,000,317 | 53,959,127 |
| Total distributions [7] [8] | 6,878,497 | 7,361,024 | 939,003 | 1,002,261 | 5,939,494 | 6,358,763 |
| Total book value of assets at end-of-year | 86,833,156 | 89,386,646 | 9,464,536 | 9,540,935 | 77,368,620 | 79,845,710 |
| Cash, savings, and temporary cash investments..... | 6,960,350 | 7,019,174 | 763,003 | 1,066,482 | 6,197,347 | 5,952,691 |
| Receivables due [9]..... | 3,083,841 | 1,136,970 | 333,727 | 135,076 | 2,750,114 | 1,001,894 |
| Inventories and prepaid expenses..... | 10,761 | 25,532 | 1,411 | 2,474 | 9,350 | 23,058 |
| Investments..... | 73,111,857 | 77,620,536 | 8,158,094 | 8,035,587 | 64,953,763 | 69,584,949 |
| Other assets [10]..... | 3,666,328 | 3,584,405 | 208,299 | 301,310 | 3,458,029 | 3,283,095 |
| Total book value of liabilities at end-of-year | 987,556 | 1,363,939 | 108,453 | 144,313 | 879,103 | 1,219,626 |
| Net book value of assets at end-of-year [11] | 85,731,370 | 87,984,754 | 9,242,247 | 9,389,909 | 76,489,123 | 78,594,845 |

[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] Taken from Form 5227, Part II, line 22.

[6] Taken from Form 5227, Part II, line 23.

[7] Calculated as the sum of all distributions reported on Part III of Form 5227.

[8] May include distributions made after December 31 of the tax year and therefore may not be reflected on the accumulation schedule.

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

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

[11] Taken from Form 5227, Part IV, line 46, column (b). This is the excess of total assets over total liabilities. This value may deviate from the calculated value of "total assets" (line 37, column (b)) less "total liabilities" (line 43, column (b)) due to taxpayer reporting error.

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

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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 \$7.4 billion in distributions in Filing Year 2005. PIFs and CLTs report distributions on Part VII of Form 5227. The value of distributions made by all SITs increased from \$7.9 billion in Filing Year 2004, to \$8.4 billion in 2005 (Figure A).

Balance Sheet

The balance sheet portion of *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 apportioned into 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. As shown in Figure C, returns filed for charitable remainder trusts reported end-of-year book value of assets of \$89.4 billion. For all SITs, the end-of-year book value of trust assets increased by 5.7 percent, from \$100.8 billion in 2004 to \$106.5 billion in Filing Year 2005.

Analysis by Type of Trust

Charitable Remainder Annuity Trusts

During Filing Year 2005, some 21,667 Forms 5227 were filed for charitable remainder annuity trusts. This is a 4.2-percent decrease from Filing Year 2004, when 22,626 returns were filed. The majority of CRATs were small trusts, with end-of-year book value of total assets less than \$500,000 (Figure D). Approximately \$817.5 million in total net income were reported for CRATs in 2005. The majority of

Figure D

Charitable Remainder Annuity Trusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 \$3,000,000 | \$3,000,000 or more |
| | (1) | (2) | (3) | (4) |
| Number of returns | 21,667 | 17,735 | 3,528 | 405 |
| Total net income [2] | 817,535 | 141,884 | 276,091 | 399,560 |
| Net ordinary income [3]..... | 226,971 | 58,969 | 82,243 | 85,759 |
| Total ordinary income..... | 282,731 | 75,810 | 105,871 | 101,050 |
| Deductions allocable to ordinary income..... | 55,760 | 16,841 | 23,629 | 15,291 |
| Net short-term capital gains or (losses) [4]..... | 43,166 | 6,647 | 10,033 | 26,486 |
| Net long-term capital gains or (losses) [5]..... | 507,093 | 68,575 | 163,858 | 274,660 |
| Nontaxable income [6]..... | 40,305 | 7,693 | 19,957 | 12,655 |

[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, column (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 reporting 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, column (d).

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

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net income can be attributed to net long-term capital gains, reported to be \$507.1 million. Nontaxable income accounted for the smallest portion of total net income.

In 2005, charitable remainder annuity trust returns reported \$5.5 billion in total accumulations (Figure E). This includes \$4.7 billion in prior-year undistributed income as well as \$817.5 million in current-year income. At the end of the tax year, CRATs reported \$4.7 billion in undistributed income. Most of the undistributed income, 91.6 percent or \$4.3 billion, was in the form of net long-term capital gains.

Figure F shows distributions made by charitable remainder annuity trusts in Filing Year 2005. In total, \$1.0 billion were distributed. The allocation of distributions between sizes of CRATs in 2005 mirrors the allocation in 2004. Small CRATs, which accounted for 81.9 percent of all returns filed, accounted for 41.2 percent of distributions. Large CRATs accounted for 26.9 percent of total distributions but made up only 1.9 percent of the CRAT population. Long-term capital gains represented the largest portion of distributions for CRATs of all sizes. Ordinary income and corpus distributions made up 22.7 per-

Figure E

Charitable Remainder Annuity Trusts: Accumulation Information, by Type of Income, Filing Year 2005

[Money amounts are in thousands of dollars]

| Item | Total | Type of income | | | |
|---|------------------|---------------------|------------------------|------------------|-------------------|
| | | Net ordinary income | Capital gains (losses) | | Nontaxable income |
| | | | Net short-term | Net long-term | |
| | (1) | (2) | (3) | (4) | (5) |
| Total accumulations [1] | 5,540,401 | 455,465 | 54,094 | 4,843,295 | 187,547 |
| Prior-year accumulations [2]..... | 4,722,866 | 228,494 | -805 | 4,347,935 | 147,242 |
| Current-year accumulations [3]..... | 817,535 | 226,971 | 43,166 | 507,093 | 40,305 |
| Undistributed at end of tax year [4] | 4,737,789 | 221,577 | 24,634 | 4,341,672 | 149,905 |

[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 F

Charitable Remainder Annuity Trusts: Distributions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 \$3,000,000 | \$3,000,000 or more |
| | | (2) | (3) | (4) |
| Number of returns | 21,667 | 17,735 | 3,528 | 405 |
| Total distributions [2] | 1,002,261 | 412,848 | 319,853 | 269,560 |
| Ordinary income [3]..... | 227,475 | 66,312 | 82,781 | 78,382 |
| Short-term capital gains [4]..... | 28,789 | 9,984 | 9,566 | 9,239 |
| Long-term capital gains [5]..... | 433,026 | 143,224 | 152,101 | 137,701 |
| Nontaxable income [6]..... | 33,414 | 9,360 | 14,844 | 9,210 |
| Corpus [7]..... | 279,556 | 183,969 | 60,560 | 35,027 |

[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 may not be reflected 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 2005

cent and 27.9 percent of total charitable remainder annuity trust distributions, respectively.

Overall, distributions from CRATs increased by 6.7 percent from Filing Years 2004 to 2005. 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 G presents the data for all CRATs for which returns were filed in both 2004 and 2005 and presents estimates for only those trusts which did not begin or terminate in either year. There is a smaller decrease in distributions

between 2004 and 2005, about 2.6 percent, reported by trusts that were ongoing in both years.

Approximately \$9.5 million in assets were reported for charitable remainder annuity trusts in Filing Year 2005 (Figure C). Investments comprised the largest portion of assets, more than \$8.0 billion, or 84.2 percent of the total. Figure H shows that corporate stock made up 50.4 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 com-

Figure G

Charitable Remainder Annuity Trusts: Distributions, Filing Years 2004 and 2005

[Money amounts are in thousands of dollars]

| Item | All returns | | | Trusts for which returns filed in both 2004 and 2005 [1] | | |
|--------------------------------------|----------------|------------------|----------------|--|----------------|----------------|
| | 2004 | 2005 | Percent change | 2004 | 2005 | Percent change |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Total distributions [2] | 939,003 | 1,002,261 | 6.7 | 726,226 | 707,579 | -2.6 |
| Ordinary income [3]..... | 240,675 | 227,475 | -5.5 | 197,221 | 186,642 | -5.4 |
| Short-term capital gains [4]..... | 26,686 | 28,789 | 7.9 | 22,884 | 20,768 | -9.2 |
| Long-term capital gains [5]..... | 453,059 | 433,026 | -4.4 | 353,589 | 346,398 | -2.0 |
| Nontaxable income [6]..... | 33,996 | 33,414 | -1.7 | 29,765 | 26,181 | -12.0 |
| Corpus [7]..... | 184,587 | 279,556 | 51.4 | 122,766 | 127,590 | 3.9 |

[1] This category includes only returns included in both the 2004 and 2005 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 may not be reflected 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 H

Charitable Remainder Annuity Trusts: Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[Money amounts are in thousands of dollars]

| Item | Total | | Size of end-of-year book value of total assets | | | | | |
|--|------------------|------------------|--|------------------|-----------------------------|------------------|---------------------|------------------|
| | Amount | Percent of total | 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 |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Total investments | 8,035,587 | 100.0 | 1,752,416 | 100.0 | 3,238,468 | 100.0 | 3,044,703 | 100.0 |
| U.S. and State government obligations [2]..... | 1,418,350 | 17.7 | 193,636 | 11.0 | 654,223 | 20.2 | 570,490 | 18.7 |
| Corporate stock [3]..... | 4,050,244 | 50.4 | 940,428 | 53.7 | 1,593,142 | 49.2 | 1,516,674 | 49.8 |
| Corporate bonds [4]..... | 1,233,241 | 15.3 | 291,307 | 16.6 | 475,601 | 14.7 | 466,333 | 15.3 |
| Land, buildings, and equipment [5]..... | 105,727 | 1.3 | 23,483 | 1.3 | 35,540 | 1.1 | 46,703 | 1.5 |
| Other investments [6]..... | 1,228,026 | 15.3 | 303,562 | 17.3 | 479,961 | 14.8 | 444,502 | 14.6 |

[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 and taxpayer reporting discrepancies.

Figure I

Charitable Remainder Unitrusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 \$3,000,000 | \$3,000,000 or more |
| | (1) | (2) | (3) | (4) |
| Number of returns | 94,779 | 66,517 | 24,852 | 3,410 |
| Total net income [2] | 8,212,876 | 1,152,788 | 2,210,260 | 4,849,829 |
| Net ordinary income [3]..... | 2,290,808 | 289,091 | 641,610 | 1,360,106 |
| Total ordinary income..... | 2,858,595 | 394,164 | 813,427 | 1,651,005 |
| Deductions allocable to ordinary income..... | 567,785 | 105,071 | 171,816 | 290,899 |
| Net short-term capital gains or (losses) [4]..... | 340,783 | 65,393 | 86,661 | 188,729 |
| Net long-term capital gains or (losses) [5]..... | 5,488,201 | 786,896 | 1,442,270 | 3,259,035 |
| Nontaxable income [6]..... | 93,085 | 11,408 | 39,718 | 41,958 |

[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, column (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 reporting 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, column (d).

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

prised the smallest portion of the investment portfolio. Figure C also shows that \$144.3 million in liabilities were reported for CRATs in Filing Year 2005.

Charitable Remainder Unitrusts

The number of Forms 5227 filed for charitable remainder unitrusts increased from 93,329 in 2004 to 94,779 in 2005. Approximately 70.2 percent of returns filed were for small CRUTs with less than \$500,000 end-of-year book value of assets. In Filing Year 2005, about \$8.2 billion in total net income were

reported for charitable remainder unitrusts (Figure I). Net long-term capital gains comprised the largest portion of the income, with \$5.5 billion reported. Nontaxable income made up the smallest portion of income for small and medium CRUTs, accounting for only 1.1 percent of total income for all CRUTs.

Returns filed for charitable remainder unitrusts in 2005 reported \$59.6 billion in total accumulations, including \$51.4 billion in prior-year undistributed income (Figure J). The majority of the accumulations, 87.6 percent, were reported as net long-term capital

Figure J

Charitable Remainder Unitrusts: Accumulation Information, by Type of Income, Filing Year 2005

[Money amounts are in thousands of dollars]

| Item | Total | Type of income | | | |
|---|-------------------|---------------------|------------------------|-------------------|-------------------|
| | | Net ordinary income | Capital gains (losses) | | Nontaxable income |
| | | | Net short-term | Net long-term | |
| | (1) | (2) | (3) | (4) | (5) |
| Total accumulations [1] | 59,570,962 | 4,703,324 | 2,278,030 | 52,175,668 | 413,940 |
| Prior-year accumulations [2]..... | 51,358,084 | 2,412,516 | 1,749,385 | 46,875,328 | 320,855 |
| Current-year accumulations [3]..... | 8,212,876 | 2,290,808 | 340,783 | 5,488,201 | 93,085 |
| Undistributed at end of tax year [4] | 53,959,127 | 2,995,670 | 1,895,022 | 48,701,134 | 367,301 |

[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 2005

gains. Nontaxable income made up the smallest percentage of accumulations. CRUTs reported \$54.0 billion in undistributed income at the end of the tax year.

Charitable remainder unitrust distributions are shown in Figure K. During Filing Year 2005, nearly \$6.4 billion in distributions were reported. Of this, large CRUTs, which made up just 3.6 percent of all CRUTs in 2005, accounted for \$2.3 billion or 36.6 percent of total distributions that year. In contrast, small CRUTs, which made up 70.2 percent of the CRUT filing population in 2005, reported distributions of \$2.1 billion, or 33.3 percent of the total.

Long-term capital gains remained the largest source of all distributions, increasing by 20.6 percent from Filing Year 2004 to 3.7 billion in 2005 and accounting for 58.3 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 contributed the smallest share to distributions for all CRUTs filing in 2005.

Overall distributions from CRUTs increased by 7.1 percent between 2004 and 2005 (Figure L). Figure L presents distribution data for ongoing CRUTs for which full-year returns were filed in both 2004 and 2005. These data show that the increase in distributions between 2004 and 2005 was 9.1 percent for ongoing trusts, higher than the overall change.

Charitable remainder unitrust returns filed in 2005 reported \$79.8 billion for end-of-year book value of assets (Figure C). Approximately 87.1 percent of the asset value was made up of investments, reported to be \$69.6 billion. Corporate stock comprised \$356 billion, or 51.2 percent, of total investments (Figure M). 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 \$1.2 billion in liabilities during the filing year. Accounts payable, accrued expenses, and deferred revenue accounted for \$309.2 million of total liabilities.

In Filing Year 2005, some 3,086 or 3.3 percent of all CRUTs reported \$943.5 million in additional contributions (Figure N). Large CRUTs were the most likely to receive additional contributions. Stocks were the most common type of additional contribution, composing 61.4 percent of all contributions. Contributions of other assets, including insurance, art, and retirement assets, were reported to be \$155.8 million. Bonds made up the smallest amount of additional contributions, \$8.9 million.

Charitable Lead Trusts

Trustees filed returns for 6,168 charitable lead trusts in 2005. This is a 9.0-percent increase from the number filed in 2004. CLT returns filed in 2005

Figure K

Charitable Remainder Unitrusts: Distributions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 \$3,000,000 | \$3,000,000 or more |
| | (1) | (2) | (3) | (4) |
| Number of returns | 94,779 | 66,517 | 24,852 | 3,410 |
| Total distributions [2] | 6,358,763 | 2,120,391 | 1,912,677 | 2,325,695 |
| Ordinary income [3]..... | 1,706,843 | 292,281 | 623,538 | 791,024 |
| Short-term capital gains [4]..... | 342,579 | 36,189 | 113,157 | 193,234 |
| Long-term capital gains [5]..... | 3,706,584 | 1,463,053 | 983,240 | 1,260,291 |
| Nontaxable income [6]..... | 44,359 | 10,463 | 20,217 | 13,678 |
| Corpus [7]..... | 558,398 | 318,405 | 172,525 | 67,469 |

[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 may not be reflected 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: Distributions, Filing Years 2004 and 2005

[Money amounts are in thousands of dollars]

| Item | All returns | | | Trusts for which returns filed in both 2004 and 2005 [1] | | |
|--------------------------------------|------------------|------------------|----------------|--|------------------|----------------|
| | 2004 | 2005 | Percent change | 2004 | 2005 | Percent change |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Total distributions [2] | 5,939,494 | 6,358,763 | 7.1 | 4,098,432 | 4,469,473 | 9.1 |
| Ordinary income [3]..... | 1,587,644 | 1,706,843 | 7.5 | 1,426,585 | 1,494,502 | 4.8 |
| Short-term capital gains [4]..... | 406,515 | 342,579 | -15.7 | 260,220 | 295,822 | 13.7 |
| Long-term capital gains [5]..... | 3,072,668 | 3,706,584 | 20.6 | 2,039,685 | 2,366,693 | 16.0 |
| Nontaxable income [6]..... | 43,750 | 44,359 | 1.4 | 37,689 | 35,262 | -6.4 |
| Corpus [7]..... | 828,917 | 558,398 | -32.6 | 334,254 | 277,194 | -17.1 |

[1] This category includes only returns included in both the 2004 and 2005 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 may not be reflected 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.

reported \$935.7 million in distributions (Figure O). Of this total, \$932.0 million were required payments for charitable purposes, while the other \$3.8 million were required payments to private beneficiaries. Figure A shows that \$15.5 billion in end-of-year total assets were reported for charitable lead trusts in Filing Year 2005. Investments made up 87.1 percent, or \$13.5 billion, of total assets (Figure N). Corporate stock was the largest component of all investments for all trust sizes, while land, buildings, and equipment investments made up the smallest share. CLTs claimed \$399.2 million in total liabilities.

Pooled Income Funds

The number of Forms 5227 filed for pooled income funds increased by 5.4 percent, from 1,591 in 2004 to 1,677 in 2005. In Filing Year 2005, PIFs reported distributions of \$127.3 million (Figure P). The majority of distributions were distributions to private beneficiaries, reported to be \$63.8 million in Filing Year 2005. Of the \$1.6 billion in end-of-year total assets reported for PIFs, \$1.5 billion or 91.0 percent were investments. For all PIFs, corporate bonds made up the largest portion of reported investments, \$423.3 million in 2005. However, for both large and

Figure M

Charitable Remainder Unitrusts: Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 \$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 | 69,584,949 | 100.0 | 10,196,193 | 100.0 | 22,732,691 | 100.0 | 36,656,066 | 100.0 |
| U.S. and State government obligations [2]..... | 4,739,014 | 6.8 | 479,873 | 4.7 | 1,735,113 | 7.6 | 2,524,029 | 6.9 |
| Corporate stock [3]..... | 35,612,915 | 51.2 | 6,318,888 | 62.0 | 13,996,994 | 61.6 | 15,297,033 | 41.7 |
| Corporate bonds [4]..... | 7,468,535 | 10.7 | 1,528,966 | 15.0 | 2,869,647 | 12.6 | 3,069,923 | 8.4 |
| Land, buildings, and equipment [5]..... | 733,885 | 1.1 | 105,695 | 1.0 | 306,496 | 1.3 | 321,694 | 0.9 |
| Other investments [6]..... | 21,030,600 | 30.2 | 1,762,771 | 17.3 | 3,824,442 | 16.8 | 15,443,387 | 42.1 |

[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 and taxpayer reporting discrepancies.

Split-Interest Trusts, Filing Year 2005

Figure N

Charitable Remainder Unitrusts: Additional Contributions, by Type and Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 \$3,000,000 | \$3,000,000 or more |
| | (1) | (2) | (3) | (4) |
| Number of returns | 94,779 | 66,517 | 24,852 | 3,410 |
| Number of returns with additional contributions | 3,086 | 2,141 | 803 | 142 |
| Total additional contributions [2] | 943,513 | 164,255 | 315,076 | 464,182 |
| Cash and money market accounts | 140,221 | 33,743 | 60,385 | 46,094 |
| Stocks [3]..... | 578,948 | 71,792 | 157,410 | 349,746 |
| Bonds | 8,902 | ** 15,636 | ** 34,739 | ** 18,147 |
| Real estate [4]..... | * 59,620 | ** | ** | ** |
| Other assets [5]..... | 155,822 | 43,084 | 62,542 | 50,196 |

* 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] The values for additional contributions are taken from attachments to the Form 5227.

[3] The value of stock includes both publicly-traded and closely-held stocks.

[4] The value given for real estate includes traditional real estate as well as real estate mutual funds and partnerships.

[5] Other assets includes such items as retirement assets, annuities, partnerships, insurance assets, and art.

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

Figure O

Charitable Lead Trusts: Distributions and Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 \$3,000,000 | \$3,000,000 or more |
| | (1) | (2) | (3) | (4) |
| Number of returns | 6,168 | 2,757 | 2,629 | 782 |
| Total distributions [2] | 935,744 | 77,374 | 230,408 | 627,961 |
| Required payments for charitable purposes..... | 931,951 | ** 77,374 | 229,084 | ** 627,961 |
| Required payments to private beneficiaries..... | * 3,793 | ** | * 1,323 | ** |
| Total investments [3] | 13,495,200 | 435,257 | 2,822,190 | 10,237,752 |
| U.S. and State government obligations [4]..... | 763,214 | 35,459 | 225,190 | 502,565 |
| Corporate stock [5]..... | 6,162,253 | 294,950 | 1,638,948 | 4,228,355 |
| Corporate bonds [6]..... | 678,227 | ** 19,161 | ** 179,394 | 482,717 |
| Land, buildings, and equipment [7]..... | 96,439 | ** | ** | * 93,393 |
| Other investments [8]..... | 5,795,066 | 85,687 | 778,657 | 4,930,722 |

* 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] "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.

[3] Investments are reported as a portion of assets on Form 5227, Part IV, column (b). In Filing Year 2005, about \$15.5 billion in total assets were reported for charitable lead trusts. For more information, see Table 8.

[4] Taken from Form 5227, Part IV, line 32a, column (b).

[5] Taken from Form 5227, Part IV, line 32b, column (b).

[6] Taken from Form 5227, Part IV, line 32c, column (b).

[7] Taken from Form 5227, Part IV, line 33, column (b).

[8] Taken from Form 5227, Part IV, line 34, column (b).

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

Figure P

Pooled Income Funds: Distributions and Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 \$3,000,000 | \$3,000,000 or more |
| | (1) | (2) | (3) | (4) |
| Number of returns | 1,677 | 1,353 | 214 | 110 |
| Total distributions [2] | 127,290 | 15,371 | 22,313 | 89,605 |
| Amount required to be distributed to satisfy remainder interest [3]..... | 64,404 | * 7,452 | 12,774 | 44,178 |
| Undistributed required payments to the remainder beneficiary [4]..... | 1,583 | 0 | * 123 | * 1,460 |
| Amount required to be distributed to private beneficiaries [5]..... | 63,826 | 7,740 | 9,454 | 46,632 |
| Amount required to be distributed to charitable remainder beneficiary [6]..... | 643 | * 179 | 208 | 255 |
| Total investments [7] | 1,474,087 | 118,955 | 235,237 | 1,119,895 |
| U.S. and State government obligations [8]..... | 209,350 | 15,497 | 17,786 | 176,067 |
| Corporate stock [9]..... | 417,719 | 42,255 | 49,681 | 325,782 |
| Corporate bonds [10]..... | 423,269 | 29,623 | 110,688 | 282,959 |
| Land, buildings, and equipment [11]..... | * 19,365 | 0 | 0 | * 19,365 |
| Other investments [12]..... | 404,383 | 31,580 | 57,081 | 315,723 |

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

[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 were calculated as the "amount required to be distributed to satisfy the remainder interest" (Form 5227, Part VII, Section B, line 2), plus the "amount of income required to be paid to private beneficiaries" (line 4), plus the "amount of income required to be paid to the charitable remainder beneficiary" (line 5), less "amounts that were required to be distributed to the remainder beneficiary that remain undistributed" (line 3).

[3] Taken from Form 5227, Part VII, Section B, line 2.

[4] Taken from Form 5227, Part VII, Section B, line 3.

[5] Taken from Form 5227, Part VII, Section B, line 4.

[6] Taken from Form 5227, Part VII, Section B, line 5.

[7] Investments are reported as a portion of assets on Form 5227, Part IV, column (b). In Filing Year 2005, about \$1.6 billion in total assets were reported for pooled income funds. For more information, see Table 9.

[8] Taken from Form 5227, Part IV, line 32a, column (b).

[9] Taken from Form 5227, Part IV, line 32b, column (b).

[10] Taken from Form 5227, Part IV, line 32c, column (b).

[11] Taken from Form 5227, Part IV, line 33, column (b).

[12] Taken from Form 5227, Part IV, line 34, column (b).

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

small pooled income funds, corporate stock was the largest component of reported investments. Land, buildings, and equipment made up the smallest portion, \$19.4 million, or 1.3 percent of investment holdings for all PIFs. Pooled income funds claimed \$118.1 million in liabilities during Filing Year 2005 (Table 9).

Summary

Split-interest trust filings increased slightly between 2004 and 2005. In Filing Year 2005, some 124,292 Split-Interest Trust Information Returns were filed, an increase of 0.8 percent from 2004. The number of filings for the largest group of trusts, charitable remainder unitrusts, increased by 1,450 returns or 1.6 percent. Charitable lead trust filings increased the most, 9.0 percent, from 5,658 in Filing Year 2004 to 6,168 in 2005. The number of charitable remainder an-

nity trusts decreased by 4.2 percent between 2004 and 2005. Unlike 2004, trust grantors and beneficiaries, as a group, were the most common trustees for Filing Year 2005. Approximately 71.2 percent of all Forms 5227 were completed by a paid preparer in 2005.

Despite a relatively small increase of 0.4 percent in number of returns filed, the total net income reported for charitable remainder trusts increased by 67.4 percent from 2004 to 2005, largely due to an exceptionally large increase in the value of capital gains reported in 2005. Total ordinary income of \$3.1 billion was reported for CRTs in 2005, of which \$2.9 million, or 93.5 percent, was reported for CRUTs. Total net capital gains reported for CRTs increased by 119.2 percent from Filing Year 2004 to Filing Year 2005.

Returns filed for CRTs in 2005 reported total accumulations, including ordinary income, short-term

and long-term capital gains, and nontaxable income, of \$65.1 billion. As in Filing Year 2004, prior-year accumulations comprised the majority of total accumulations, 85.2 percent for CRATs and 86.2 percent for CRUTs. End-of-year undistributed income was reported as \$58.7 billion for charitable remainder trusts. The value of distributions made by all SITs increased from \$7.9 billion in Filing Year 2004, to \$8.4 billion in 2005. CRTs reported \$7.4 billion in distributions in Filing Year 2005. CLTs and PIFs reported distributions of \$935.7 million and 127.3 million, respectively.

For all SITs, the end-of-year book value of trust assets increased from \$100.8 billion in Filing Year 2004 to \$106.5 billion in Filing Year 2005. CLTs reported the largest increase in end-of-year book value of assets, 25.8 percent, while the value reported for PIF assets decreased by 2.2 percent between 2004 and 2005. As in prior years, investments made up the largest percentage of assets for all SITs in 2005. Corporate stocks were the most common type of investments for all types of split-interest trusts, while land, buildings, and equipment were the least common.

Data Sources and Limitations

The data presented in this article were collected from a sample of Forms 5227, *Split-Interest Trust Information Returns*, from Filing Year 2005. 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, though it may include returns for numerous other tax years. For Filing Year 2005, approximately 97.9 percent of returns included in the sample are for Tax Year 2004, while Tax Year 2003 returns comprised 1.6 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 2005, a sample of 12,382 returns was drawn from an estimated population of 124,647 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 (chari-

table 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 21,618 charitable remainder annuity trusts, which were sampled at rates ranging from 6.3 percent (for the smallest) to 100.0 percent (for the largest), resulting in a sample of 2,118 returns. There were 95,146 charitable remainder unitrusts, sampled at rates from 5.0 percent to 100.0 percent, creating a sample of 9,438 returns. There were 6,233 charitable lead trusts, from which a sample of 637 was drawn. Lead trusts were sampled at rates ranging from 3.6 percent to 100.0 percent. There were 1,650 pooled income funds, of which 189 were included in the sample. Pooled income funds had sample rates from 4.9 percent to 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, measured by coefficients of variation, is shown in Figure Q.

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 in 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

Figure Q

Coefficients of Variation for Selected Items, by Type of Split-Interest Trust, Filing Year 2005

| Item | Charitable remainder annuity trusts | Charitable remainder unitrusts | Charitable lead trusts | Pooled income funds |
|--|-------------------------------------|--------------------------------|------------------------|---------------------|
| | (1) | (2) | (3) | (4) |
| Number of returns..... | 0.52 | 0.14 | 0.80 | 2.33 |
| Net ordinary income [1]..... | 4.22 | 1.07 | N/A | N/A |
| Net short-term capital gain income [2]..... | 4.76 | 8.47 | N/A | N/A |
| Net long-term capital gain income [3]..... | 6.90 | 3.84 | N/A | N/A |
| End-of-year total assets (book value) [4]..... | 1.55 | 0.53 | 1.43 | 2.82 |
| End-of-year total assets (fair market value) [5]..... | N/A | 0.62 | N/A | N/A |
| End-of-year total liabilities (book value) [6]..... | 10.24 | 4.16 | 12.19 | 5.16 |
| End-of-year total liabilities (fair market value) [5]..... | N/A | 4.15 | N/A | N/A |
| Required payment to private beneficiaries [7]..... | N/A | N/A | 34.03 | 4.79 |
| Required payment to charitable beneficiaries [8]..... | N/A | N/A | 3.71 | 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.

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. Beneficiaries 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, 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.

Split-Interest Trusts, Filing Year 2005

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 refer 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.

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

Split-Interest Trusts, Filing Year 2005

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 between 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 2005 were primarily for Tax Year 2004.
- [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 Code section 664(d)(3)(A).
- [6] For more information regarding net income with makeup charitable remainder unitrusts, see Internal Revenue Code 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 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 under 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.

Split-Interest Trusts, Filing Year 2005

[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 2005

Table 1.—Charitable Remainder Annuity Trusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 | 21,667 | 1,013 | 16,722 | 2,176 | 1,352 | 321 | 84 |
| Total net income [1] | 817,535 | 23,470 | 118,414 | 79,677 | 196,414 | 179,963 | 219,597 |
| Net ordinary income [2] | 226,971 | 2,508 | 56,461 | 33,725 | 48,518 | 34,456 | 51,302 |
| Total ordinary income [3]..... | 282,731 | 4,507 | 71,303 | 45,467 | 60,404 | 42,867 | 58,183 |
| Interest income..... | 115,057 | 2,022 | 26,580 | 16,375 | 23,527 | 19,804 | 26,747 |
| Dividends and business income (loss)..... | 137,951 | 2,443 | 31,048 | 25,372 | 30,079 | 18,359 | 30,650 |
| Other income [4]..... | 29,724 | * 42 | 13,674 | 3,720 | 6,799 | 4,704 | 785 |
| Total deductions [5]..... | 55,760 | 1,999 | 14,842 | 11,743 | 11,886 | 8,410 | 6,881 |
| Interest..... | 2,290 | 0 | * 4 | * 2,132 | 72 | * 64 | * 18 |
| Taxes..... | 442 | * 34 | 106 | 44 | 205 | 49 | * 5 |
| Other deductions..... | 53,028 | 1,965 | 14,731 | 9,567 | 11,609 | 8,298 | 6,858 |
| Net short-term capital gains or (losses) [6] | 43,166 | 1,519 | 5,128 | 3,267 | 6,766 | 2,633 | 23,854 |
| Total short-term capital gains or (losses)..... | 44,283 | 1,676 | 5,339 | 3,379 | 7,016 | 2,873 | 24,000 |
| Deductions allocable to short-term capital gains or (losses)..... | 1,117 | * 157 | 212 | * 112 | 250 | 240 | * 146 |
| Net long-term capital gains or (losses) [7] | 507,093 | 19,019 | 49,556 | 35,730 | 128,128 | 134,273 | 140,387 |
| Total long-term capital gains or (losses) [8]..... | 512,572 | 19,216 | 51,335 | 36,770 | 129,514 | 134,813 | 140,924 |
| Deductions allocable to long-term capital gains or (losses)..... | 5,479 | * 197 | 1,779 | 1,039 | 1,387 | 540 | * 537 |
| Nontaxable income [9] | 40,305 | 424 | 7,269 | 6,954 | 13,002 | 8,601 | 4,053 |

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

[1] Calculated as the sum of "net ordinary income" (Form 5227, Part I, line 13), "net short-term capital gains or (losses)" (line 16), "net long-term capital gains or (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). 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 2005

Table 2.—Charitable Remainder Annuity Trusts: Accumulation Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 | 21,667 | 1,013 | 16,722 | 2,176 | 1,352 | 321 | 84 |
| Total accumulations [1] | 5,540,401 | 153,188 | 943,871 | 735,848 | 1,155,995 | 1,088,778 | 1,462,721 |
| Net ordinary income..... | 455,465 | 23,396 | 87,299 | 48,824 | 94,159 | 118,696 | 83,092 |
| Net short-term capital gains or (losses)..... | 54,094 | 6,374 | 10,751 | 7,662 | 10,755 | 7,116 | 11,436 |
| Net long-term capital gains or (losses)..... | 4,843,295 | 118,530 | 810,904 | 650,675 | 996,490 | 912,561 | 1,354,134 |
| Nontaxable income..... | 187,547 | 4,888 | 34,919 | 28,686 | 54,590 | 50,405 | 14,059 |
| Prior-year undistributed income [2] | 4,722,866 | 129,718 | 825,457 | 656,171 | 959,581 | 908,815 | 1,243,125 |
| Net ordinary income..... | 228,494 | 20,888 | 30,837 | 15,099 | 45,641 | 84,239 | 31,789 |
| Net short-term capital gains or (losses)..... | -805 | 4,613 | 4,069 | 1,922 | 1,751 | 737 | -13,896 |
| Net long-term capital gains or (losses)..... | 4,347,935 | 99,753 | 762,902 | 617,418 | 870,601 | 782,035 | 1,215,225 |
| Nontaxable income..... | 147,242 | 4,464 | 27,649 | 21,732 | 41,588 | 41,804 | 10,006 |
| Current-year net income [3] | 817,535 | 23,470 | 118,414 | 79,677 | 196,414 | 179,963 | 219,597 |
| Net ordinary income..... | 226,971 | 2,508 | 56,461 | 33,725 | 48,518 | 34,456 | 51,302 |
| Net short-term capital gains or (losses)..... | 43,166 | 1,519 | 5,128 | 3,267 | 6,766 | 2,633 | 23,854 |
| Net long-term capital gains or (losses)..... | 507,093 | 19,019 | 49,556 | 35,730 | 128,128 | 134,273 | 140,387 |
| Nontaxable income..... | 40,305 | 424 | 7,269 | 6,954 | 13,002 | 8,601 | 4,053 |
| Undistributed at end of year [4] | 4,737,789 | 14,395 | 773,030 | 623,003 | 1,012,339 | 1,001,632 | 1,313,390 |
| Net ordinary income..... | 221,577 | * 467 | 38,263 | 14,045 | 46,467 | 85,740 | 36,596 |
| Net short-term capital gains or (losses)..... | 24,634 | * -19 | 5,221 | 4,252 | 5,636 | 2,973 | 6,571 |
| Net long-term capital gains or (losses)..... | 4,341,672 | 13,877 | 702,927 | 582,012 | 914,967 | 868,598 | 1,259,290 |
| Nontaxable income..... | 149,905 | * 70 | 26,619 | 22,694 | 45,268 | 44,321 | 10,932 |

* 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 2005

Table 3.—Charitable Remainder Annuity Trusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 | 21,667 | 17,735 | 2,176 | 1,352 | 321 | 84 |
| Total net assets [2] | 9,389,909 | 1,951,220 | 1,571,606 | 2,100,366 | 1,623,609 | 2,143,107 |
| Total liabilities and net assets [3] | 9,540,936 | 1,997,428 | 1,582,027 | 2,170,220 | 1,636,018 | 2,155,243 |
| Total assets [4] | 9,540,935 | 1,997,428 | 1,582,027 | 2,170,220 | 1,636,018 | 2,155,243 |
| Cash..... | 312,205 | 43,468 | 32,524 | 31,445 | 35,188 | 169,581 |
| Savings and temporary cash investments..... | 754,277 | 102,658 | 111,502 | 145,068 | 195,576 | 199,473 |
| Receivables due [5]..... | 135,076 | 17,240 | 10,060 | 45,360 | 5,654 | 56,761 |
| Inventories and prepaid expenses..... | 2,474 | * 25 | 0 | * 1,770 | * 615 | 65 |
| Total investments | 8,035,587 | 1,752,416 | 1,381,785 | 1,856,682 | 1,380,316 | 1,664,387 |
| Securities | 6,701,835 | 1,425,371 | 1,165,891 | 1,557,076 | 1,177,924 | 1,375,574 |
| Government obligations..... | 1,418,350 | 193,636 | 239,308 | 414,915 | 307,196 | 263,294 |
| Corporate stock..... | 4,050,244 | 940,428 | 719,574 | 873,568 | 677,493 | 839,181 |
| Corporate bonds..... | 1,233,241 | 291,307 | 207,008 | 268,593 | 193,235 | 273,099 |
| Land, buildings, and equipment..... | 105,727 | 23,483 | 0 | ** 299,606 | 46,628 | ** 288,813 |
| Other investments..... | 1,228,026 | 303,562 | 215,894 | ** | 155,764 | ** |
| Charitable purpose land, buildings, and equipment..... | 42,924 | * 11,552 | ** 46,155 | 22,800 | ** 18,669 | 0 |
| Other assets..... | 258,386 | 70,063 | ** | 67,094 | ** | 64,975 |
| Total liabilities [6] | 144,313 | 42,941 | 10,420 | 66,407 | 12,409 | 12,136 |
| Accounts payable, accrued expenses, and deferred revenue..... | 32,808 | 9,772 | * 3,521 | 17,827 | * 739 | * 949 |
| Other liabilities [7]..... | 111,505 | 33,169 | 6,899 | 48,580 | 11,670 | * 11,186 |

* 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 the 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. This value may deviate from the calculated value of total assets (line 37, column (b)) less total liabilities (line 43, column (b)) due to taxpayer reporting discrepancies.

[3] Taken from "total liabilities and net assets" (Form 5227, Part IV, line 47, column (b)). 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, column (b)), "receivables due from officers, directors, and other disqualified persons" (line 28), and "other notes and loans receivable" (line 29, column (b)).

[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, column (b)), "mortgages and other notes payable" (line 41, column (b)), and "other liabilities" (line 42, column (b)).

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

Split-Interest Trusts, Filing Year 2005

Table 4.—Charitable Remainder Unitrusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 | 94,779 | 2,322 | 64,195 | 15,070 | 9,781 | 2,698 | 713 |
| Total net income [1] | 8,212,876 | 334,417 | 818,371 | 751,876 | 1,458,384 | 1,429,655 | 3,420,174 |
| Net ordinary income [2] | 2,290,808 | 7,145 | 281,946 | 253,210 | 388,400 | 312,759 | 1,047,347 |
| Total ordinary income [3]..... | 2,858,595 | 19,706 | 374,458 | 324,716 | 488,711 | 383,467 | 1,267,538 |
| Interest income..... | 804,110 | 7,745 | 106,790 | 92,453 | 151,907 | 120,816 | 324,399 |
| Dividends and business income (loss)..... | 1,370,785 | 10,789 | 221,357 | 200,655 | 258,142 | 221,792 | 458,050 |
| Other income [4]..... | 683,698 | 1,171 | 46,309 | 31,607 | 78,662 | 40,859 | 485,089 |
| Total deductions [5] | 567,785 | 12,561 | 92,510 | 71,505 | 100,311 | 70,708 | 220,191 |
| Interest..... | 112,221 | * 36 | 691 | 326 | 1,828 | 1,813 | 107,527 |
| Taxes..... | 8,866 | * 75 | 1,062 | 1,952 | 1,529 | 1,035 | 3,213 |
| Other deductions..... | 446,698 | 12,450 | 90,757 | 69,226 | 96,954 | 67,859 | 109,451 |
| Net short-term capital gains or (losses) [6] | 340,783 | 38,787 | 26,605 | 20,992 | 65,669 | 76,653 | 112,076 |
| Total short-term capital gains or (losses)..... | 544,026 | 38,819 | 28,527 | 22,532 | 68,684 | 78,018 | 307,445 |
| Deductions allocable to short-term capital gains or (losses)..... | 203,243 | * 32 | 1,921 | 1,539 | 3,016 | 1,365 | 195,370 |
| Net long-term capital gains or (losses) [7] | 5,488,201 | 286,861 | 500,035 | 459,894 | 982,376 | 1,020,454 | 2,238,582 |
| Total long-term capital gains or (losses) [8]..... | 5,807,252 | 287,359 | 511,663 | 471,168 | 996,154 | 1,028,771 | 2,512,138 |
| Deductions allocable to short-term capital gains or (losses)..... | 319,050 | 498 | 11,627 | 11,273 | 13,778 | 8,317 | 273,556 |
| Nontaxable income [9] | 93,085 | 1,624 | 9,783 | 17,779 | 21,939 | 19,788 | 22,170 |

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

[1] Calculated as the sum of "net ordinary income" (Form 5227, Part I, line 13), "net short-term capital gains or (losses)" (line 16), "net long-term capital gains or (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). This amount may not equal "total ordinary income" (line 8) less "total deductions allocable to ordinary income" (line 12) due to taxpayer reporting 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 gains or losses" (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 2005

Table 5.—Charitable Remainder Unitrusts: Accumulation Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 | 94,779 | 2,322 | 64,195 | 15,070 | 9,781 | 2,698 | 713 |
| Total accumulations [1] | 59,570,962 | 997,662 | 6,872,044 | 6,462,355 | 10,813,758 | 10,969,156 | 23,455,989 |
| Net ordinary income..... | 4,703,324 | 26,074 | 364,010 | 343,708 | 582,300 | 560,002 | 2,827,231 |
| Net short-term capital gains or (losses)..... | 2,278,030 | 101,578 | 64,477 | 104,693 | 176,922 | 229,902 | 1,600,458 |
| Net long-term capital gains or (losses)..... | 52,175,668 | 865,768 | 6,395,534 | 5,964,515 | 9,929,715 | 10,068,321 | 18,951,816 |
| Nontaxable income..... | 413,940 | 4,242 | 48,023 | 49,439 | 124,821 | 110,931 | 76,484 |
| Prior-year undistributed income [2] | 51,358,084 | 663,245 | 6,053,672 | 5,710,478 | 9,355,374 | 9,539,501 | 20,035,814 |
| Net ordinary income..... | 2,412,516 | 18,929 | 82,063 | 90,497 | 193,900 | 247,242 | 1,779,885 |
| Net short-term capital gains or (losses)..... | 1,749,385 | 62,763 | -18,790 | 62,909 | 68,346 | 118,962 | 1,455,195 |
| Net long-term capital gains or (losses)..... | 46,875,328 | 578,935 | 5,952,160 | 5,525,412 | 8,990,246 | 9,082,154 | 16,746,421 |
| Nontaxable income..... | 320,855 | 2,618 | 38,240 | 31,660 | 102,882 | 91,143 | 54,314 |
| Current-year net income [3] | 8,212,876 | 334,417 | 818,371 | 751,876 | 1,458,384 | 1,429,655 | 3,420,174 |
| Net ordinary income..... | 2,290,808 | 7,145 | 281,946 | 253,210 | 388,400 | 312,759 | 1,047,347 |
| Net short-term capital gains or (losses)..... | 340,783 | 38,787 | 26,605 | 20,992 | 65,669 | 76,653 | 112,076 |
| Net long-term capital gains or (losses)..... | 5,488,201 | 286,861 | 500,035 | 459,894 | 982,376 | 1,020,454 | 2,238,582 |
| Nontaxable income..... | 93,085 | 1,624 | 9,783 | 17,779 | 21,939 | 19,788 | 22,170 |
| Undistributed at end of year [4] | 53,959,127 | 343,705 | 6,067,169 | 5,747,881 | 9,746,577 | 10,001,199 | 22,052,596 |
| Net ordinary income..... | 2,995,670 | 14,982 | 77,978 | 96,591 | 213,610 | 268,494 | 2,324,015 |
| Net short-term capital gains or (losses)..... | 1,895,022 | 54,596 | 30,914 | 65,648 | 106,652 | 148,497 | 1,488,716 |
| Net long-term capital gains or (losses)..... | 48,701,134 | 272,022 | 5,918,756 | 5,545,944 | 9,311,680 | 9,483,503 | 18,169,229 |
| Nontaxable income..... | 367,301 | * 2,106 | 39,522 | 39,698 | 114,635 | 100,705 | 70,636 |

* 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 2005

Table 6.—Charitable Remainder Unitrusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 | 94,779 | 66,517 | 15,070 | 9,781 | 2,698 | 713 |
| Total net assets [2] | 78,594,845 | 11,827,997 | 10,406,396 | 15,631,191 | 13,433,506 | 27,295,755 |
| Total liabilities and net assets [3] | 79,815,700 | 11,973,647 | 10,553,278 | 15,860,570 | 13,708,434 | 27,719,771 |
| Total assets [4] | 79,845,710 | 11,973,647 | 10,570,067 | 15,860,517 | 13,721,709 | 27,719,771 |
| Cash..... | 1,292,390 | 240,349 | 138,592 | 287,741 | 194,480 | 431,228 |
| Savings and temporary cash investments..... | 4,660,301 | 665,660 | 600,496 | 985,102 | 769,603 | 1,639,440 |
| Receivables due [5]..... | 1,001,894 | 193,428 | 93,812 | 298,365 | 208,524 | 207,765 |
| Inventories and prepaid expenses..... | 23,058 | * 713 | * 12,964 | 4,994 | 4,253 | 133 |
| Total investments | 69,584,949 | 10,196,193 | 9,246,844 | 13,485,847 | 11,956,726 | 24,699,340 |
| Securities | 47,820,464 | 8,327,727 | 7,571,886 | 11,029,867 | 9,200,718 | 11,690,267 |
| Government obligations..... | 4,739,014 | 479,873 | 599,064 | 1,136,049 | 1,074,709 | 1,449,319 |
| Corporate stock..... | 35,612,915 | 6,318,888 | 5,788,526 | 8,208,468 | 6,831,327 | 8,465,707 |
| Corporate bonds..... | 7,468,535 | 1,528,966 | 1,184,296 | 1,685,350 | 1,294,682 | 1,775,241 |
| Land, buildings, and equipment..... | 733,885 | 105,695 | 103,646 | 202,850 | 212,932 | 108,762 |
| Other investments..... | 21,030,600 | 1,762,771 | 1,571,312 | 2,253,130 | 2,543,075 | 12,900,312 |
| Charitable purpose land, buildings, and equipment..... | 400,073 | 42,492 | * 26,145 | 112,619 | 87,694 | 131,122 |
| Other assets..... | 2,883,022 | 634,794 | 451,211 | 685,846 | 500,429 | 610,742 |
| Total liabilities [6] | 1,219,626 | 145,069 | 146,882 | 228,933 | 274,720 | 424,022 |
| Accounts payable, accrued expenses, and deferred revenue..... | 309,223 | 45,668 | 50,409 | 63,866 | 72,069 | 77,212 |
| Other liabilities [7]..... | 910,403 | 99,401 | 96,473 | 165,067 | 202,652 | 346,810 |

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

[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. This value may deviate from the calculated value of total assets (line 37, column (b)) less total liabilities (line 43, column (b)) due to taxpayer reporting error.

[3] Taken from "total liabilities and net assets" (Form 5227, Part IV, line 47, column (b)). 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, column (b)), "receivables due from officers, directors, and other disqualified persons" (line 28, column (b)), and "other notes and loans receivable" (line 29, column (b)).

[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, column (b)), "mortgages and other notes payable" (line 41, column (b)), and "other liabilities" (line 42, column (b)).

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

Split-Interest Trusts, Filing Year 2005

Table 7.—Charitable Remainder Unitrusts: Fair Market Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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..... | 94,779 | 66,517 | 15,070 | 9,781 | 2,698 | 713 |
| Total assets | 95,053,618 | 14,708,729 | 11,969,101 | 17,855,872 | 15,529,043 | 34,990,872 |
| Cash..... | 1,327,634 | 274,017 | 138,189 | 283,363 | 196,632 | 435,433 |
| Savings and temporary cash investments..... | 4,706,316 | 678,086 | 618,912 | 999,461 | 767,573 | 1,642,285 |
| Receivables due [2]..... | 971,468 | 195,700 | 92,694 | 280,017 | 209,086 | 193,972 |
| Inventories and prepaid expenses..... | 22,568 | * 366 | * 13,054 | 4,767 | 4,251 | 130 |
| Total investments..... | 84,285,264 | 12,704,893 | 10,568,685 | 15,449,242 | 13,645,714 | 31,916,730 |
| Securities..... | 56,927,265 | 10,237,969 | 8,726,412 | 12,635,646 | 10,645,488 | 14,681,751 |
| Government obligations..... | 5,205,271 | 565,750 | 647,703 | 1,235,556 | 1,193,855 | 1,562,407 |
| Corporate stock..... | 43,988,926 | 8,057,037 | 6,860,479 | 9,664,279 | 8,142,281 | 11,264,851 |
| Corporate bonds..... | 7,733,068 | 1,615,183 | 1,218,230 | 1,735,811 | 1,309,352 | 1,854,492 |
| Land, buildings, and equipment..... | 1,228,650 | 456,318 | 125,644 | 306,131 | 225,504 | 115,053 |
| Other investments..... | 26,129,348 | 2,010,605 | 1,716,629 | 2,507,466 | 2,774,722 | 17,119,926 |
| Charitable purpose land, buildings, and equipment..... | 542,361 | 140,443 | * 40,323 | 109,936 | 120,834 | 130,825 |
| Other assets..... | 3,197,972 | 715,201 | 497,240 | 729,082 | 584,952 | 671,497 |
| Total liabilities | 1,223,051 | 140,151 | 142,888 | 235,483 | 261,978 | 442,551 |
| Accounts payable, accrued expenses, and deferred revenue..... | 281,517 | 48,452 | 34,874 | 54,945 | 71,022 | 72,223 |
| Other liabilities [3]..... | 941,534 | 91,699 | 108,013 | 180,538 | 190,955 | 370,328 |

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

[1] Includes returns that did not report the 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 "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).

[3] 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.

Split-Interest Trusts, Filing Year 2005

Table 8.—Charitable Lead Trusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 | 6,168 | 2,757 | 1,383 | 1,245 | 560 | 222 |
| Total net assets [2] | 15,100,846 | 520,649 | 1,000,597 | 2,112,605 | 2,816,920 | 8,650,075 |
| Total liabilities and net assets [3] | 15,500,073 | 539,704 | 1,043,073 | 2,178,351 | 2,871,669 | 8,867,276 |
| Total assets [4] | 15,500,073 | 539,704 | 1,043,073 | 2,178,351 | 2,871,669 | 8,867,276 |
| Cash..... | 176,966 | 19,123 | 23,631 | 21,819 | 24,492 | 87,900 |
| Savings and temporary cash investments..... | 962,788 | 25,782 | 67,897 | 147,218 | 195,379 | 526,511 |
| Receivables due, inventories, and prepaid expenses [5]..... | 237,272 | * 1,635 | * 25,307 | 36,339 | 2,457 | 171,532 |
| Total investments..... | 13,495,200 | 435,257 | 901,438 | 1,920,752 | 2,489,476 | 7,748,277 |
| Securities | 7,603,694 | 349,032 | 616,000 | 1,425,026 | 1,355,051 | 3,858,587 |
| Government obligations..... | 763,214 | 35,459 | 81,015 | 144,175 | 46,502 | 456,063 |
| Corporate stock..... | 6,162,253 | 294,950 | 477,343 | 1,161,606 | 1,148,517 | 3,079,838 |
| Corporate bonds..... | 678,227 | 18,623 | 57,642 | 119,245 | 160,032 | 322,685 |
| Other investments [6]..... | 5,891,505 | 86,226 | 285,438 | 495,726 | 1,134,425 | 3,889,690 |
| Other assets [7]..... | 627,847 | 57,905 | * 24,800 | 52,222 | 159,864 | 333,056 |
| Total liabilities [8] | 399,226 | 19,054 | * 42,476 | 65,746 | 54,749 | 217,201 |

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

[1] Includes returns that did not report the 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. This value may deviate from the calculated value of total assets (line 37, column (b)) less total liabilities (line 43, column (b)) due to taxpayer reporting discrepancies.

[3] Taken from "total liabilities and net assets" (Form 5227, Part IV, line 47, column (b)). 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, column (b)), "receivables due from officers, directors, and other disqualified persons" (line 28), "other notes and loans receivable" (line 29, column (b)), "inventories for sale or use" (line 30, column (b)), and "prepaid expenses and deferred charges" (line 31, column (b)).

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

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

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

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

Split-Interest Trusts, Filing Year 2005

Table 9.—Pooled Income Funds: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[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 | 1,677 | 1,416 | 151 | 85 | 25 |
| Total net assets [2] | 1,466,367 | 194,698 | 229,664 | 440,350 | 601,654 |
| Total liabilities and net assets [3] | 1,620,701 | 200,796 | 232,581 | 450,067 | 737,256 |
| Total assets [4] | 1,620,701 | 200,796 | 232,581 | 450,067 | 737,256 |
| Cash..... | 14,255 | 1,645 | 2,541 | 7,295 | * 2,774 |
| Savings and temporary cash investments..... | 67,650 | 10,798 | 11,250 | 15,435 | 30,166 |
| Receivables due, inventories, and prepaid expenses [5]..... | 5,265 | * 4 | * 2,867 | * 41 | * 2,353 |
| Total investments | 1,474,087 | 143,192 | 211,000 | 426,876 | 693,019 |
| Securities..... | 1,050,339 | 111,612 | 153,919 | 352,413 | 432,395 |
| Government obligations..... | 209,350 | 15,497 | 17,786 | 55,357 | * 120,710 |
| Corporate stock..... | 417,719 | 48,132 | 43,805 | 142,654 | 183,128 |
| Corporate bonds..... | 423,269 | 47,983 | 92,328 | 154,402 | 128,557 |
| Other investments [6]..... | 423,748 | 31,580 | 57,081 | 74,463 | 260,625 |
| Other assets [7]..... | 59,443 | 45,157 | * 4,922 | * 420 | * 8,944 |
| Total liabilities [8] | 118,143 | * 413 | * 356 | 9,717 | 107,657 |

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

[1] Includes returns that did not report the 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. This value may deviate from the calculated value of total assets (line 37, column (b)) less total liabilities (line 43, column (b)) due to taxpayer reporting discrepancies.

[3] Taken from "total liabilities and net assets" (Form 5227, Part IV, line 47, column (b)). 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, column (b)), "receivables due from officers, directors, and other disqualified persons" (line 28, column (b)), "other notes and loans receivable" (line 29, column (b)), "inventories for sale or use" (line 30, column (b)), and "prepaid expenses and deferred charges" (line 31, column (b)).

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

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

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

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