

# Split-Interest Trusts, Filing Year 2007

by Lisa Schreiber

**F**orm 5227, *Split-Interest Trust Information Return*, is filed by entities with both charitable and noncharitable beneficiaries. In Filing Year 2007, preparers filed 123,659 Forms 5227, only slightly less than the number filed in 2006.<sup>1</sup> End-of-year net asset values reported for split-interest trusts increased to \$115.4 billion in 2007, as end-of-year book value of assets and end-of-year book value of liabilities increased by 8.6 percent and 12.4 percent, respectively, between 2006 and 2007.

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. 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. The individuals and entities that receive income are known as beneficiaries.

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 2007, some 115,754 returns for charitable remainder trusts were submitted, a decrease of 0.3 percent (Figure A). Trustees for charitable lead trusts submitted 6,377 returns in 2007, an increase of 1.3 percent over 2006 filings. Pooled income fund returns experienced the

most dramatic change, as the number of returns filed declined by 8.8 percent, to 1,528 returns in 2007.

## 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. The period may be either a fixed duration, statutorily limited to 20 years, or the lifetime of a noncharitable beneficiary.<sup>2</sup> At the conclusion of the period, the trust is dissolved, and the remaining value is distributed to predetermined charitable beneficiaries.<sup>3</sup> At the time of trust creation, the present value of the expected future charitable distribution must equal at least 10.0 percent of the initial fair market value of the assets placed in the trust.<sup>4</sup>

The donor must file Form 709, *U.S. Gift Tax Return*, for all assets contributed to the trust that exceed the gift tax threshold.<sup>5</sup> At the time of trust creation, the donor is eligible for a gift tax deduction if the charitable beneficiary has been named. The donor also receives an income tax deduction based on an estimate of the charitable distribution. A noncharitable beneficiary must report the distributions as gross income on Form 1040, *U.S. Individual Income Tax Return*.

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 of the fair market value of the trust property, valued annually. This percentage is called the “unitrust percentage” and must be between 5.0 percent and 50.0 percent. Therefore, the value of the distribution to noncharitable beneficiaries from a CRUT, called the

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<sup>1</sup> A filing year includes all returns submitted to IRS processing between January 1 and December 31 of that year. Returns filed in 2007 were primarily for Tax Year 2006.

<sup>2</sup> 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).

<sup>3</sup> The qualifications for a “charitable beneficiary” are detailed in Internal Revenue Code section 170(c).

<sup>4</sup> The method for determining the fair market value of a trust is given in Internal Revenue Code section 7520.

<sup>5</sup> For Tax Year 2006, any gift exceeding \$12,000 is taxable and is included in the donor’s lifetime exclusion. The gift tax threshold is indexed for inflation. In the case of a couple who are splitting gifts, the threshold is doubled. For further explanation of gift tax law, see Jacobson, Darien and Melissa Laine, “Wealth Transfers, 2005 Gifts,” *SOI Bulletin*, Summer 2008.

**Figure A**

## Profile of Split-Interest Trusts, by Type of Trust, Filing Years 2006 and 2007

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

Item	All			Charitable remainder trusts		
	2006	2007	Percentage change	2006	2007	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>124,036</b>	<b>123,659</b>	<b>-0.3</b>	<b>116,062</b>	<b>115,754</b>	<b>-0.3</b>
<b>Net asset value, end-of-year [1]</b>	<b>106,277,977</b>	<b>115,391,956</b>	<b>8.6</b>	<b>88,805,076</b>	<b>95,821,559</b>	<b>7.9</b>
Book value of assets, end-of-year [2]	108,248,391	117,605,947	8.6	90,163,123	97,307,466	7.9
Book value of liabilities, end-of-year [2]	1,970,413	2,213,991	12.4	1,358,047	1,485,907	9.4

  

Item	Charitable lead trusts			Pooled income funds		
	2006	2007	Percentage change	2006	2007	Percentage change
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Number of returns</b>	<b>6,298</b>	<b>6,377</b>	<b>1.3</b>	<b>1,676</b>	<b>1,528</b>	<b>-8.8</b>
<b>Net asset value, end-of-year [1]</b>	<b>15,989,128</b>	<b>18,093,904</b>	<b>13.2</b>	<b>1,483,773</b>	<b>1,476,493</b>	<b>-0.5</b>
Book value of assets, end-of-year [2]	16,485,658	18,690,926	13.4	1,599,610	1,607,555	0.5
Book value of liabilities, end-of-year [2]	496,529	597,022	20.2	115,837	131,062	13.1

[1] Calculated as the end-of-year book value of assets (Form 5227, Part IV, line 37, column (b)) minus the end-of-year book value of liabilities (line 43, column (b)).

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

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

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 earned in that year, when that amount is less than the distribution that would otherwise be required.<sup>6</sup> This allows the trustee to limit distributions in years when the trust's income is low to avoid depletion of the trust corpus. A related variant is called the net income with makeup charitable remainder unitrust (NIM-CRUT).<sup>7</sup> 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.

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 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.<sup>8</sup> The unitrust amount is then calculated by multiplying the unitrust percentage by the sum of balance sheet net fair market value of assets and the prorated value of the additional contributions.

### Charitable Lead Trusts

Under a charitable lead trust (CLT) agreement, a charitable organization receives the income interest of the trust assets, while the remainder interest is

<sup>6</sup> For more information regarding net income charitable remainder unitrusts, see Internal Revenue Code section 664(d)(3)(A).

<sup>7</sup> For more information regarding net income with makeup charitable remainder unitrusts, see Internal Revenue Code section 664(d)(3)(B).

<sup>8</sup> 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.

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assigned to a noncharitable beneficiary, usually the grantor or the grantor's spouse. Annual distributions are made to a predetermined charitable beneficiary. The amount of CLT distributions is not constrained by minimum or maximum payout restrictions. At the conclusion of the trust's predetermined life, the remaining income and assets are distributed to the designated noncharitable beneficiary.<sup>9</sup>

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 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. CLATs also allow the noncharitable remainder beneficiaries to benefit from the appreciation of trust assets.

CLTs are further classified by the role of the 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 for the tax year in which the trust is established up to the amount of the present value of the future charitable distributions as well as a gift tax deduction.<sup>10</sup> Because a grantor CLT is not considered a separate taxable entity, the grantor must pay tax on income earned by the trust. Grantor CLTs are generally used to convert future charitable contributions into a current tax deduction. A trust is classified as a nongrantor charitable lead trust if the donor of the trust property is not a beneficiary. In the case of nongrantor charitable lead trusts, the grantor receives only a gift tax charitable deduction at the time of the trust creation equal to the present value of the future charitable distributions. The nongrantor CLT is considered a fully taxable separate entity for income tax purposes. As a result, the grantor is not liable for tax owed on trust income.

### 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.<sup>11</sup> The transfer of assets to the fund must be irrevocable, meaning it cannot be altered or cancelled without consent of the beneficiary. Generally, donors contribute 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 eventual 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, *Individual Income Tax Return*. At the time of the donor's death, the charity receives the grantor's pro-rated share of the value of the PIF.

### Analysis Overview

Form 5227, *Split-Interest Trust Information Return*, must be submitted for each calendar year a split-interest trust is in existence.<sup>12</sup> 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 charitable remainder trust incurred any taxable income during the calendar year, Form 1041, *U.S. Income Tax Return for Estates and Trusts*, must be completed.<sup>13</sup>

Charitable remainder trusts remained the most common type of split-interest trust (Figure A). Pooled income funds again made up the smallest percentage, 1.2 percent, of the SIT population. The

<sup>9</sup> 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).

<sup>10</sup> This charitable deduction is limited. In general, individuals may not receive an income tax 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).

<sup>11</sup> Pooled income funds are further discussed under Internal Revenue Code section 642(e)(5).

<sup>12</sup> Split-interest trusts created before May 27, 1969, are exempt from having to file Form 5227, as long as no amounts have been transferred to the trust since May 27, 1969.

<sup>13</sup> Beginning in Tax Year 2007, charitable remainder trusts with unrelated business income are required to file Form 4720, *Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code*. Filing Year 2008 data will be the first filing year to be affected by this change.

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majority of returns filed in 2007 were for ongoing trusts, in neither the first nor last year of existence. However, just as in 2006, approximately 3.4 percent of the population comprised initial returns, which are filed for newly created trusts (Figure B).<sup>14</sup> Final returns were slightly more common; in 2007, preparers for terminating trusts filed 4,202 returns, or 3.4 percent of the total population. The average lifetime of a terminating trust in Filing Year 2007 was approxi-

mately 12 years.<sup>15</sup> Terminating pooled income funds had the longest average lifetime of all the SIT types, slightly more than 15 years. This extended lifetime could be explained by the institutional structure of PIFs, in which a single charity oversees the assets of multiple donors.

A paid preparer completed 75.5 percent of returns filed in 2007 (Figure C), nearly the same percentage as in 2006. However, in some instances,

**Figure B**

## Return Filing Status, Filing Year 2007

[All figures are estimates based on samples]

Return filing status	All	Charitable remainder annuity trusts	Charitable remainder unitrusts	Charitable lead trusts	Pooled income funds
	(1)	(2)	(3)	(4)	(5)
<b>All returns</b>	<b>123,659</b>	<b>20,187</b>	<b>95,567</b>	<b>6,377</b>	<b>1,528</b>
Initial [1]	4,165	634	3,289	242	0
Final [2]	4,202	1,257	2,575	310	* 60

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

[1] An initial return status is denoted by selecting the "Initial return" box on line E of Form 5227.

[2] A final return status is denoted by selecting the "Final return" box on line E of Form 5227.

**Figure C**

## Utilization of Paid Preparers and Distribution of Trustee Type, by Type of Trust, Filing Years 2006 and 2007

[All figures are estimates based on samples]

Preparer status/type of trustee	All		Charitable remainder annuity trusts		Charitable remainder unitrusts	
	2006	2007	2006	2007	2006	2007
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All returns</b>	<b>124,036</b>	<b>123,659</b>	<b>21,296</b>	<b>20,187</b>	<b>94,767</b>	<b>95,567</b>
Paid preparer [1]	93,717	93,338	13,262	12,583	74,492	74,627
Unpaid preparer	30,318	30,321	8,033	7,604	20,274	20,940
Noninstitutional trustee	3,306	3,480	432	523	2,604	2,752
Institutional trustee	27,012	26,840	7,601	7,080	17,670	18,188

  

Preparer status/type of trustee	Charitable lead trusts		Pooled income funds	
	2006	2007	2006	2007
	(7)	(8)	(9)	(10)
<b>All returns</b>	<b>6,298</b>	<b>6,377</b>	<b>1,676</b>	<b>1,528</b>
Paid preparer [1]	5,217	5,319	746	809
Unpaid preparer	1,081	1,058	930	719
Noninstitutional trustee	187	155	83	50
Institutional trustee	894	903	847	669

[1] 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: Detail may not add to totals due to rounding.

<sup>14</sup> An initial return denotes the first return filed for a trust during its lifetime. Generally, these returns cover the tax year in which the trust was created.

<sup>15</sup> The trust lifetime was estimated by subtracting the year of the reported creation date from the tax year of the final return.

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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, 88.5 percent reported institutions, such as banks or charities, as the trustee. When entities such as these act as trustee, it is likely that the return was professionally prepared even if a paid preparer did not sign the return. For example, while paid preparers completed only 52.9 percent of the returns filed for pooled income funds, institutional trustees were reported for 93.0 percent of the PIF returns that did not indicate a paid preparer. CLTs were the type of trust most likely to be completed by a paid preparer. In 2007, only 16.6 percent of forms filed for CLTs did not utilize a paid preparer.

Form 5227 is divided into several parts, many of which are completed for only one type of split-interest trust. All trusts report some distribution information as well as the total fair market value of assets owned by the trust at the end of the tax year. The distribution information varies in detail based on the type of trust. While forms filed for CRTs require detailed information regarding both required and actual distributions, forms for CLTs and PIFs must include only general information about required distributions. The balance sheet portion of *Split-Interest Trust Information Return* is a detailed listing of the assets and liabilities of the trust, and is completed, at least in part, by all SITs. 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. For all SITs, the end-of-year book value of trust assets increased from \$108.2 billion in 2006 to \$117.6 billion in Filing Year 2007. 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. For valuation purposes, 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 sepa-

rated into five categories, including accounts payable and deferred revenue.

This article focuses on split-interest trust reporting for Filing Year 2007, reporting, primarily, information and activities that occurred during Calendar Year 2006. 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.<sup>16</sup> Medium trusts are defined as those with between \$500,000 and \$3.0 million in total assets. Large trusts are defined as those that reported total assets of \$3.0 million or more.

### Analysis by Type of Trust

#### Charitable Remainder Trusts

The income and deductions portion of Form 5227 is completed only for charitable remainder trusts, for which 115,754 returns were filed in 2007 (Figure D). Reported ordinary income is divided into seven classifications that include interest income, ordinary dividends, and business income or loss. Total ordinary income of \$4.5 billion was reported for CRTs in 2007, of which \$4.2 billion, or 92.6 percent, was reported for CRUTs. Deductions allocable to ordinary income are divided into three classifications: interest, taxes, and other, and totaled \$1.1 billion in 2007.<sup>17</sup> The total ordinary income less deductions allocable to ordinary income is referred to in this article as "net ordinary income." In 2007, this amount was \$3.4 billion, an increase of 38.9 percent over Filing Year 2006.

Capital gains and losses are reported separately from 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 (loss)" and a "net long-term capital gain (loss)." Charitable remainder trust returns reported total net capital gains of \$8.7 billion in 2007 (Figure D). This is an increase of 16.9 percent from \$7.4 bil-

<sup>16</sup> 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.

<sup>17</sup> 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.

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**Figure D**

## Overview of Charitable Remainder Trusts, Filing Years 2006 and 2007

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

Item	All charitable remainder trusts			Charitable remainder annuity trusts			Charitable remainder unitrusts		
	2006	2007	Percentage change	2006	2007	Percentage change	2006	2007	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Number of returns</b>	<b>116,062</b>	<b>115,754</b>	<b>-0.3</b>	<b>21,296</b>	<b>20,187</b>	<b>-5.2</b>	<b>94,767</b>	<b>95,567</b>	<b>0.8</b>
<b>Total net income [1]</b>	<b>9,991,947</b>	<b>12,202,714</b>	<b>22.1</b>	<b>853,971</b>	<b>897,233</b>	<b>5.1</b>	<b>9,137,976</b>	<b>11,305,480</b>	<b>23.7</b>
Net ordinary income [2]	2,425,472	3,369,978	38.9	235,279	278,178	18.2	2,190,193	3,091,800	41.2
Total ordinary income	2,973,122	4,513,954	51.8	289,283	333,170	15.2	2,683,840	4,180,784	55.8
Total ordinary deductions	547,649	1,143,976	108.9	54,003	54,991	1.8	493,645	1,088,985	120.6
Total net capital gains (losses) [3]	7,439,099	8,697,265	16.9	579,224	583,360	0.7	6,859,875	8,113,905	18.3
Net short-term capital gains (losses)	287,726	292,253	1.6	18,504	16,862	-8.9	269,222	275,391	2.3
Net long-term capital gains (losses)	7,151,373	8,405,012	17.5	560,720	566,498	1.0	6,590,653	7,838,514	18.9
Nontaxable income [4]	127,376	135,470	6.4	39,468	35,695	-9.6	87,908	99,775	13.5
<b>Total accumulations for tax year [5]</b>	<b>66,278,298</b>	<b>73,120,564</b>	<b>10.3</b>	<b>5,407,534</b>	<b>5,543,820</b>	<b>2.5</b>	<b>60,870,765</b>	<b>67,576,745</b>	<b>11.0</b>
Prior year undistributed	56,286,350	60,914,270	8.2	4,553,562	4,646,586	2.0	51,732,788	56,267,684	8.8
Current year accumulations	9,991,947	12,202,714	22.1	853,971	897,233	5.1	9,137,976	11,305,480	23.7
Undistributed at end of tax year [6]	59,734,950	65,358,365	9.4	4,481,374	4,696,376	4.8	55,253,576	60,661,988	9.8
<b>Total distributions [7][8]</b>	<b>7,210,404</b>	<b>8,421,393</b>	<b>16.8</b>	<b>1,232,106</b>	<b>1,014,336</b>	<b>-17.7</b>	<b>5,978,298</b>	<b>7,407,058</b>	<b>23.9</b>
<b>Total book value of assets at end of year</b>	<b>90,163,123</b>	<b>97,307,466</b>	<b>7.9</b>	<b>9,041,175</b>	<b>9,280,129</b>	<b>2.6</b>	<b>81,121,949</b>	<b>88,027,337</b>	<b>8.5</b>
Cash, savings, and temporary cash investments	6,746,676	7,390,860	9.5	763,038	881,078	15.5	5,983,637	6,509,782	8.8
Receivables due [9]	1,281,565	1,439,057	12.3	155,005	163,869	5.7	1,126,560	1,275,188	13.2
Inventories and prepaid expenses	10,273	9,388	-8.6	2,457	810	-67.0	7,816	8,578	9.7
Investments	79,535,080	86,390,796	8.6	7,834,583	8,035,104	2.6	71,700,498	78,355,692	9.3
Other assets [10]	2,589,506	2,077,341	-19.8	286,088	199,264	-30.3	2,303,418	1,878,078	-18.5
<b>Total book value of liabilities at end of year</b>	<b>1,358,047</b>	<b>1,485,907</b>	<b>9.4</b>	<b>166,179</b>	<b>199,877</b>	<b>20.3</b>	<b>1,191,868</b>	<b>1,286,030</b>	<b>7.9</b>
<b>Net book value assets at end of year [11]</b>	<b>88,805,077</b>	<b>95,821,558</b>	<b>7.9</b>	<b>8,874,996</b>	<b>9,080,252</b>	<b>2.3</b>	<b>79,930,081</b>	<b>86,741,306</b>	<b>8.5</b>

[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.

lion in 2006. Net long-term capital gains made up approximately 96.6 percent, or \$8.4 billion, of total net capital gains reported for CRTs in 2007. This is an increase of nearly \$1.3 billion over the net-long-term capital gains reported for CRTs in 2006.

In this article, total net income is defined as the sum of net ordinary income, net capital gains, and nontaxable income. Nontaxable income, likely from Federal, State and local government bonds, is also reported separately from ordinary income. Charitable

remainder trusts reported \$135.5 million in nontaxable income in 2007, an increase of 6.4 percent from the \$127.4 million reported in 2006 (Figure D). Total net income reported for charitable remainder trusts increased by 22.1 percent, from \$10.0 billion in 2006 to \$12.2 billion in 2007, despite the relatively small change in the number of returns filed. This increase is attributable to the sizable increase in both net ordinary income and total net capital gains reported for CRTs.

## Split-Interest Trusts, Filing Year 2007

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The accumulation schedule shows the flow of income through the trust from January 1 to December 31 of the tax year.<sup>18</sup> This section is also only completed for charitable remainder trusts. Income is reported in two categories: undistributed income from prior years 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 2007 reported total accumulations, including ordinary income, short-term and long-term capital gains, and nontaxable income, of \$73.1 billion (Figure D). Approximately \$60.9 billion of the accumulations were undistributed from prior tax years. The accumulation schedule also shows undistributed income at the end of the current 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. In Filing Year 2007, some \$65.4 billion were reported for end-of-year undistributed income. This amount exceeded the beginning-of-year income accumulation by \$4.4 billion, or 7.3 percent, meaning that, in aggregate, trustees of CRTs distributed less income

than the trust earned. As a result, the trust accumulates income from year to year, increasing the asset value. In Filing Year 2007, end-of-year income accumulations exceeded the beginning-of-year amounts by 6.1 percent. As shown in Figure D, returns filed for charitable remainder trusts reported \$8.4 billion in distributions and end-of-year book value of assets of \$97.3 billion in Filing Year 2007.

### Charitable Remainder Annuity Trusts

During Filing Year 2007, some 20,187 Forms 5227 were filed for charitable remainder annuity trusts. This is a 5.2-percent decrease from Filing Year 2006, when 21,296 returns were filed. As in 2006, the majority of CRATs included in Filing Year 2007 were small trusts, with end-of-year book value of total assets less than \$500,000 (Figure E). Approximately \$897.2 million in total net income was reported for CRATs in 2007, which is a 5.1-percent increase from 2006. While net ordinary income increased substantially, by 18.2 percent, between the 2 years, short-term capital gains and nontaxable income fell by 8.9 percent and 9.6 percent, respectively. The reported value of net long-term capital gains increased slightly

**Figure E**

### Charitable Remainder Annuity Trusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007

[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 \$3 million	\$3 million or more
	(1)	(2)	(3)	(4)
<b>Number of returns</b>	<b>20,187</b>	<b>16,156</b>	<b>3,604</b>	<b>427</b>
<b>Total net income [2]</b>	<b>897,233</b>	<b>178,227</b>	<b>365,341</b>	<b>353,665</b>
Net ordinary income [3]	278,178	61,864	100,832	115,481
Total ordinary income	333,170	76,707	122,909	133,553
Deductions allocable to ordinary income	54,991	14,843	22,076	18,072
Net short-term capital gain or (loss) [4]	16,862	4,182	9,685	2,995
Net long-term capital gain or (loss) [5]	566,498	106,046	239,544	220,908
Nontaxable income [6]	35,695	6,134	15,280	14,280

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

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

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

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

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from \$560.7 million in 2006 to \$566.5 million in 2007, and continued to compose the majority of net income reported for CRATs.

Reported total accumulations for charitable remainder annuity trusts increased to \$5.5 billion in Filing Year 2007 (Figure F). This included \$897.2 million in current-year income, an increase of 5.1 percent over Filing Year 2006. The percentage of current-year income comprised of net long-term capital gains declined from 65.7 percent in 2006 to 63.1 percent in 2007. Net long-term capital gains re-

ported to be \$4.7 billion in 2007 increased slightly as a percentage of undistributed income. Undistributed income at the end of the year exceeded the beginning-of-year amount by only \$49.8 million, or 1.1 percent, a relatively small percentage of income accumulations for CRTs as a whole.

Figure G shows distributions made by charitable remainder annuity trusts in Filing Year 2007. In total, \$1.0 billion were distributed. The allocation of distributions between sizes of CRATs in 2007 is relatively consistent, especially when compared to previ-

### Figure F

#### Charitable Remainder Annuity Trusts: Accumulation Information, by Type of Income, Filing Year 2007

[All figures are estimates based on samples—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)
<b>Total accumulations [1]</b>	<b>5,543,820</b>	<b>534,944</b>	<b>49,493</b>	<b>4,779,049</b>	<b>180,334</b>
Prior-year undistributed [2]	4,646,586	256,766	22,875	4,222,307	144,639
Current-year accumulations [3]	897,233	278,178	16,862	566,498	35,695
<b>Undistributed at end of tax year [4]</b>	<b>4,696,376</b>	<b>212,919</b>	<b>32,132</b>	<b>4,301,635</b>	<b>149,691</b>

[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.

NOTES: Detail may not add to totals due to rounding. Additionally, the total accumulations for capital gains (losses) may be skewed due to netting short- and long-term values together.

### Figure G

#### Charitable Remainder Annuity Trusts: Distributions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007

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

Item	All	Size of end-of-year book value of total assets		
		Under \$500,000 [1]	\$500,000 under \$3 million	\$3 million or more
		(2)	(3)	(4)
<b>Number of returns</b>	<b>20,187</b>	<b>16,156</b>	<b>3,604</b>	<b>427</b>
<b>Total distributions [2]</b>	<b>1,014,336</b>	<b>378,648</b>	<b>305,923</b>	<b>329,764</b>
Ordinary income [3]	325,117	129,831	93,123	102,164
Short-term capital gains [4]	19,781	3,454	6,995	9,332
Long-term capital gains [5]	442,691	147,378	149,407	145,906
Nontaxable income [6]	31,997	10,087	12,061	9,850
Corpus [7]	194,749	87,898	44,337	62,513

[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 2007

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ous years. Small CRATs accounted for 37.3 percent of distributions, despite making up 80.0 percent of all returns filed for CRATs. Medium CRATs made up 17.9 percent of the population but accounted for 30.2 percent of distributions. Finally, while large CRATs made up only 2.1 percent of the CRAT population, preparers for these trusts reported 32.5 percent of total distributions. Long-term capital gains continued to represent the largest portion of distributions for CRATs of all sizes; however, the percentage of total distributions made up of long-term capital gains decreased from 45.9 percent in 2006 to 43.6 percent in 2007. Corpus distributions also contributed less to total distributions in Filing Year 2007 than in 2006. Ordinary income, however, increased as a percentage of total distributions from 22.1 percent in 2006 to 32.1 percent in 2007. Short-term capital gains were the smallest component of distributions for all CRAT sizes.

Overall, distributions from CRATs decreased by 17.7 percent between Filing Years 2006 and 2007. One source of year-to-year variation in aggregate estimates is changes in the CRAT population due to the creation or termination of trusts. In the first year of a trust's life, trustees are permitted to distribute

only a percentage of the required noncharitable distribution, based on the date the trust was created.<sup>19</sup> Additionally, trustees of terminating trusts must distribute all remaining trust income and corpus to beneficiaries, resulting in extremely large distributions. Figure H presents the 2006 and 2007 Filing Year data for CRATs that did not begin or terminate during the year. Large changes between 2006 and 2007 observed in the population of all returns are muted when looking only at ongoing trusts. In contrast with the population, distributions for ongoing trusts increased by 3.8 percent between 2006 and 2007. The decrease in corpus distributions was 41.1 percent for the population, but only 4.9 percent when initial and final trusts were removed.

Figure I shows the allocation of distributions among basic beneficiary types. Trust grantors received the largest percentage of total distributions, 59.5 percent, or \$604.0 million. Charitable beneficiaries received 16.4 percent of all reported distributions. Nongrantor individuals received 18.5 percent of all distributions in 2007, an increase from 2006 when they received 12.1 percent of all distributions. In contrast, noncharitable entities, which include noncharitable trusts as well as partnerships and cor-

**Figure H**

### Charitable Remainder Annuity Trusts: Distributions, Filing Years 2006 and 2007

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

Distribution type	All returns			Ongoing returns [1]		
	2006	2007	Percentage change	2006	2007	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total distributions [2]</b>	<b>1,232,106</b>	<b>1,014,336</b>	<b>-17.7</b>	<b>747,930</b>	<b>776,279</b>	<b>3.8</b>
Ordinary income [3]	272,509	325,117	19.3	208,577	231,792	11.1
Short-term capital gains [4]	29,389	19,781	-32.7	20,469	19,252	-5.9
Long-term capital gains [5]	565,694	442,691	-21.7	356,736	373,707	4.8
Nontaxable income [6]	34,056	31,997	-6.0	32,073	27,856	-13.1
Corpus [7]	330,457	194,749	-41.1	130,074	123,673	-4.9

[1] This category includes only returns that did not make initial or final distributions during the filing year.

[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.

<sup>19</sup> This percentage is calculated by dividing the number of days remaining in the year when the trust was created, by the total number of days in the calendar year. The resulting percentage is multiplied by the value of required distributions. This computation is commonly referred to as the "short-year adjustment."

# Split-Interest Trusts, Filing Year 2007

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**Figure I**

## Charitable Remainder Annuity Trusts: Distributions, by Beneficiary and Income Type, Filing Year 2007

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

Beneficiary type	Total distributions [1]	Ordinary income [2]	Short-term capital gains [3]	Long-term capital gains [4]	Nontaxable income [5]	Corpus [6]
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All beneficiary types</b>	<b>1,014,336</b>	<b>325,117</b>	<b>19,781</b>	<b>442,691</b>	<b>31,997</b>	<b>194,749</b>
Grantor	603,971	177,587	15,027	283,459	19,431	108,468
Other individual	187,604	59,463	3,962	83,341	11,205	29,632
Charity	166,676	76,893	419	38,827	636	49,902
Noncharitable entity	56,084	11,174	* 373	37,064	* 726	6,747

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

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

[2] Reported on Form 5227, Part III, column (a).

[3] Reported on Form 5227, Part III, column (b).

[4] Reported on Form 5227, Part III, column (c).

[5] Reported on Form 5227, Part III, column (d).

[6] Reported on Form 5227, Part III, column (e).

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

porations, received only 5.5 percent of distributions, compared to 13.7 percent in 2006. Long-term capital gains made up the largest percentage of distributions to all beneficiary types, with the exception of charities, which received more ordinary income than any other type.

Assets with an end-of-year book value of approximately \$9.3 billion were reported for charitable remainder annuity trusts in Filing Year 2007 (Figure J), which is only 2.6 percent higher than Filing Year 2006. The value of inventories and prepaid expenses fell by 67.0 percent, from \$2.5 million in 2006, to ap-

**Figure J**

## Charitable Remainder Annuity Trusts: Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007

[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 \$3 million		\$3 million or more	
	Amount	Percentage of total investments	Amount	Percentage of total investments	Amount	Percentage of total investments	Amount	Percentage of total investments
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total book value of assets at end of year</b>	<b>9,280,129</b>	<b>N/A</b>	<b>1,788,803</b>	<b>N/A</b>	<b>3,832,433</b>	<b>N/A</b>	<b>3,658,892</b>	<b>N/A</b>
<b>Total investments</b>	<b>8,035,104</b>	<b>100.0</b>	<b>1,541,925</b>	<b>100.0</b>	<b>3,277,501</b>	<b>100.0</b>	<b>3,215,678</b>	<b>100.0</b>
U.S. and State government obligations [2]	1,192,677	14.8	163,094	10.6	493,494	15.1	536,088	16.7
Corporate stock [3]	4,142,474	51.6	841,597	54.6	1,716,976	52.4	1,583,901	49.3
Corporate bonds [4]	1,159,100	14.4	242,521	15.7	481,227	14.7	435,352	13.5
Other investments [5]	1,540,853	19.2	294,713	19.1	585,804	17.9	660,337	20.5
<b>Total book value of liabilities at end of year</b>	<b>199,877</b>	<b>N/A</b>	<b>38,737</b>	<b>N/A</b>	<b>135,615</b>	<b>N/A</b>	<b>25,525</b>	<b>N/A</b>

N/A—Not applicable.

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

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

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proximately \$810,000 in 2007. Other assets, including charitable purpose land, buildings, and equipment, all declined significantly between the 2 years. The allocation of assets in the investment portfolios of trusts filing in 2007 mirrors that of previous years. Investments comprised the largest portion of assets, more than \$8.0 billion, or 86.6 percent of the total. Corporate stock made up 51.6 percent of the total investments reported, and comprised the largest portion of the investment portfolio for all sizes of CRATs. Figure J also shows that \$199.9 million in liabilities were reported for CRATs in Filing Year 2007, an increase of 20.3 percent from 2006.

### Charitable Remainder Unitrusts

The number of Forms 5227 filed for charitable remainder unitrusts in 2007 was 95,567, virtually unchanged from 2006. As in previous years, the majority of returns filed in 2007 were for small CRUTs, those with less than \$500,000 in end-of-year book value of assets. In Filing Year 2007, about \$11.3 billion in total net income were reported for charitable remainder unitrusts (Figure K). This was an increase

of 23.7 percent over the total net income reported in 2006. Total ordinary deductions increased by 120.6 percent between 2006 and 2007. Net long-term capital gains comprised the largest portion of the income, with \$7.8 billion reported, an increase of 18.9 percent from Filing Year 2006. Nontaxable income made up the smallest portion of income for all categories of CRUTs, accounting for only 0.9 percent of total income for all CRUTs.

Returns filed for charitable remainder unitrusts in 2007 reported \$67.6 billion in total accumulations, an increase of 11.0 percent over Filing Year 2006 (Figure L). Total accumulations included \$56.3 billion in prior-year undistributed income. Net long-term capital gains made up 87.1 percent of total accumulations. Undistributed income at the end of the tax year reported for CRUTs totaled \$60.7 billion in 2007, an increase of 9.8 percent from Filing Year 2006. End-of-year undistributed income exceeded the beginning-of-year values by 7.8 percent, accounting for the majority of income accumulations for the CRT population. This income accumulation is slightly higher than the 6.8-percent increase reported in 2006.

**Figure K**

### Charitable Remainder Unitrusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007

[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 \$3 million	\$3 million or more
	(1)	(2)	(3)	(4)
<b>Number of returns</b>	<b>95,567</b>	<b>65,371</b>	<b>26,437</b>	<b>3,758</b>
<b>Total net income [2]</b>	<b>11,305,480</b>	<b>1,141,355</b>	<b>3,024,129</b>	<b>7,139,996</b>
Net ordinary income [3]	3,091,800	377,546	799,850	1,914,403
Total ordinary income	4,180,784	478,290	992,666	2,709,829
Deductions allocable to ordinary income	1,088,985	100,743	192,815	795,426
Net short-term capital gain or (loss) [4]	275,391	38,434	76,262	160,695
Net long-term capital gain or (loss) [5]	7,838,514	710,471	2,104,677	5,023,366
Nontaxable income [6]	99,775	14,904	43,339	41,532

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

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

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

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

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## Figure L

### Charitable Remainder Unitrusts: Accumulation Information, by Type of Income, Filing Year 2007

[All figures are estimates based on samples—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)	
<b>Total accumulations [1]</b>	<b>67,576,745</b>	<b>6,338,906</b>	<b>1,898,656</b>	<b>58,871,864</b>	<b>467,317</b>
Prior-year undistributed [2]	56,267,684	3,247,107	1,447,412	51,205,624	367,542
Current-year accumulations [3]	11,305,480	3,091,800	275,391	7,838,514	99,775
<b>Undistributed at end of tax year [4]</b>	<b>60,661,988</b>	<b>4,128,904</b>	<b>1,301,869</b>	<b>54,805,961</b>	<b>425,254</b>

[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.

NOTES: Detail may not add to totals due to rounding. Additionally, the total accumulations for capital gains (losses) may be skewed due to netting short- and long-term values together.

Charitable remainder unitrust distributions are shown in Figure M. During Filing Year 2007, some \$7.4 billion in distributions were reported. Of this, large CRUTs, which made up just 3.9 percent of all CRUTs in 2007, accounted for 40.5 percent of total distributions that year, a decrease from Filing Year 2006 when they accounted for 43.2 percent of all distributions. In contrast, small CRUTs, which made up

68.4 percent of the CRUT filing population in 2007, reported distributions composing only 29.7 percent of the total. Long-term capital gains remained the largest source of distributions for charitable remainder unitrusts in all size classes, accounting for 50.8 percent of all distributions made by charitable remainder unitrusts. Nontaxable income contributed the smallest share to distributions for all CRUT

## Figure M

### Charitable Remainder Unitrusts: Distributions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007

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

Item	All	Size of end-of-year book value of total assets		
		Under \$500,000 [1]	\$500,000 under \$3 million	\$3 million or more
		(2)	(3)	(4)
(1)	(2)	(3)	(4)	
<b>Number of returns</b>	<b>95,567</b>	<b>65,371</b>	<b>26,437</b>	<b>3,758</b>
<b>Total distributions [2]</b>	<b>7,407,058</b>	<b>2,200,954</b>	<b>2,205,973</b>	<b>3,000,131</b>
Ordinary income [3]	2,219,866	353,354	759,744	1,106,769
Short-term capital gains [4]	604,303	40,717	106,293	457,292
Long-term capital gains [5]	3,759,754	1,337,853	1,075,997	1,345,904
Nontaxable income [6]	43,404	9,993	18,973	14,438
Corpus [7]	779,731	459,038	244,966	75,728

[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.

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returns filed in 2007, making up only 0.6 percent of overall total distributions.

Overall distributions from CRUTs increased by 23.9 percent between 2006 and 2007; however, as with CRATs, the ongoing trusts exhibit less change than the population (Figure N). The figure shows that distributions increased by 8.0 percent between the 2 years for ongoing trusts, which differs from the overall change. Corpus distributions, commonly made by terminating trusts, increased by 43.0 percent for the population but by only 5.2 percent for the ongoing returns. Similarly, long-term capital gain

distributions increased by 23.2 percent for the population of all returns, but decreased by 1.1 percent for ongoing returns.

Figure O presents the allocation of distributions reported for charitable remainder unitrusts in 2007 among basic beneficiary types. Grantors received \$4.3 billion, or 58.3 percent of distributions reported for charitable remainder unitrusts in 2007. The second most common beneficiary type was charities, which received \$1.4 billion in distributions, or 18.6 percent of all distributions. Noncharitable entities were the least common beneficiary of CRUTs, re-

### Figure N

#### Charitable Remainder Unitrusts: Distributions, Filing Years 2006 and 2007

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

Distribution type	All returns			Ongoing returns [1]		
	2006	2007	Percentage change	2006	2007	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total distributions [2]</b>	<b>5,978,298</b>	<b>7,407,058</b>	<b>23.9</b>	<b>5,497,046</b>	<b>5,934,755</b>	<b>8.0</b>
Ordinary income [3]	1,829,156	2,219,866	21.4	1,790,616	2,149,105	20.0
Short-term capital gains [4]	509,175	604,303	18.7	497,745	589,926	18.5
Long-term capital gains [5]	3,052,897	3,759,754	23.2	2,823,939	2,793,824	-1.1
Nontaxable income [6]	41,725	43,404	4.0	37,470	36,667	-2.1
Corpus [7]	545,345	779,731	43.0	347,276	365,233	5.2

[1] This category includes only returns that did not make initial or final distributions during the filing year.

[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 O

#### Charitable Remainder Unitrusts: Distributions, by Beneficiary and Income Type, Filing Year 2007

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

Beneficiary type	Total distributions [1]	Ordinary income [2]	Short-term capital gains [3]	Long-term capital gains [4]	Nontaxable income [5]	Corpus [6]
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All beneficiary types</b>	<b>7,407,058</b>	<b>2,219,866</b>	<b>604,303</b>	<b>3,759,754</b>	<b>43,404</b>	<b>779,731</b>
Grantor	4,320,047	1,547,930	244,783	2,301,893	24,444	200,997
Other individual	1,046,194	419,609	58,371	464,364	14,735	89,113
Non-charitable entity	659,563	218,253	286,888	127,420	* 90	26,913
Charity	1,381,254	34,074	14,260	866,077	4,135	462,709

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

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

[2] Reported on Form 5227, Part III, column (a).

[3] Reported on Form 5227, Part III, column (b).

[4] Reported on Form 5227, Part III, column (c).

[5] Reported on Form 5227, Part III, column (d).

[6] Reported on Form 5227, Part III, column (e).

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

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ceiving 8.9 percent of all distributions. However, noncharitable entities were the most likely to receive short-term capital gain distributions. Charities were the most likely to receive distributions from trust corpus.

Charitable remainder unitrust returns filed in 2007 reported \$88.0 billion for end-of-year book value of assets (Figure P). Nearly all asset categories increased in value between 2006 and 2007. Approximately 89.0 percent of the asset value was made up of investments, a slight increase from returns filed in 2006. The investment patterns reported for CRUTs in 2007 mirror the patterns from previous years. Corporate stock, reported to be \$40.2 billion, continued to comprise the majority of the investment portfolio of CRUTs in 2007. Other investments, which include partnerships, annuities, and bonds issued by foreign governments, continued to make up the second largest component of investment portfolios. Trustees of large CRUTs reported 75.8 percent of the value of other investments reported for all CRUTs. Real estate investments were the smallest component

of investments for CRUTs of all sizes. Other assets, including charitable purpose land, buildings, and equipment, declined by 18.5 percent between 2006 and 2007. Overall, CRUT returns reported \$1.3 billion in liabilities during the filing year.

As discussed earlier, 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. This percentage is called the unitrust percentage and must remain fixed throughout the life of the trust. Figure Q shows that 80,193 CRUT returns, or 83.9 percent, reported unitrust percentages from 5.0 percent to less than 10.0 percent. However, returns for larger trusts reported higher unitrust percentages than the small and medium CRUT returns. For example, only 12.9 percent of small CRUT returns reported percentages from 10.0 to less than 20.0; however, 20.9 percent of large CRUT returns fell into this category. The figure also shows that the distribution of unitrust percentages within the 5.0 to less than 10.0 category is relatively consistent, averaging about 20.0 percent, with the

**Figure P**

### Charitable Remainder Unitrusts: Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007

[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 \$3 million		\$3 million or more	
	Amount	Percentage of total investments	Amount	Percentage of total investments	Amount	Percentage of total investments	Amount	Percentage of total investments
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total book value of assets at end of year</b>	<b>88,027,337</b>	<b>N/A</b>	<b>11,922,531</b>	<b>N/A</b>	<b>28,379,412</b>	<b>N/A</b>	<b>47,725,394</b>	<b>N/A</b>
<b>Total investments</b>	<b>78,355,692</b>	<b>100.0</b>	<b>10,387,183</b>	<b>100.0</b>	<b>24,719,059</b>	<b>100.0</b>	<b>43,249,451</b>	<b>100.0</b>
U.S. and State government obligations [2]	5,569,829	7.1	522,575	5.0	2,006,646	8.1	3,040,608	7.0
Corporate stock [3]	40,242,190	51.4	6,431,287	61.9	15,500,331	62.7	18,310,572	42.3
Corporate bonds [4]	7,733,001	9.9	1,414,417	13.6	3,050,203	12.3	3,268,382	7.6
Land, buildings, and equipment [5]	757,589	1.0	91,559	0.9	272,038	1.1	393,993	0.9
Other investments [6]	24,053,083	30.7	1,927,346	18.6	3,889,842	15.7	18,235,896	42.2
<b>Total book value of liabilities at end of year</b>	<b>1,286,030</b>	<b>N/A</b>	<b>141,700</b>	<b>N/A</b>	<b>385,029</b>	<b>N/A</b>	<b>759,302</b>	<b>N/A</b>

N/A—Not applicable.

[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.

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## Figure Q

### Charitable Remainder Unitrusts: Reported Unitrust Percentage, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007

[All figures are estimates based on samples]

Unitrust percentage	Total		Size of end-of-year book value of total assets					
			Under \$500,000 [1]		\$500,000 under \$3 million		\$3 million or more	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All returns [2]</b>	<b>95,567</b>	<b>100.0</b>	<b>65,371</b>	<b>100.0</b>	<b>26,437</b>	<b>100.0</b>	<b>3,758</b>	<b>100.0</b>
5.0 percent, under 10.0 percent	80,193	83.9	55,271	84.5	22,095	83.6	2,826	75.2
5.0 percent, under 6.0 percent	18,166	19.0	11,453	17.5	5,644	21.3	1,070	28.5
6.0 percent, under 7.0 percent	18,413	19.3	12,911	19.8	4,939	18.7	563	15.0
7.0 percent, under 8.0 percent	19,404	20.3	14,142	21.6	4,730	17.9	533	14.2
8.0 percent, under 9.0 percent	19,150	20.0	13,292	20.3	5,392	20.4	466	12.4
9.0 percent, under 10.0 percent	5,059	5.3	3,474	5.3	1,390	5.3	196	5.2
10.0 percent, under 20.0 percent	12,689	13.3	8,433	12.9	3,473	13.1	784	20.9
20.0 percent, under 35.0 percent	460	0.5	202	0.3	198	0.7	60	1.6
35.0 percent, to 50.0 percent	149	0.2	80	0.1	41	0.2	27	0.7

[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] Includes 2,075 returns for which an invalid unitrust percentage was reported and efforts made to correct the unitrust percentage were not successful.

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

exception of CRUT returns reporting unitrust percentages from 9.0 to less than 10.0, which accounts for only 5.3 percent of the total CRUT population. Only about 0.2 percent of CRUT returns reported a unitrust percentage of 35.0 or higher.

Additional contributions occur when a charitable remainder unitrust receives assets after the initial funding that occurs when the trust is created. In Filing Year 2007, some 2,151, or 2.3 percent of all CRUT returns, reported \$634.2 million in additional contributions (Figure R). This continues the decline in both number and value of additional contributions from previous years. Because they dominate the population, small CRUTs reported the largest quantity of additional contributions; however, large CRUTs received the largest dollar value of additional contributions. Stocks continued to be the most common type of asset contributed, composing 61.1 percent of all contributions reported in 2007. Contributions of other assets, including insurance, art, and retirement assets, totaled \$94.2 million, of which 46.2 percent was reported for medium CRUTs. Additional contributions of bonds totaled \$7.5 million, making them the least common asset contributed to CRUTs in 2007.

### Charitable Lead Trusts

Trustees filed returns for 6,377 charitable lead trusts in 2007, a 1.3-percent increase from the number filed in 2006. Forms filed for CLTs reported \$956.2 million in required payments to charities and only \$18.0 million in required payments to private beneficiaries (Figure S). Figure S also shows that \$18.7 billion in end-of-year total assets were reported for charitable lead trusts in Filing Year 2007, a \$2.2-billion increase from 2006. Large CLTs, despite making up only 14.5 percent of the population, reported 78.9 percent of the end-of-year total asset value. Investments made up 81.8 percent, or \$15.3 billion, of total assets reported for CLTs overall. Other investments, which include partnerships, annuities, and bonds issued by foreign governments, made up the 47.7 percent of the total investments. However, corporate stock also comprised a substantial share of the investment portfolio, with \$6.4 billion, or 41.9 percent of total investments reported. Land, buildings, and equipment investments continued to make up the smallest share of CLT investments overall. CLTs claimed \$597.0 million in total liabilities, of which 82.1 percent was reported for large trusts. Overall, end-of-year net

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**Figure R**

## Charitable Remainder Unitrusts: Additional Contributions, by Type and Size of End-of-Year Book Value of Total Assets, Filing Year 2007

[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 \$3 million	\$3 million or more
		(1)	(2)	(3)
<b>Number of returns</b>	<b>95,567</b>	<b>65,371</b>	<b>26,437</b>	<b>3,758</b>
<b>Number of unitrusts with additional contributions</b>	<b>2,151</b>	<b>1,307</b>	<b>715</b>	<b>129</b>
<b>Total additional contributions [2]</b>	<b>634,181</b>	<b>70,767</b>	<b>241,739</b>	<b>321,675</b>
Cash and money market accounts	112,610	13,706	35,813	63,090
Stocks [3]	387,623	36,657	145,911	205,055
Bonds	* 7,458	** 7,500	* 5,855	** 15,732
Real estate [4]	32,328	**	* 10,699	**
Other assets [5]	94,163	12,904	43,462	37,797

\* 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 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 S**

## Charitable Lead Trusts: Distributions and Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007

[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 \$3 million	\$3 million or more
		(1)	(2)	(3)
<b>Number of returns</b>	<b>6,377</b>	<b>2,660</b>	<b>2,793</b>	<b>924</b>
<b>Required distributions [2]:</b>				
Required excess income payments for charitable purposes	54,428	** 6,805	** 4,451	47,321
Required payments to charitable beneficiaries	956,154	93,578	259,964	602,612
Required payments to private beneficiaries	* 17,971	**	**	* 13,822
<b>Total book value of assets at end of year</b>	<b>18,690,926</b>	<b>491,527</b>	<b>3,450,797</b>	<b>14,748,602</b>
<b>Total investments [3]</b>	<b>15,280,687</b>	<b>418,448</b>	<b>3,018,357</b>	<b>11,843,882</b>
U.S. and State government obligations	733,775	45,190	179,340	509,245
Corporate stock	6,403,286	288,762	1,955,317	4,159,207
Corporate bonds	701,020	22,523	189,784	488,713
Land, buildings, and equipment	153,078	** 61,972	** 693,916	115,588
Other investments	7,289,528	**	**	6,571,128
<b>Total book value of liabilities at end of year</b>	<b>597,022</b>	<b>44,403</b>	<b>62,416</b>	<b>490,204</b>

\* 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] Preparers of charitable lead trust returns are not required to disclose actual distributions. Instead, required distributions are reported on Form 5227, Part VII, Section A, lines 2 through 4.

[3] Investments are calculated as the sum of U.S. and State government obligations (Form 5227, Part IV, line 32a, column (b)), corporate stock (line 32b, column (b)), corporate bonds (line 32c, column (b)), land, buildings, and equipment (line 33, column (b)), and other investments (line 34, column (b)).

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



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asset values reported for CLTs increased by 13.2 percent, the largest increase of all SIT types.

## Pooled Income Funds

Trustees of pooled income funds filed 1,528 returns in 2007, virtually unchanged from 2006 when 1,676 were filed. PIF trustees reported \$62.8 million required in income distributions to private beneficiaries and only \$1.3 million required in income distributions to charitable beneficiaries (Figure T). Of the \$1.6 billion in end-of-year total assets reported for PIFs, \$1.5 billion, or 90.8 percent, were investment assets. Corporate stock and corporate bonds made up nearly equal shares of the investment portfolio for PIFs. However, corporate bonds dominated the investments of small and medium-pooled income funds. Pooled income funds claimed \$131.1 million in end-of-year total liabilities for Filing Year 2007.

Large PIFs reported 95.5 percent of total liabilities despite making up only 6.6 percent of the population.

## Summary

While the number of Forms 5227 filed continued to decrease slightly between 2006 and 2007, income, assets, and liabilities increased for SITs overall. Total net income increased by 22.1 percent for CRTs between the 2 years. For all SITs, the book value of assets at the end of the year increased by 8.6 percent; however, the book value of liabilities increased by 12.4 percent. Net asset value at the end of the year increased to \$115.4 billion in 2007.

Returns for charitable remainder trusts continue to comprise the majority of the split-interest trust population. Total net income for CRTs increased between 2006 and 2007, as increases in ordinary income, net capital gains, and nontaxable income more

## Figure T

### Pooled Income Funds: Distributions and Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007

[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 \$3 million	\$3 million or more
	(1)	(2)	(3)	(4)
<b>Number of returns</b>	<b>1,528</b>	<b>1,180</b>	<b>247</b>	<b>101</b>
<b>Required distributions [2]:</b>				
Required distribution to satisfy remainder interest [3]	75,616	10,863	20,243	44,510
Undistributed required payments to remainder beneficiary [4]	4,311	* 2,888	* 638	* 785
Required income distribution to private beneficiaries [5]	62,773	5,913	10,738	46,122
Required income distribution to charitable remainder beneficiary [6]	1,302	426	617	259
<b>Total book value of assets at end of year</b>	<b>1,607,555</b>	<b>138,687</b>	<b>307,440</b>	<b>1,161,427</b>
<b>Total investments [7]</b>	<b>1,459,982</b>	<b>113,088</b>	<b>275,438</b>	<b>1,071,456</b>
U.S. and State government obligations	193,297	19,503	19,733	154,061
Corporate stock	441,180	27,666	83,192	330,323
Corporate bonds	494,827	55,608	145,017	294,201
Other investments [8]	330,677	10,312	27,496	292,870
<b>Total book value of liabilities at end of year</b>	<b>131,062</b>	<b>930</b>	<b>5,017</b>	<b>125,114</b>

\* 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] Preparers of pooled income fund returns are not required to disclose actual distributions. Instead, required distributions are reported on Form 5227, Part VII, Section B, lines 2 through 5.

[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 calculated as the sum of U.S. and State government obligations (Form 5227, Part IV, line 32a, column (b)), corporate stock (line 32b, column (b)), corporate bonds (line 32c, column (b)), land, buildings, and equipment (line 33, column (b)), and other investments (line 34, column (b)).

[8] Other investments include values taken from Form 5227, Part IV, line 33, column (b), as well as values from line 34, column (b).

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

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than offset the 108.9-percent increase in ordinary deductions. Trustees of charitable remainder unitrusts reported an increase in distributions of 23.9 percent, while trustees of charitable remainder annuity trusts reported a 17.7-percent decline in distributions. The number of returns for charitable lead trusts increased by 1.3 percent. However, preparers of CLT returns reported the largest increases in assets and liabilities, 13.4 percent, and 20.2 percent respectively, of all SIT types. Pooled income fund returns filed decreased by 8.8 percent between 2006 and 2007.

### Data Sources and Limitations

The data presented in this article were collected from a sample of Forms 5227, *Split-Interest Trust Information Returns*, during Filing Year 2007. A filing year includes returns received by IRS for processing between January 1 and December 31 of a given year and is primarily comprised of returns for the tax year immediately prior. However, it may include late-filed returns for numerous other tax years. For Filing Year 2007, approximately 97.8 percent of returns included in the sample are for Tax Year 2006, while Tax Year 2005 returns comprised 1.4 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 2007, a sample of 12,548 returns was drawn from an estimated population of 124,353. The sample size excludes returns that were selected for the sample but later rejected. Returns could be rejected if they were not one of the four types of trusts included in the study or if no money amounts were reported. The sample was stratified by the type of the trust (charitable remainder annuity trust, charitable remainder unitrust, charitable lead trust, or pooled income fund) and the reported book value of end-of-year total assets. Figure U details the sampling strata and rates. The magnitude of sampling error for selected items, measured by coefficients of variation, is shown in Figure V.

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

## Figure U

**Population, Sample, and Sampling Rates, by Type of Split-Interest Trust and Asset Strata, Filing Year 2007**

Item	Total	Reported end-of-year book value of total assets [1]		
		Less than \$1 million	\$1 million under \$10 million	\$10 million or more
	(1)	(2)	(3)	(4)
<b>Charitable remainder annuity trusts:</b>				
Population	20,432	18,671	1,677	84
Sample	1,906	1,170	652	84
Sampling rate (percentage)	9.3	6.3	38.9	100.0
<b>Charitable remainder unitrusts:</b>				
Population	95,870	81,486	13,548	836
Sample	9,400	4,052	4,512	836
Sampling rate (percentage)	9.8	5.0	33.3	100.0
<b>Charitable lead trusts:</b>				
Population	6,506	4,216	2,014	276
Sample	1,014	231	507	276
Sampling rate (percentage)	15.6	5.5	25.2	100.0
<b>Pooled income funds:</b>				
Population	1,545	1,299	219	27
Sample	268	129	112	27
Sampling rate (percentage)	17.3	9.9	51.1	100.0

[1] This is the value the tax preparer reported on Form 5227, Part IV, line 47, column (b).

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**Figure V**

**Coefficients of Variation for Selected Items, by Type of Split-Interest Trust and Size of End-of-Year Book Value of Total Assets, Filing Year 2007**

Item	Total	Size of end-of-year book value of total assets		
		Under \$500,000 [1]	\$500,000 under \$3 million	\$3 million or more
	Coefficient of variation (percentage)			
	(1)	(2)	(3)	(4)
<b>Charitable remainder annuity trusts:</b>				
Number of returns	0.62	1.29	4.86	4.89
Net ordinary income [2]	3.01	7.65	5.85	4.00
Net short-term capital gain income [3]	17.10	26.54	25.50	33.45
Net long-term capital gain income [4]	5.77	10.74	10.45	8.52
End-of-year total assets (book value) [5]	1.77	3.55	3.86	3.10
End-of-year total liabilities (book value) [7]	18.59	28.32	26.08	15.27
<b>Charitable remainder unitrusts:</b>				
Number of returns	0.14	0.77	1.89	1.81
Net ordinary income [2]	0.91	3.59	2.49	0.95
Net short-term capital gain income [3]	6.41	21.32	11.28	8.17
Net long-term capital gain income [4]	1.64	7.69	3.68	1.85
End-of-year total assets (book value) [5]	0.48	1.48	1.36	0.77
End-of-year total assets (fair market value) [6]	0.57	2.32	1.43	0.81
End-of-year total liabilities (book value) [7]	4.06	10.35	7.88	5.31
<b>Charitable lead trusts:</b>				
Number of returns	0.96	4.99	4.77	3.92
End-of-year total assets (book value) [5]	0.99	8.40	3.60	1.46
End-of-year total liabilities (book value) [7]	5.90	40.14	39.18	3.78
Required payment to private beneficiaries [8]	43.70	84.67	51.42	54.96
Required payment to charitable beneficiaries [9]	3.37	20.38	8.38	3.19
<b>Pooled income funds:</b>				
Number of returns	0.89	2.68	12.13	7.06
End-of-year total assets (book value) [5]	2.41	8.39	7.77	3.62
End-of-year total liabilities (book value) [7]	1.82	50.01	46.45	0.25
Required payment to private beneficiaries [8]	3.41	23.01	8.85	3.87

[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 I, line 13.

[3] Taken from Form 5227, Part I, line 16.

[4] Taken from Form 5227, Part I, line 19.

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

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

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

[8] 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.

[9] Taken from Form 5227, Part VII, Section A, line 3.

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 of 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 a charitable lead trust (with a charitable income beneficiary). The payment amount is determined by multiplying a specified percentage by the fair market value of the assets initially placed in the trust.

*Beneficiary(ies)*—Beneficiary(ies) refers to the person, persons, or organization that receives payments or assets from a trust. Recipient is used interchangeably with beneficiary. 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.

*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 the balance sheet (Part IV, Form 5227).

*Net income charitable remainder unitrust (NICRUT)*—Net income charitable remainder unitrusts are charitable remainder unitrusts that allow the

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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. On 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 the balance sheet (Part IV, 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 short-term investments.

*Split-interest trust*—A split-interest trust, according to the *2006 Instructions for Form 5227*, is a trust that "is not exempt from tax under Internal Revenue Code section 501(a); has some unexpired interests that are devoted to purposes other than religious, charitable, or similar purposes described in Code section 170(c)(2)(B); and has amounts transferred in trust after May 26, 1969, for which a deduction was allowed under one of the Code sections listed in section 4947(a)(2)."

*Trust*—A trust is a legal arrangement among its creator (donor or grantor), the manager of the trust (trustee), and the beneficiary or beneficiaries of the trust. Trusts are legal entities in their own right, and can be responsible for any tax liabilities separate from the liabilities of the grantor and beneficiary. The conditions and provisions of a trust are defined in the trust document.

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

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**Table 1. Charitable Remainder Annuity Trusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007**

[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 million	\$1 million under \$3 million	\$3 million under \$10 million	\$10 million or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>20,187</b>	<b>16,156</b>	<b>2,238</b>	<b>1,366</b>	<b>350</b>	<b>77</b>
<b>Total net income [2]</b>	<b>897,233</b>	<b>178,227</b>	<b>137,668</b>	<b>227,673</b>	<b>156,255</b>	<b>197,410</b>
<b>Net ordinary income [3]</b>	<b>278,178</b>	<b>61,864</b>	<b>39,570</b>	<b>61,262</b>	<b>45,703</b>	<b>69,779</b>
Total ordinary income [4]	333,170	76,707	49,371	73,538	55,908	77,646
Interest income	116,569	24,446	15,172	22,505	20,846	33,601
Dividends and business income (loss)	178,156	39,964	32,207	35,934	27,560	42,491
Other income [5]	38,445	12,298	1,992	15,100	7,502	1,554
<b>Total deductions [6]</b>	<b>54,991</b>	<b>14,843</b>	<b>9,801</b>	<b>12,276</b>	<b>10,205</b>	<b>7,867</b>
Interest	626	* 18	* 8	256	** 403	** 86
Taxes	1,216	39	710	322	**	**
Other deductions	53,150	14,786	9,083	11,698	9,802	7,782
<b>Net short-term capital gain (loss) [7]</b>	<b>16,862</b>	<b>4,182</b>	<b>2,030</b>	<b>7,654</b>	<b>894</b>	<b>2,101</b>
Total short-term capital gain (loss)	17,724	4,342	2,195	7,908	1,109	2,170
Deductions allocable to short-term capital gain (loss)	861	160	165	253	* 215	* 69
<b>Net long-term capital gain (loss) [8]</b>	<b>566,498</b>	<b>106,046</b>	<b>89,223</b>	<b>150,321</b>	<b>99,852</b>	<b>121,056</b>
Total long-term capital gain (loss) [9]	574,035	108,357	90,547	152,653	100,783	121,696
Deductions allocable to long-term capital gain (loss)	7,537	2,311	1,324	2,331	930	* 641
<b>Nontaxable income [10]</b>	<b>35,695</b>	<b>6,134</b>	<b>6,845</b>	<b>8,435</b>	<b>9,806</b>	<b>4,474</b>

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

[3] Taken from "net ordinary income" (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 8.

[5] 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).

[6] Taken from Form 5227, Part I, line 12.

[7] Taken from Form 5227, Part I, line 16.

[8] Taken from Form 5227, Part I, line 19.

[9] Taken from Form 5227, Part I, line 17a.

[10] Taken from Form 5227, Part II, line 21(column d).

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

# Split-Interest Trusts, Filing Year 2007

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**Table 2. Charitable Remainder Annuity Trusts: Accumulation Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007**

[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 million	\$1 million under \$3 million	\$3 million under \$10 million	\$10 million or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>20,187</b>	<b>16,156</b>	<b>2,238</b>	<b>1,366</b>	<b>350</b>	<b>77</b>
<b>Total accumulations [2]</b>	<b>5,543,820</b>	<b>1,233,662</b>	<b>790,961</b>	<b>1,082,491</b>	<b>1,085,764</b>	<b>1,350,942</b>
Net ordinary income	534,944	158,625	62,459	85,830	125,325	102,705
Net short-term capital gain (loss)	49,493	4,040	8,413	14,753	7,935	14,352
Net long-term capital gain (loss)	4,779,049	1,039,112	690,123	933,422	898,609	1,217,782
Nontaxable income	180,334	31,885	29,966	48,485	53,895	16,102
<b>Prior-year undistributed income [3]</b>	<b>4,646,586</b>	<b>1,055,434</b>	<b>653,293</b>	<b>854,818</b>	<b>929,509</b>	<b>1,153,532</b>
Net ordinary income	256,766	96,760	22,889	24,567	79,622	32,927
Net short-term capital gain (loss)	22,875	-1,496	5,626	4,482	4,113	10,150
Net long-term capital gain (loss)	4,222,307	934,420	601,656	785,718	801,685	1,098,828
Nontaxable income	144,639	25,751	23,121	40,050	44,089	11,628
<b>Current year net income [4]</b>	<b>897,233</b>	<b>178,227</b>	<b>137,668</b>	<b>227,673</b>	<b>156,255</b>	<b>197,410</b>
Net ordinary income	278,178	61,864	39,570	61,262	45,703	69,779
Net short-term capital gain (loss)	16,862	4,182	2,030	7,654	894	2,101
Net long-term capital gain (loss)	566,498	106,046	89,223	150,321	99,852	121,056
Nontaxable income	35,695	6,134	6,845	8,435	9,806	4,474
<b>Undistributed at end of year [5]</b>	<b>4,696,376</b>	<b>916,361</b>	<b>654,634</b>	<b>955,922</b>	<b>965,315</b>	<b>1,204,144</b>
Net ordinary income	212,919	32,524	22,966	31,559	83,376	42,495
Net short-term capital gain (loss)	32,132	334	5,769	10,609	3,880	11,539
Net long-term capital gain (loss)	4,301,635	860,127	601,245	872,241	830,543	1,137,479
Nontaxable income	149,691	23,376	24,654	41,514	47,516	12,632

[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 II, line 22.

[3] Taken from Form 5227, Part II, line 20.

[4] Taken from Form 5227, Part II, line 21.

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

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

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**Table 3. Charitable Remainder Annuity Trusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007**

[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 million	\$1 million under \$3 million	\$3 million under \$10 million	\$10 million or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>20,187</b>	<b>16,156</b>	<b>2,238</b>	<b>1,366</b>	<b>350</b>	<b>77</b>
<b>Total net assets [2]</b>	<b>9,080,252</b>	<b>1,750,066</b>	<b>1,605,906</b>	<b>2,090,913</b>	<b>1,748,613</b>	<b>1,884,754</b>
<b>Total assets [3]</b>	<b>9,280,129</b>	<b>1,788,803</b>	<b>1,612,288</b>	<b>2,220,146</b>	<b>1,762,640</b>	<b>1,896,252</b>
Cash	163,021	36,893	56,065	45,941	12,315	11,807
Savings and temporary cash investments	718,057	110,251	113,850	166,229	151,219	176,508
Receivables due, inventories and prepaid expenses [4]	164,679	32,994	9,579	57,572	6,152	58,382
Total investments	8,035,104	1,541,925	1,391,917	1,885,584	1,567,862	1,647,815
Securities	6,494,251	1,247,212	1,213,429	1,478,268	1,352,572	1,202,769
U.S. and State government obligations	1,192,677	163,094	192,398	301,096	337,890	198,198
Corporate stock	4,142,474	841,597	776,384	940,591	789,124	794,777
Corporate bonds	1,159,100	242,521	244,646	236,581	225,557	209,795
Land, buildings, and equipment	93,984	** 294,713	** 178,488	43,875	* 20,027	* 1,753
Other investments	1,446,869	**	**	363,440	195,264	443,293
Other assets [5]	199,264	66,737	40,875	64,820	25,092	* 1,740
<b>Total liabilities [6]</b>	<b>199,877</b>	<b>38,737</b>	<b>6,382</b>	<b>129,233</b>	<b>14,028</b>	<b>11,497</b>
Accounts payable, accrued expenses, and deferred revenue	21,641	9,693	* 3,756	7,554	** 14,028	** 11,497
Other liabilities [7]	178,236	29,045	2,625	121,679	**	**

\* 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 Form 5227, Part IV, line 37, column (b).

[4] 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)).

[5] 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)).

[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.



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**Table 4. Charitable Remainder Unitrusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007**

[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 million	\$1 million under \$3 million	\$3 million under \$10 million	\$10 million or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>95,567</b>	<b>65,371</b>	<b>15,806</b>	<b>10,631</b>	<b>2,956</b>	<b>802</b>
<b>Total net income [2]</b>	<b>11,305,480</b>	<b>1,141,355</b>	<b>1,108,716</b>	<b>1,915,413</b>	<b>1,969,969</b>	<b>5,170,027</b>
<b>Net ordinary income [3]</b>	<b>3,091,800</b>	<b>377,546</b>	<b>310,829</b>	<b>489,022</b>	<b>415,622</b>	<b>1,498,781</b>
Total ordinary income [4]	4,180,784	478,290	390,750	601,915	504,407	2,205,422
Interest income	1,100,260	123,747	101,679	164,487	134,361	575,987
Dividends and business income (loss)	2,283,320	286,384	237,802	347,004	286,780	1,125,350
Other income [5]	797,203	68,158	51,270	90,424	83,266	504,085
<b>Total deductions [6]</b>	<b>1,088,985</b>	<b>100,743</b>	<b>79,922</b>	<b>112,894</b>	<b>88,785</b>	<b>706,641</b>
Interest	204,877	732	563	2,554	3,672	197,356
Taxes	6,431	906	831	1,694	1,211	1,789
Other deductions	877,676	99,105	78,528	108,645	83,902	507,496
<b>Net short-term capital gain (loss) [7]</b>	<b>275,391</b>	<b>38,434</b>	<b>22,091</b>	<b>54,171</b>	<b>83,436</b>	<b>77,259</b>
Total short-term capital gain (loss)	417,452	40,187	23,134	57,234	85,421	211,476
Deductions allocable to short-term capital gain (loss)	142,061	1,753	1,042	3,063	1,985	134,217
<b>Net long-term capital gain (loss) [8]</b>	<b>7,838,514</b>	<b>710,471</b>	<b>763,433</b>	<b>1,341,244</b>	<b>1,452,466</b>	<b>3,570,900</b>
Total long-term capital gain (loss) [9]	8,008,377	724,817	775,966	1,360,499	1,462,546	3,684,550
Deductions allocable to long-term capital gain (loss)	169,863	14,345	12,532	19,255	10,080	113,650
<b>Nontaxable income [10]</b>	<b>99,775</b>	<b>14,904</b>	<b>12,363</b>	<b>30,976</b>	<b>18,445</b>	<b>23,087</b>

[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 "net ordinary income" (Form 5227, Part I, line 13), "net short-term capital gains (losses)" (line 16), "net long-term capital gains (losses)" (line 19), and "current tax year nontaxable income" (Part II, line 21(d)).

[3] Taken from "net ordinary income" (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 8.

[5] 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).

[6] Taken from Form 5227, Part I, line 12.

[7] Taken from Form 5227, Part I, line 16.

[8] Taken from Form 5227, Part I, line 19.

[9] Taken from Form 5227, Part I, line 17a.

[10] Taken from Form 5227, Part II, line 21(column d).

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

# Split-Interest Trusts, Filing Year 2007

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**Table 5. Charitable Remainder Unitrusts: Accumulation Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007**

[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 million	\$1 million under \$3 million	\$3 million under \$10 million	\$10 million or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>95,567</b>	<b>65,371</b>	<b>15,806</b>	<b>10,631</b>	<b>2,956</b>	<b>802</b>
<b>Total accumulations [2]</b>	<b>67,576,745</b>	<b>8,400,802</b>	<b>7,016,096</b>	<b>11,771,303</b>	<b>11,466,924</b>	<b>28,921,620</b>
Net ordinary income	6,338,906	457,956	444,653	705,975	697,190	4,033,132
Net short-term capital gain (loss)	1,898,656	70,335	106,444	218,499	241,479	1,261,900
Net long-term capital gain (loss)	58,871,864	7,805,569	6,417,595	10,694,951	10,409,966	23,543,783
Nontaxable income	467,317	66,941	47,404	151,878	118,288	82,806
<b>Prior-year undistributed income [3]</b>	<b>56,267,684</b>	<b>7,259,447</b>	<b>5,907,379</b>	<b>9,852,310</b>	<b>9,496,954</b>	<b>23,751,594</b>
Net ordinary income	3,247,107	80,410	133,825	216,953	281,568	2,534,351
Net short-term capital gain (loss)	1,447,412	-17,316	64,027	127,202	120,984	1,152,514
Net long-term capital gain (loss)	51,205,624	7,144,316	5,674,486	9,387,253	8,994,559	20,005,009
Nontaxable income	367,542	52,037	35,041	120,902	99,843	59,719
<b>Current year net income [4]</b>	<b>11,305,480</b>	<b>1,141,355</b>	<b>1,108,716</b>	<b>1,915,413</b>	<b>1,969,969</b>	<b>5,170,027</b>
Net ordinary income	3,091,800	377,546	310,829	489,022	415,622	1,498,781
Net short-term capital gain (loss)	275,391	38,434	22,091	54,171	83,436	77,259
Net long-term capital gain (loss)	7,838,514	710,471	763,433	1,341,244	1,452,466	3,570,900
Nontaxable income	99,775	14,904	12,363	30,976	18,445	23,087
<b>Undistributed at end of year [5]</b>	<b>60,661,988</b>	<b>6,533,506</b>	<b>6,210,866</b>	<b>10,581,853</b>	<b>10,415,972</b>	<b>26,919,791</b>
Net ordinary income	4,128,904	104,413	133,967	264,453	327,542	3,298,529
Net short-term capital gain (loss)	1,301,869	31,764	75,872	148,160	171,868	874,205
Net long-term capital gain (loss)	54,805,961	6,340,366	5,961,519	10,028,091	9,806,363	22,669,622
Nontaxable income	425,254	56,963	39,509	141,149	110,199	77,435

[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 II, line 22. This amount may not equal "prior-year undistributed income" (line 20) plus "current year net income" (line 21) due to taxpayer reporting discrepancies.

[3] Taken from Form 5227, Part II, line 20.

[4] Taken from Form 5227, Part II, line 21.

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

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

# Split-Interest Trusts, Filing Year 2007

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**Table 6. Charitable Remainder Unitrusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007**

[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 million	\$1 million under \$3 million	\$3 million under \$10 million	\$10 million or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>95,567</b>	<b>65,371</b>	<b>15,806</b>	<b>10,631</b>	<b>2,956</b>	<b>802</b>
<b>Total net assets [2]</b>	<b>86,741,306</b>	<b>11,780,831</b>	<b>11,078,088</b>	<b>16,916,295</b>	<b>14,539,203</b>	<b>32,426,889</b>
<b>Total assets [3]</b>	<b>88,027,337</b>	<b>11,922,531</b>	<b>11,228,332</b>	<b>17,151,081</b>	<b>14,849,566</b>	<b>32,875,828</b>
Cash	1,208,826	193,373	197,163	254,106	253,462	310,722
Savings and temporary cash investments	5,300,956	729,708	645,371	1,195,623	862,643	1,867,609
Receivables due [4]	1,275,188	223,836	140,209	387,217	282,195	241,731
Inventories and prepaid expenses	8,578	* 1,042	* 168	3,712	2,421	1,236
Total investments	78,355,692	10,387,183	9,890,853	14,828,207	13,077,985	30,171,465
Securities	53,545,020	8,368,278	8,343,237	12,213,943	10,208,878	14,410,684
U.S. and State government obligations	5,569,829	522,575	739,668	1,266,978	1,214,710	1,825,898
Corporate stock	40,242,190	6,431,287	6,242,013	9,258,318	7,820,514	10,490,058
Corporate bonds	7,733,001	1,414,417	1,361,556	1,688,647	1,173,654	2,094,727
Land, buildings, and equipment	757,589	91,559	100,331	171,707	221,522	172,471
Other investments	24,053,083	1,927,346	1,447,285	2,442,557	2,647,585	15,588,311
Charitable purpose land, buildings, and equipment	234,242	30,451	* 41,740	88,696	* 41,395	* 31,960
Other assets	1,643,835	356,925	312,824	393,518	329,464	251,105
<b>Total liabilities [5]</b>	<b>1,286,030</b>	<b>141,700</b>	<b>150,243</b>	<b>234,785</b>	<b>310,363</b>	<b>448,939</b>
Accounts payable, accrued expenses, and deferred revenue	263,065	32,249	32,937	64,485	54,368	79,026
Other liabilities [6]	1,022,965	109,450	117,306	170,300	255,995	369,913

\* 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 discrepancies.

[3] Taken from Form 5227, Part IV, line 37, column (b).

[4] 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)).

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

[6] 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.

# Split-Interest Trusts, Filing Year 2007

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**Table 7. Charitable Remainder Unitrusts: End-of Year Fair Market Value of Assets, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007**

[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 million	\$1 million under \$3 million	\$3 million under \$10 million	\$10 million or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>95,567</b>	<b>65,371</b>	<b>15,806</b>	<b>10,631</b>	<b>2,956</b>	<b>802</b>
<b>Total assets</b>	<b>106,425,220</b>	<b>14,824,967</b>	<b>13,029,037</b>	<b>19,743,317</b>	<b>17,525,167</b>	<b>41,302,732</b>
Cash	1,221,277	187,584	210,763	254,595	251,458	316,877
Savings and temporary cash investments	5,278,555	738,709	650,409	1,189,955	855,365	1,844,116
Receivables due [2]	1,238,376	221,103	139,508	368,064	274,315	235,386
Inventories and prepaid expenses	9,959	* 895	* 165	3,661	2,421	2,817
Total investments	96,110,330	13,130,824	11,639,656	17,321,114	15,640,176	38,378,560
Securities	65,077,532	10,377,556	9,855,184	14,307,708	12,285,600	18,251,484
U.S. and State government obligations	5,985,975	563,975	796,729	1,379,431	1,274,557	1,971,283
Corporate stock	51,080,993	8,293,520	7,617,529	11,128,998	9,739,219	14,301,727
Corporate bonds	8,010,564	1,520,061	1,440,926	1,799,280	1,271,823	1,978,474
Land, buildings, and equipment	1,110,825	221,576	175,071	282,457	233,246	198,475
Other investments	29,921,972	2,531,691	1,609,401	2,730,949	3,121,330	19,928,600
Charitable purpose land, buildings, and equipment	324,493	80,345	* 64,285	98,793	* 46,352	* 34,719
Other assets	2,242,211	465,496	324,246	507,133	455,079	490,257

\* 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] 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).

NOTE: A end-of-year fair market value of assets breakout is not required to be reported on Form 5227. All dollar amounts given here are projected based on 'fair market value of assets at end of tax year' (Form 5227, line c) as well as other balance sheet data (Part IV) and return attachments, when available. Detail may not add to totals due to rounding.

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**Table 8. Charitable Lead Trusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007**

[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 million	\$1 million under \$3 million	\$3 million under \$10 million	\$10 million or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b>	<b>6,377</b>	<b>2,660</b>	<b>1,385</b>	<b>1,408</b>	<b>644</b>	<b>280</b>
<b>Total net assets [2]</b>	<b>18,093,904</b>	<b>447,124</b>	<b>987,616</b>	<b>2,400,766</b>	<b>3,461,851</b>	<b>10,796,548</b>
<b>Total assets [3]</b>	<b>18,690,926</b>	<b>491,527</b>	<b>1,022,880</b>	<b>2,427,917</b>	<b>3,531,523</b>	<b>11,217,079</b>
Cash	159,452	8,107	30,123	44,607	31,801	44,814
Savings and temporary cash investments	1,258,656	51,277	103,434	149,385	184,525	770,035
Receivables due, inventories, and prepaid expenses [4]	303,090	* 1,001	* 522	39,941	86,552	175,074
Total investments	15,280,687	418,448	887,248	2,131,109	3,205,273	8,638,608
Securities	7,838,081	356,476	681,501	1,642,940	1,908,109	3,249,057
U.S. and State government obligations	733,775	45,190	56,462	122,877	150,023	359,222
Corporate stock	6,403,286	288,762	585,276	1,370,040	1,511,725	2,647,481
Corporate bonds	701,020	22,523	39,762	150,022	246,360	242,353
Other investments [5]	7,442,606	61,972	205,747	488,170	1,297,165	5,389,552
Other assets [6]	1,689,041	12,694	* 1,553	62,874	23,373	1,588,548
<b>Total liabilities [7]</b>	<b>597,022</b>	<b>44,403</b>	<b>35,264</b>	<b>27,152</b>	<b>69,673</b>	<b>420,531</b>

\* 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 Form 5227, Part IV, line 37, column (b).

[4] 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)).

[5] 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)).

[6] 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)).

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

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

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**Table 9. Pooled Income Funds: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2007**

[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 million [1]	\$1 million under \$3 million	\$3 million under \$10 million	\$10 million or more
	(1)	(2)	(3)	(4)	(5)
<b>Number of returns</b>	<b>1,528</b>	<b>1,281</b>	<b>146</b>	<b>75</b>	<b>26</b>
<b>Total net assets [2]</b>	<b>1,476,493</b>	<b>202,278</b>	<b>237,902</b>	<b>411,530</b>	<b>624,783</b>
<b>Total assets [3]</b>	<b>1,607,555</b>	<b>205,314</b>	<b>240,814</b>	<b>412,841</b>	<b>748,586</b>
Cash	16,211	4,301	1,507	6,070	4,334
Savings and temporary cash investments	93,982	15,275	11,344	18,107	49,256
Total investments	1,459,982	163,636	224,890	388,310	683,146
Securities	1,129,304	143,194	207,524	328,168	450,417
U.S. and State government obligations	193,297	21,523	17,713	46,104	* 107,957
Corporate stock	441,180	45,756	65,101	131,949	198,374
Corporate bonds	494,827	75,915	124,710	150,115	144,087
Other investments [4]	330,678	20,442	17,366	60,142	232,728
Other assets [5]	37,379	22,101	3,073	* 354	* 11,851
<b>Total liabilities [6]</b>	<b>131,062</b>	<b>3,036</b>	<b>2,912</b>	<b>1,311</b>	<b>123,803</b>

\* 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 funds 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 Form 5227, Part IV, line 37, column (b).

[4] 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)).

[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)), "prepaid expenses and deferred charges" (line 31, column (b)), "charitable purpose land, buildings, and equipment" (Form 5227, Part IV, line 35, column (b)) and "other assets" (line 36, column (b)).

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

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