
Charitable Remainder in Residence or Farm

Prepared for: Sample

Prepared by: Brentmark

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Charitable Remainder in Residence or Farm

Trust Type:	Life
Transfer Date:	11/2022
§7520 Rate:	3.6%
Land Value:	\$7,000,000.00
Lives:	2
Ages:	55, 61
Mortality Table:	2010CM
Estimate Useful Life:	40 Years

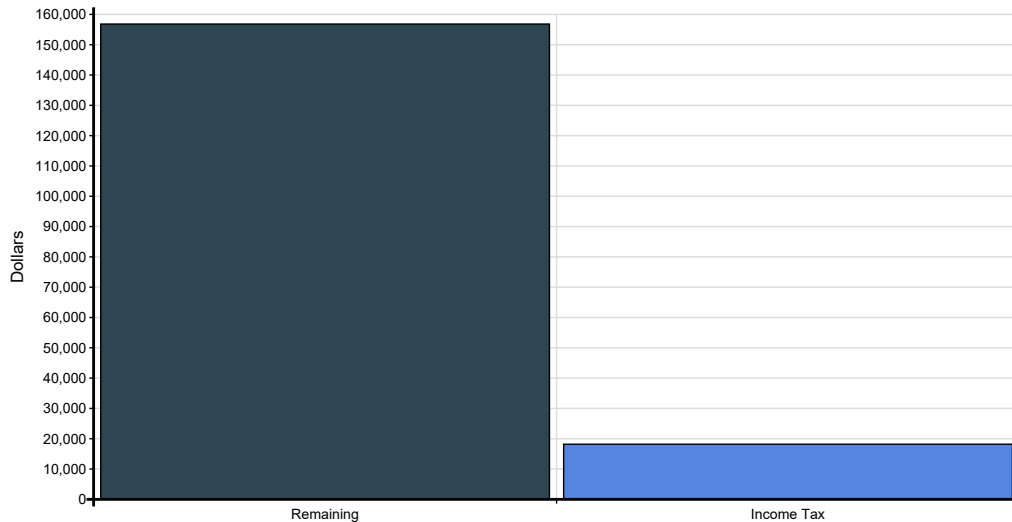
Results

Total Value of Property:	\$12,000,000.00
Depreciable Part = \$5,000,000.00 - \$4,000,000.00:	\$1,000,000.00
Nondepreciable Part = \$7,000,000.00 + \$4,000,000.00:	\$11,000,000.00
Remainder Factor:	0.35000
Adjustment Factor:	0.10241
Remainder = (\$11,000,000 x 0.35000)+ (\$1,000,000 x 0.10241):	
Charitable Deduction for Remainder Interest:	\$3,952,410.00

Charitable Remainder in Residence/Farm: Tax Summary

Income Tax Summary for 2022

Adjusted Gross Income:	\$175,000.00
Deductions:	<u>\$52,500.00</u>
Taxable Income:	\$122,500.00
Tax Due:	\$18,184.00
Effective Average Tax Rate:	10.39%
Effective Marginal Tax Rate:	22.00%
Regular Standard Deduction:	\$25,900.00
Additional Elderly Deductions:	<u>\$0.00</u>
Standard Deduction:	\$25,900.00
Itemized Deductions:	\$0.00
Phaseout Amount:	<u>\$0.00</u>
Adjusted Itemized Deductions:	\$52,500.00



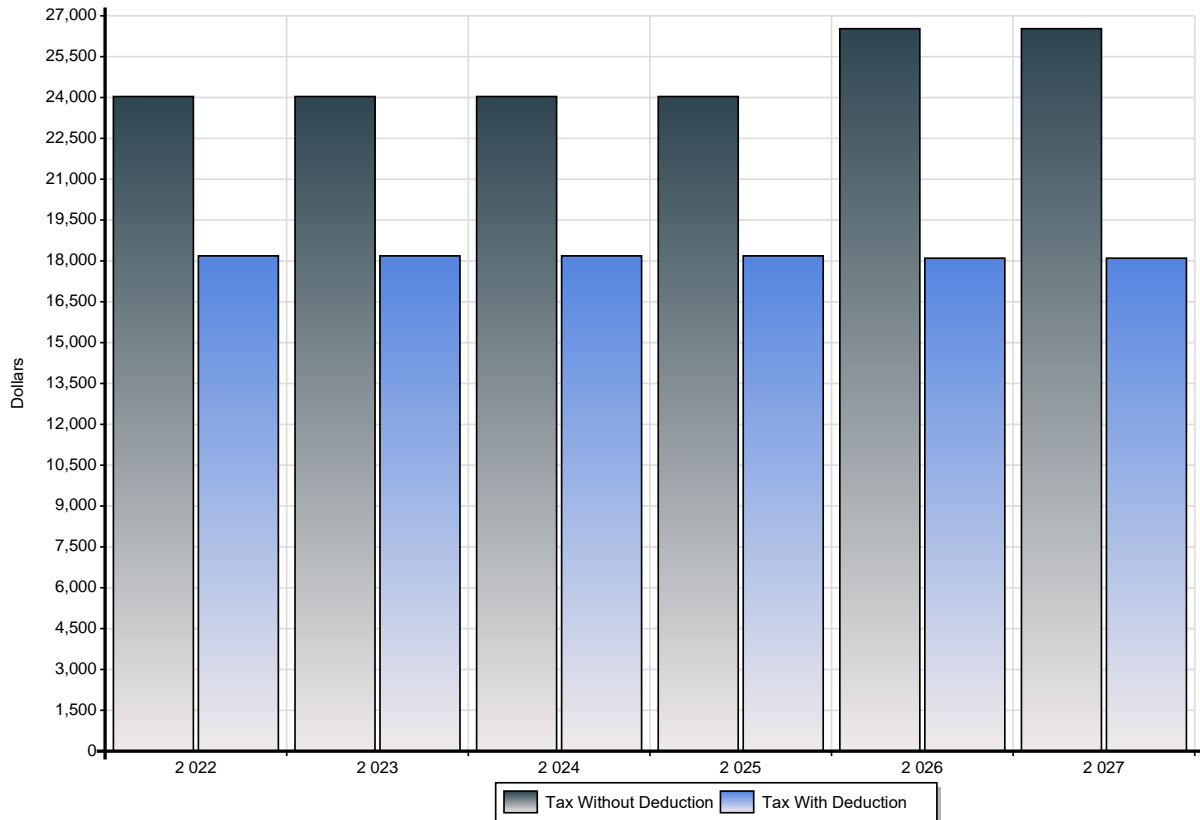
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Charitable Remainder in Residence/Farm: Income Tax Savings

Income Tax Savings

Capital Gains Tax Savings: \$825,000

Year	Deduction Taken	Remaining Deduction	Tax if No Deduction	Tax With Deduction	Tax Savings
2022	\$52,500	\$3,899,910	\$24,036	\$18,184	\$5,852
2023	\$52,500	\$3,847,410	\$24,036	\$18,184	\$5,852
2024	\$52,500	\$3,794,910	\$24,036	\$18,184	\$5,852
2025	\$52,500	\$3,742,410	\$24,036	\$18,184	\$5,852
2026	\$52,500	\$3,689,910	\$26,526	\$18,100	\$8,426
2027	\$52,500	\$3,637,410	\$26,526	\$18,100	\$8,426



Charitable Remainder in Residence or Farm

A Charitable Remainder in Personal Residence/Farm provides a gift to charity of a future interest in a personal residence or farm with the donor(s) reserving the right to live in or use the property for a term of years or for a life span. In other words, an irrevocable trust is established with the trustee directed to pay to the grantor the income from the trust for a specified number of years.

This trust can be distributed for a "term of years" or for "life." The program handles five lives, but there is no statutory limitation on the number of income beneficiaries a charitable remainder trust may have.

If it is distributed for a **term of years**, the trust provides periodic distributions to non-charitable beneficiaries for a period not in excess of 20 years.

If it is distributed for **life**, the trust provides periodic distributions to a non-charitable beneficiary for a period not in excess of the life of this individual income beneficiary.

If it is distributed for **two to five lives**, the trust provides fixed periodic distributions to these non-charitable beneficiaries for a period not in excess of the lives of those individual beneficiaries.

The Tax Savings report illustrates how a Charitable Deduction is distributed over a period of years. The report shows the current year and the next five years, which is the maximum period allowed for distributions.

Multiplying the Charity Type (60%, 50%, 30%, or 20%) and the Adjusted Gross Income calculates the amount of deduction taken annually from the trust.

The report shows how much of the charitable deduction is used each year, as well as the annual tax savings generated from the charitable deduction.

The **Capital Gain** is derived from the following formula:

$(\text{FMV} - \text{Cost Basis}) \times \text{Capital Gain Rate}$