



## *Charitable Remainder Trust (CRT) Application*

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**Mayo Clinic**  
Department of Development  
Office of Gift Planning, Siebens 9  
200 First Street SW, Rochester, MN 55905  
1-800-297-1185 • fax 507-266-0080

*“At the close of a man’s life, to estimate his worth it is wise to see him in relation to his life surroundings, to know not only the part he played as an individual, but also as a component part of the great events to which he contributed to the betterment of mankind.”*

Dr. William J. Mayo

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**1. Donor(s)**

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Name (#1): \_\_\_\_\_  
Legal Residence: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Country of Citizenship: \_\_\_\_\_  
SSN: \_\_\_\_\_ Date of Birth: \_\_\_\_\_  
Daytime Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Name (#2): \_\_\_\_\_  
Legal Residence: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Country of Citizenship: \_\_\_\_\_  
SSN: \_\_\_\_\_ Date of Birth: \_\_\_\_\_  
Daytime Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

**2. Income Beneficiary(s) [if not the Donor(s)]**

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Name (#1): \_\_\_\_\_  
Legal Residence: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Country of Citizenship: \_\_\_\_\_  
SSN: \_\_\_\_\_ Date of Birth: \_\_\_\_\_  
Daytime Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_  
If not Donor, what is relationship to donor: \_\_\_\_\_

Name (#2): \_\_\_\_\_  
Legal Residence: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Country of Citizenship: \_\_\_\_\_  
SSN: \_\_\_\_\_ Date of Birth: \_\_\_\_\_  
Daytime Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_  
If not Donor, what is relationship to donor: \_\_\_\_\_

**NOTE:** Please attach additional pages if more than two income beneficiaries.

### 3. Payout Structure

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- Life or Lives of Donor(s)
- Fixed Term of Years (Not to exceed 20 years)
- Fixed Term of Years or Lives, Whichever is Shorter
- Fixed Term of Years or Lives, Whichever is Longer
- Lives, then Shorter of Fixed Term or Lives

### 4. Type of Trust

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- Charitable Remainder Annuity Trust (CRAT)
- Regular or Standard Charitable Remainder Unitrust (CRUT)
- Flip Charitable Remainder Unitrust (Flip CRUT)
  - If Flip CRUT please describe desired flip triggering event:

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### 5. Trust Payout Percentage Desired

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\_\_\_\_\_ % (Minimum payout is 5%)

### 6. Payment Frequency

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- Quarterly     Semi-Annual     Annual

### 7. Proposed Name of Trust

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### 8. Name(s) of Trustee(s) (complete only if other than Mayo Clinic as initial trustee)

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Initial Trustee(s): \_\_\_\_\_

Legal Residence: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Proposed Successor Trustee(s): \_\_\_\_\_

Legal Residence: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

**9. Remainder Interest Beneficiaries**

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Mayo-managed trusts require that Mayo be named an irrevocable beneficiary of at least 60% of the charitable remainder interest.

- (a) Mayo Clinic, 200 First Street SW, Rochester, MN 55905 (41-6011702) ( \_\_\_\_\_ %)
- (b) \_\_\_\_\_ ( \_\_\_\_\_ %)
- (c) \_\_\_\_\_ ( \_\_\_\_\_ %)

**10. Purpose/Use of Charitable Remainder Interest(s)**

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- (a) \_\_\_\_\_ ( \_\_\_\_\_ %)
- (b) \_\_\_\_\_ ( \_\_\_\_\_ %)
- (c) \_\_\_\_\_ ( \_\_\_\_\_ %)

**11. Initial Funding Asset(s)**

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Asset 1 (describe): \_\_\_\_\_

Approximate value: \$ \_\_\_\_\_ Cost Basis \$ \_\_\_\_\_ Date Acquired: \_\_\_\_\_

Asset 2 (describe): \_\_\_\_\_

Approximate value: \$ \_\_\_\_\_ Cost Basis \$ \_\_\_\_\_ Date Acquired: \_\_\_\_\_

If Funding Asset(s) involves Real Estate, please also complete Addendum for Real Estate

**12. Situs of Trust**

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Minnesota (if Mayo Clinic is to be initial or successor trustee)

**13. Attorney Information**

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Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

**14. Questions or Additional Information**

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\_\_\_\_\_  
\_\_\_\_\_

## 15. Certification

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I (we) hereby certify that I (we):

- have reviewed all the information contained in this Application and believe it to be true and correct.
- provided my (our) correct social security number(s) on this Application.
- have received a disclosure statement as required by Mayo Clinic policy and procedures and the Philanthropy Protection Act.
- have received Kaspick & Company information about trust investments.
- understand that gifted securities will be sold in their entirety as soon as possible, barring any market trading limitations.
- understand that Mayo will generally average a new trust to its target portfolio objective over a period of six months. In general, a third of the equity allocation will be added every three months; the bond allocation will be fully purchased in the first tranche.
- have received Costs Associated with your Charitable Remainder Trust (attached).
- understand that additional information may be needed and requested upon review of the Application.
- understand that my (our) gift is irrevocable and that the right to beneficiary income payments may not be assigned to any person or organization other than Mayo Clinic.
- understand that payments made under a charitable remainder trust are not backed or guaranteed by any assets of Mayo Clinic, are not issued or guaranteed by any insurance company, are not protected by any insurance guarantee association and are not backed in any way by states or governmental agencies.
- understand that if the Board of Trustees of Mayo Clinic determines that the use of the gift as stated in this Application has become obsolete, inappropriate or impractical, Mayo Clinic shall use the gift to support other activities in a manner as close to the spirit of my (our) original expressed intent as possible.
- understand that the trust's terms are governed by applicable state laws.
- understand that I (we) should consult with my (our) own advisors, including legal counsel, about the benefits and risks associated with making a gift of this type.

If you have any questions about statements made in this Application or would like any additional information, please contact the Department of Development Mayo Clinic at 800-297-1185 before signing this document.

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Donor Signature

Print Name

Date

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Donor Signature

Print Name

Date



## Costs associated with your Charitable Remainder Trust

We are often asked by benefactors about the costs associated with managing charitable remainder trusts. Because of their unique taxation, accounting rules, and investment requirements, the management of charitable remainder trusts requires specialized skills. Mayo Clinic has engaged outside expertise to manage trusts for which it serves as trustee. Mayo Clinic staff and trustees retain an active oversight role. This disclosure details all of the costs associated with this structure. We also highlight areas to review when comparing the fees and expenses of alternative trustees.

Mayo Clinic has retained Kaspick & Company to provide asset management, trust administration, and reporting for its charitable remainder trusts. Kaspick & Company is the country’s leading provider of planned giving services to charities serving as trustee. Charles Schwab & Co., Inc. serves as custodian.

### Asset Management

Kaspick & Company provides the following services to Mayo Clinic in the investment management of its charitable remainder trusts:

- Works with Mayo Clinic to formulate investment policies and asset allocation strategies;
- Selects and monitors mutual fund managers (including researching funds for specific needs);
- Works with Mayo Clinic to review individual trust requirements and select the appropriate asset allocation for each trust;
- Manages the sale of assets contributed to trusts;
- Monitors portfolios to ensure compliance to policies;
- Manages cash levels within portfolios and rebalances portfolios as necessary; and
- Periodically reports to Mayo Clinic on investment performance.

For balanced portfolios that hold both equities and bonds, Kaspick & Company charges an annual asset management fee of .40% based on the trust’s market value. The fee is charged quarterly.

**Mutual Fund Expense Ratios.** Our policy calls for charitable remainder trust portfolios to be broadly diversified by asset class and manager style in order to reduce risk and increase expected returns over the long term. Kaspick & Company diversifies trusts of all sizes by investing in no-load, institutional-quality mutual funds.

There can be a variety of costs associated with the use of mutual funds. These include loads, 12b-1 marketing

fees, and expenses charged to the fund to cover the operational costs of managing the fund (referred to as “expense ratios”). Kaspick & Company never pays loads or 12b-1 marketing fees and uses an extensive review process to select institutional quality mutual funds that offer the potential for attractive returns at a reasonable cost. Expense ratios for the funds used by Kaspick & Company are significantly lower than industry averages. The expense ratios incurred by trusts vary depending on the investment allocation of the portfolio. For example, the mutual funds used in portfolios invested according to Kaspick & Company’s Growth allocation (71% equities/29% fixed income) have an average expense ratio of 0.47%. By way of comparison, based on data provided by Morningstar, the average portfolio of mutual funds invested with the same mix of asset classes has an expense ratio of 1.08%, over two times as high.

Mutual Fund Expense Ratios by Portfolio Allocation As of 12/31/17		
Kaspick & Company Portfolio Allocation	Estimated Expense Ratio	Morningstar Average
Aggressive Growth	0.45%	0.98%
Growth	0.47	0.96
Growth Income	0.47	0.92
Income/Growth	0.46	0.88
Income	0.45	0.84
High Income	0.42	0.82

### Trust Administration

Kaspick & Company provides the following services for Mayo Clinic in the administration of its charitable remainder trusts:

- Reviews trust documents;
- Calculates and makes beneficiary payments;
- Prepares trust tax returns and beneficiary tax information;
- Maintains all tax and trust accounting;
- Monitors tax and other laws for changes affecting planned gift arrangements; and
- Prepares beneficiary reports.

Kaspick & Company charges an annual trust administration fee of .25% based on the trust’s market value. The fee is charged quarterly.

## ***Custody***

Charles Schwab & Co., was hired by Mayo Clinic to provide the following custody services for Mayo Clinic's charitable remainder trust assets:

- Maintains the assets of each trust in its own account so there is no commingling of assets;
- Executes and settles all trades;
- Provides expert trading assistance;
- Collects all dividends and mutual fund distributions;
- Clears all payments, including electronic deposits, issued from the accounts.

There is no annual fee associated with these services. Schwab does charge commissions for the purchase and sale of assets. If equities used to fund a trust are sold through Schwab, an institutional commission rate of 4 to 7 cents a share is charged (depending on the size of the trade). Schwab also charges a transaction fee for the purchase and sale of mutual fund shares, based on the value of the trade. In total, a typical portfolio will incur approximately 0.02%-0.03% in transaction costs each year, a minimal amount.

## ***Comparing Costs***

Many banks, trust companies, and brokerage firms are willing to serve as trustee of charitable remainder trusts. An individual can also choose to be trustee. There are many factors that should be considered when choosing

a trustee-cost is an important one. When comparing costs across different trustee alternatives, it is important to identify all potential charges. Some trustees will quote a base trustee fee for asset management and trust administration services. They may also charge additional amounts for specific services. Examples include charges for issuing payments, tax preparation fees, and termination fees.

You will also want to ask about brokerage commissions and transaction fees. Particular attention should be paid to mutual fund expense ratios, and whether the trustee buys funds with loads or 12b-1 marketing fees.

## ***Summary***

Mayo Clinic is committed to keeping the costs involved in managing trusts low and in line with the services provided. Total costs incurred by our trusts compare favorably to what an individual could obtain from a commercial trustee. In comparing costs, it is important to ask for a full disclosure of all potential charges.

For more information on related topics, please contact our Office of Gift Planning for copies of the following pieces: *Kaspick & Company Overview*, *Choosing a Trustee for your Charitable Remainder Trust*, and *Mutual Fund Expense Ratios*. For more information on our providers, please visit [www.kaspick.com](http://www.kaspick.com) and [www.schwab.com](http://www.schwab.com)