
Charitable Remainder Annuity Trust

Prepared for: Sample

Prepared by: Brentmark

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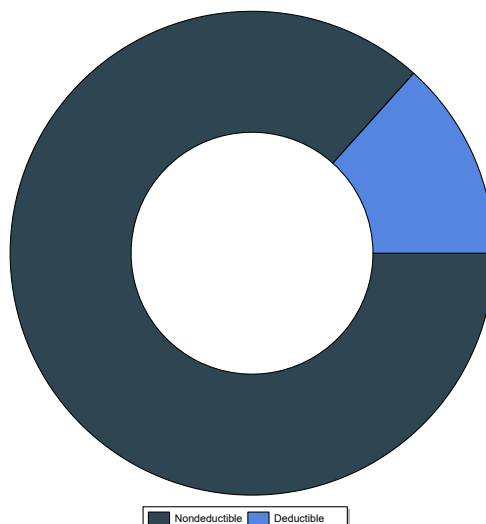


Charitable Remainder Annuity Trust

Trust Type:	Life
Transfer Date:	11/2022
\$7520 Rate:	4.8%
FMV of Trust:	\$15,000,000
Lives:	1
Age:	42
Optimized Percentage Payout Used:	5.194%
Payment Period:	Annual
Growth of Trust:	1.00%
Payment Timing:	End
Exhaustion Method:	IRS
Economic Schedule Compounding:	Annual
Mortality Table:	2010CM
Cost Basis:	\$7,500,000
Charity Type:	30%
Capital Gains Rate:	15.0%
Inflation Rate:	2.00%
Adjusted Gross Income:	\$145,000.00
Itemized Deductions:	\$0
Filing Status:	Joint
Age:	42
Age of Spouse:	45
Long-Term Capital Gain:	\$0
28% Rate Capital Gain:	\$0
Qualified Dividends:	\$5,000
Unrecaptured §1250 Gain:	\$0
Net Investment Income:	\$10,000

Charitable Deduction may be ALLOWED.

Amount of Annuity:	\$779,119.50
One Life Annuity Factor:	16.6823
Payout Frequency Factor:	1.0000
Present Value of Annuity = Annual Payout times Factors:	\$12,997,505.23
Charitable Remainder = FMV of Trust less PV of Annuity:	\$2,002,494.77
Charitable Deduction for Remainder Interest:	\$2,002,494.77
Donor's Deduction as Percentage of Amount Transferred:	13.3500%



Charitable Remainder Annuity Trust

Section 7520 Treasury Regulations Exhaustion Test

Final Partial Payment Amount:	\$25.27
Value of \$779,094.23 for 55.00 Year(s):	\$12,989,370.64
Value of \$25.27 for 56.00 Year(s):	<u>\$421.40</u>
Value of Annuity Interest:	\$12,989,792.04
Charitable Deduction for Remainder Interest:	\$2,010,207.96
§7520 Regs Increase in Charitable Deduction:	\$7,713.19

NOTE: THE IRS HAS NOT RULED ON THIS INTERPRETATION

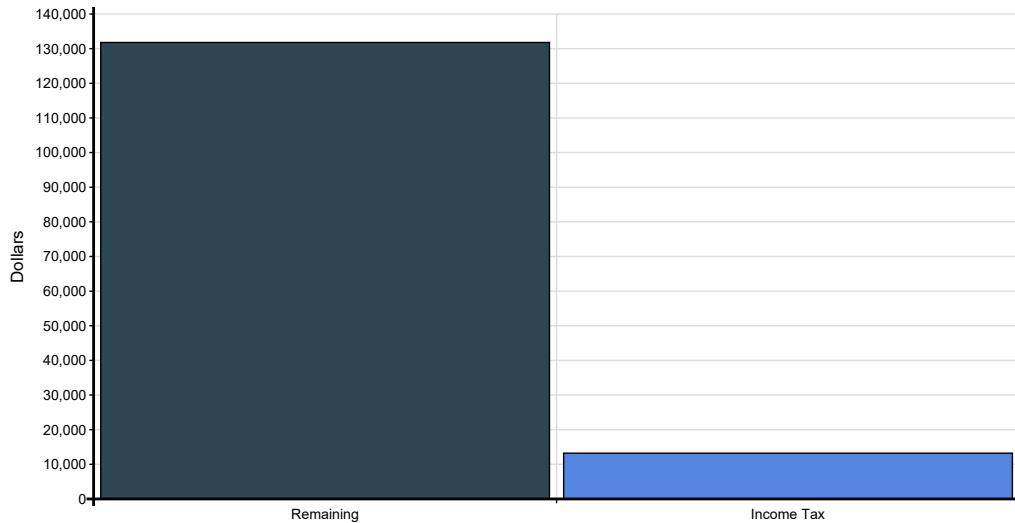
Economic Schedule

Year	Beg. Balance	Payment	Growth	End Balance
1	\$15,000,000	\$779,120	\$150,000	\$14,370,881
2	\$14,370,881	\$779,120	\$143,709	\$13,735,470
3	\$13,735,470	\$779,120	\$137,355	\$13,093,705
4	\$13,093,705	\$779,120	\$130,937	\$12,445,523
5	\$12,445,523	\$779,120	\$124,455	\$11,790,858
6	\$11,790,858	\$779,120	\$117,909	\$11,129,647
7	\$11,129,647	\$779,120	\$111,296	\$10,461,824
8	\$10,461,824	\$779,120	\$104,618	\$9,787,323
9	\$9,787,323	\$779,120	\$97,873	\$9,106,077
10	\$9,106,077	\$779,120	\$91,061	\$8,418,018
11	\$8,418,018	\$779,120	\$84,180	\$7,723,079
12	\$7,723,079	\$779,120	\$77,231	\$7,021,190
13	\$7,021,190	\$779,120	\$70,212	\$6,312,282
14	\$6,312,282	\$779,120	\$63,123	\$5,596,286
15	\$5,596,286	\$779,120	\$55,963	\$4,873,129
16	\$4,873,129	\$779,120	\$48,731	\$4,142,741
17	\$4,142,741	\$779,120	\$41,427	\$3,405,049
18	\$3,405,049	\$779,120	\$34,050	\$2,659,980
19	\$2,659,980	\$779,120	\$26,600	\$1,907,460
20	\$1,907,460	\$779,120	\$19,075	\$1,147,415
21	\$1,147,415	\$779,120	\$11,474	\$379,770
22	\$379,770	\$383,568	\$3,798	\$0
Total	\$379,770	\$16,745,077	\$1,745,077	\$0

Charitable Remainder Annuity Trust: Income Tax Summary

Income Tax Summary for 2022

Adjusted Gross Income:	\$145,000.00
Deductions:	<u>\$43,500.00</u>
Taxable Income:	\$101,500.00
Regular Tax (Tax Tables):	\$13,564.00
Tax per Schedule D:	\$13,214.00
Tax Due:	\$13,214.00
Effective Average Tax Rate:	9.11%
Effective Marginal Tax Rate:	22.00%
Marginal Tax Rate on Investment Income:	25.80%
Regular Standard Deduction:	\$25,900.00
Additional Elderly Deductions:	<u>\$0.00</u>
Standard Deduction:	\$25,900.00
Itemized Deductions:	\$0.00
Charitable Deductions:	<u>\$43,500.00</u>
Phaseout Amount:	<u>\$0.00</u>
Adjusted Itemized Deductions:	\$43,500.00

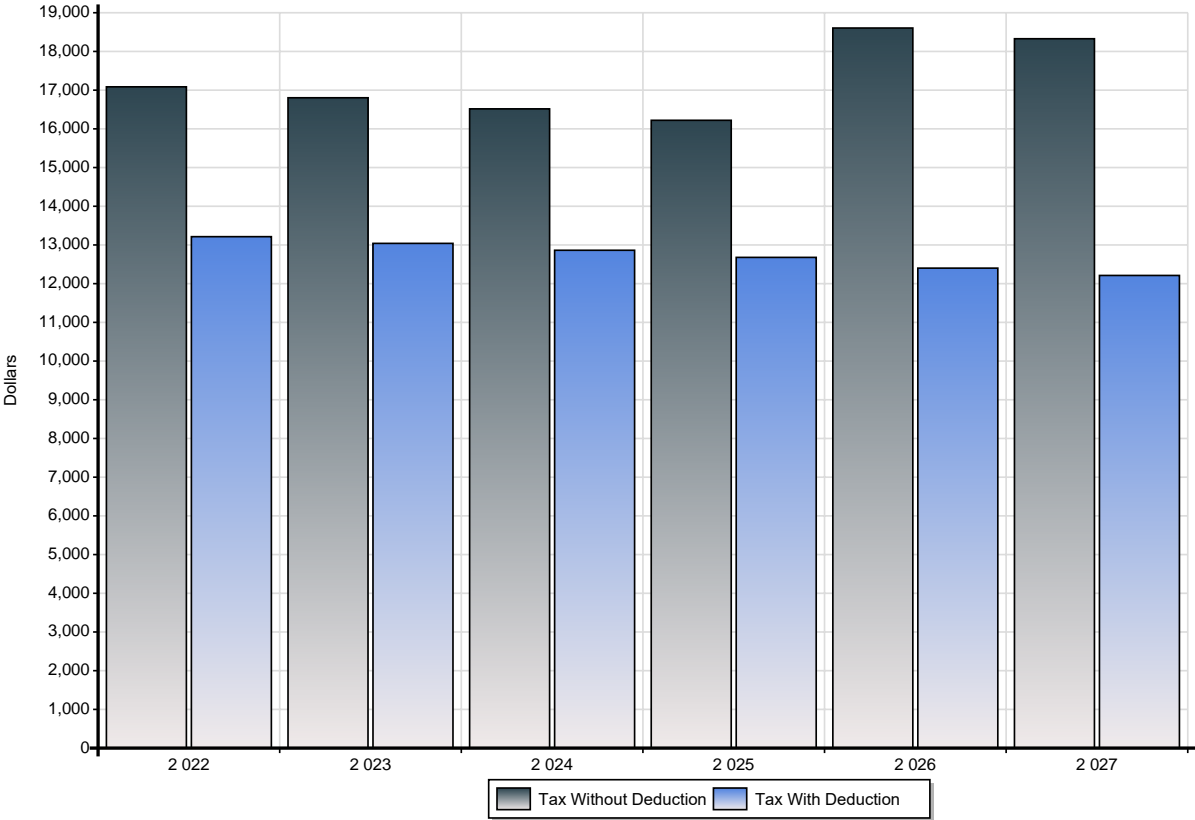


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Charitable Remainder Annuity Trust: Income Tax Savings

Income Tax Savings
Capital Gains Tax Savings: \$1,125,000

Year	Deduction Taken	Remaining Deduction	Tax if No Deduction	Tax With Deduction	Tax Savings
2022	\$43,500	\$1,958,995	\$17,086	\$13,214	\$3,872
2023	\$43,500	\$1,915,495	\$16,803	\$13,041	\$3,762
2024	\$43,500	\$1,871,995	\$16,515	\$12,863	\$3,652
2025	\$43,500	\$1,828,495	\$16,221	\$12,679	\$3,542
2026	\$43,500	\$1,784,995	\$18,605	\$12,401	\$6,204
2027	\$43,500	\$1,741,495	\$18,328	\$12,212	\$6,116



Charitable Remainder Annuity Trust

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.
- The 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.