

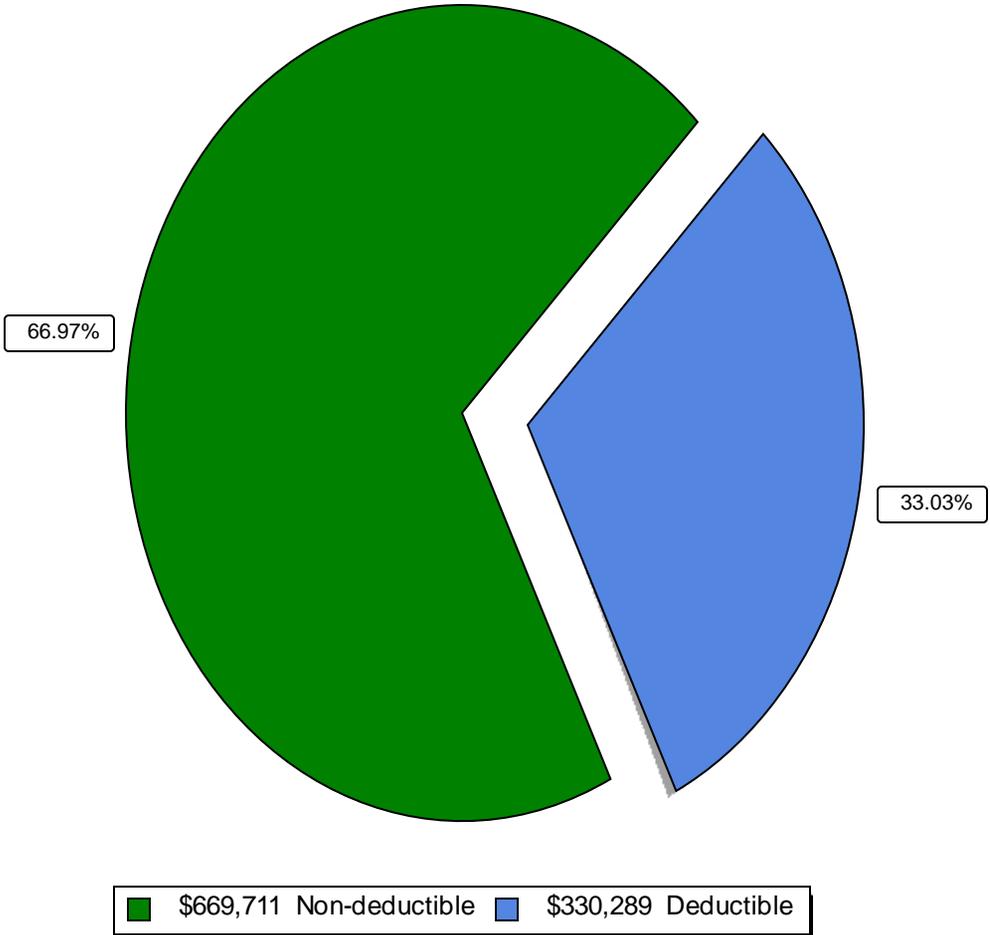
Trust Type:	Life
Transfer Date:	10/2022
\$7520 Rate:	4.00%
* The \$7520 rate does not match the current, or prior 2 months computed for the transfer date	
FMV of Trust:	\$1,000,000
Growth of Trust:	6.00%
Optimized:	No
Percentage Payout:	7.00000%
Payment Period:	Annual
Payment Timing:	End
Lives:	3
Ages:	80, 81, 85
Exhaustion Method:	IRS
Mortality Table:	2010CM

Rev. Rul. 77-374 Prob. Test: 2.50%, 22 yrs.; Char Ded. is ALLOWABLE	
Amount of Annuity:	\$70,000.00
Three Life Annuity Factor	9.5673
Payout Frequency Factor:	1.0000
Present Value of Annuity = Annuity Payout times Factors:	\$669,711.00
Charitable Remainder = FMV of Trust less PV of Annuity:	\$330,289.00
Charitable Deduction for Remainder Interest:	\$330,289.00
Donor's Deduction as Percentage of Amount Transferred:	33.0289%
Present Value of Succeeding Noncharitable Interests:	\$174,166.08

Section 7520 Treasury Regulations Exhaustion Test	
Final Partial Payment Amount:	\$42,554.27
Value of \$27,445.73 for 21.00 Years:	\$261,697.78
Value of \$42,554.27 for 22.00 Years:	<u>\$406,337.96</u>
Value of Annuity Interest:	\$668,035.74
Charitable Deduction for Remainder Interest:	\$331,964.26
\$7520 Regs Increase in Char. Deduction:	\$1,675.26
NOTE: THE IRS HAS NOT RULED ON THIS INTERPRETATION	

Year	Beginning Principal	6.00% Growth	Payment	Remainder
1	\$1,000,000.00	\$60,000.00	\$70,000.00	\$990,000.00
2	\$990,000.00	\$59,400.00	\$70,000.00	\$979,400.00
3	\$979,400.00	\$58,764.00	\$70,000.00	\$968,164.00
4	\$968,164.00	\$58,089.84	\$70,000.00	\$956,253.84
5	\$956,253.84	\$57,375.23	\$70,000.00	\$943,629.07
6	\$943,629.07	\$56,617.74	\$70,000.00	\$930,246.81
7	\$930,246.81	\$55,814.81	\$70,000.00	\$916,061.62
8	\$916,061.62	\$54,963.70	\$70,000.00	\$901,025.32
9	\$901,025.32	\$54,061.52	\$70,000.00	\$885,086.84
10	\$885,086.84	\$53,105.21	\$70,000.00	\$868,192.05
11	\$868,192.05	<u>\$52,091.52</u>	<u>\$70,000.00</u>	<u>\$850,283.57</u>
Summary:	\$1,000,000.00	\$620,283.57	\$770,000.00	\$850,283.57

Deduction as Percentage of Amount Transferred



Charitable Remainder Annuity Trust (CRAT)

This calculation determines the value of the noncharitable beneficiary's annuity (nondeductible) and the value of the charitable remainder interest (deductible) for a gift made through a charitable remainder annuity trust.

When a charitable remainder annuity trust is established, a gift of cash or property is made to an irrevocable trust. The donor (and/or another noncharitable beneficiary) retains an annuity (fixed payments of principal and interest) from the trust for a specified number of years or for the life or lives of the noncharitable beneficiaries. At the end of the term, the qualified charity specified in the trust document receives the property in the trust and any appreciation.

Most gifts made to a charitable remainder annuity trust qualify for income and gift tax charitable deductions (or in some cases an estate tax charitable deduction). A charitable deduction is permitted for the remainder interest gift only if the trust meets certain criteria.

A trust qualifies as a charitable remainder annuity trust if the following conditions are met:

- . The trust pays a specified annuity to at least one non-charitable beneficiary who is living when the trust is created. Annuities can be paid annually, semiannually, quarterly, monthly, or weekly.
- . The amount paid, as an annuity, must be at least 5%, but less than 50% of the initial net fair market value of the property placed in the trust. The charity's interest at inception also must be worth at least 10 percent of the value transferred to the trust.
- . The annuity is payable each year for a specified number of years (no more than 20) or for the life or lives of the noncharitable beneficiaries.
- . No annuity is paid to anyone other than the specified noncharitable beneficiary and a qualified charitable organization.
- . When the specified term ends, the remainder interest is transferred to a qualified charity or is retained by the trust for the use of the qualified charity.
- . The Internal Revenue Service has also ruled that a trust is not a charitable remainder annuity trust if there is a greater than 5% chance that the trust fund will be exhausted before the trust ends.

annuity paid must be a specified amount expressed in terms of a dollar amount (e.g., each non-charitable beneficiary receives \$500 a month) a fraction, or a percentage of the initial fair market value of the property contributed to the trust (e.g., beneficiary receives 5% each year for the rest of his life).

The grantor will receive an income tax deduction for the present value of the remainder interest that will ultimately pass to the qualified charity. Government regulations determine this amount, which is essentially calculated by subtracting the present value of the annuity from the fair market value of the property and/or cash placed in the trust. The balance is the amount that the grantor can deduct when the grantor contributes the property to the trust.