

CRT + DAF Decision Framework

A post-OBBBA decision framework for estate planning specialists



The OBBBA's new deduction rules — a 0.5% AGI floor and a 35% cap for top-bracket itemizers — changed the math on large charitable gifts. For clients with appreciated assets, a CRT paired with a DAF can outperform a direct contribution. Here is how to determine which structure applies.



CRT + DAF or Direct DAF?

Client Situation	Best Structure	Why It Works
Highly appreciated asset — client wants income, no immediate liquidity need	CRT + DAF	CRT sells tax-free. Income stream to client. Remainder to DAF. Deduction spread across trust term helps navigate the AGI floor.
Liquidity event this year, high AGI, charitable intent already established	CRT + DAF	Secures a current income tax deduction while positioning the CRT to manage highly appreciated assets and potentially generate lifetime income. The DAF provides immediate flexibility for grantmaking.
Concentrated stock — client wants to diversify and needs income in retirement	CRT + DAF	CRT diversifies without triggering capital gains. Generates income. Remainder to DAF preserves charitable flexibility at termination.
Wants deduction now, comfortable giving up asset immediately, no income need	Direct DAF	Simpler structure. Full FMV deductible immediately, subject to AGI limits. No trust administration required.
Illiquid or non-cash assets (real estate, alternatives, collections)	CRT + DAF	CRTs can facilitate tax-efficient monetization of complex assets while preserving the charitable deduction. Additional assets can be transferred to a DAF for flexible long-term giving.
Client wants income AND multigenerational charitable flexibility	CRT + DAF	CRT provides income stream. DAF as remainder gives successor advisors grantmaking advisory privileges across generations.

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- **pp. 9–11:** Advanced Giving Vehicles — CRT mechanics, CLT overview, and DAF vs. CRT Comparison resource
- **pp. 7–8:** Complex Assets — DAF acceptance of real estate, alternatives, and personal property
- **pp. 12–14:** Liquidity Events — Pre-sale charitable planning strategy and \$95M business sale case study



How the CRT + DAF Structure Works

Design as a five-step horizontal flow diagram for the finished piece.

- **Step 1**

Client contributes appreciated asset to CRT
- **Step 2**

CRT sells asset — the trust, as a tax-exempt entity, does not pay capital gains tax on the sale
- **Step 3**

CRT pays income stream to client for fixed term or lifetime
- **Step 4**

At termination, remainder passes to DAF
- **Step 5**

DAF distributes to charities on the family’s timeline

The result:
Capital gains deferred. Income stream created. Charitable deduction taken. Grantmaking flexibility preserved.

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pp. 9–11: Advanced Giving Vehicles — Full CRT mechanics and income planning context



How the OBBBA Changes the Math

OBBBA Rule	Impact on Structure Choice
0.5% AGI floor	For a client with \$1.5M AGI, the first \$7,500 of gifts is non-deductible in the year made (5-year carryforward available). A CRT contribution generates a deduction spread across the trust term — in some scenarios more manageable against the floor than one large direct gift.
AGI deduction limits	Large direct gifts may leave unused deductions to carry forward — a CRT generates a present value deduction allocated over time, improving the likelihood more of it gets used.
30% AGI limit on appreciated assets	Appreciated asset contributions to a DAF are subject to the 30% AGI limit. A CRT’s charitable deduction is calculated on the present value of the remainder interest — in some scenarios yielding a more favorable deduction profile in the contribution year.



When a CRT Is Not the Right Answer

A CRT adds trust administration, setup cost, and structural complexity. It is not the right tool in every situation.

- Client needs immediate access to principal — CRT income is fixed; the asset is irrevocably contributed
- Charitable intent is modest relative to asset size — setup costs may not be justified
- Short time horizon — CRT strategies typically benefit from longer durations, though shorter-term trusts with higher payout rates can still be effective for capital gains deferral and asset diversification
- Asset is cash or low-appreciation stock — no capital gains advantage to structure around
- Client wants full flexibility over charitable timing — a direct DAF contribution is simpler and more agile

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pp. 9–11: Advanced Giving Vehicles — When to use CRTs, CLTs, and private foundations



Work with Ren on Your Next Client Scenario

Ren brings nearly 40 years of experience as a trust administrator. We've worked with advisors, estate attorneys, and CPAs. If a CRT + DAF structure makes sense for your client, we're happy to walk through the mechanics with you before the client conversation.

Submit an anonymized scenario for a Ren case consultation

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pp. 20: How Ren Supports You — Turnkey solutions, expert support, custodian- and investment-neutral platform

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