

CHARITABLE GIFT ANNUITY DEDUCTIONS (PER \$10,000 CONTRIBUTED)

Table with 9 columns: Age, Payout Rate, Deduction (1.0% AFR). Rows 55-69.

*Payout Rates are rates recommended by the American Council on Gift Annuities.

APPROXIMATE INCOME TAX DEDUCTIONS FOR TWO-LIFE ANNUITY FUNDED WITH \$100,000

Table with 6 columns: Ages of Beneficiaries, \$5,000 Annually, \$6,000 Annually, \$7,000 Annually, \$8,000 Annually, \$9,000 Annually. Rows 65/65 to 90/90.

* The deductions illustrated are only approximations. They are based on IRS tables employing a 1.0% AFR.

UNITRUST TERM OF YEARS REMAINDER FACTORS (1.0% AFR)

Table with 6 columns: Number of Years, 5.0%, 6.0%, 7.0%, 8.0%, 9.0%. Rows 1-20.

The above deduction percentages assume quarterly payments and an applicable federal rate of 1.0%.

CHARITABLE LEAD TRUSTS: Deductions for charitable lead unitrusts also are calculated using the same factors...

APPROXIMATE INCOME TAX DEDUCTIONS FOR TWO-LIFE UNITRUST FUNDED WITH \$100,000

Table with 6 columns: Ages of Beneficiaries, 5.0% Annually, 6.0% Annually, 7.0% Annually, 8.0% Annually, 9.0% Annually. Rows 60/60 to 85/85.

*Deductions and factors shown are representative samples based on the use of a 1.0% applicable federal rate (AFR) and quarterly payments.

FEDERAL INTEREST RATE (AFR) SELECTION

In valuing deferred gifts, donors may choose tables using the most favorable applicable federal rate (AFR, or §7520 rate) from that in effect for the month of the gift...

- Elect highest rate available
Charitable remainder annuity trust.
Charitable remainder unitrust.
Charitable gift annuity (for large deduction).
Gift of remaining life estate in farm or personal residence.

CHARITABLE GIFT TECHNIQUES COMPARED

Table comparing techniques: Outright Gift of Cash or Long-Term Capital Gain Property, Charitable Remainder Annuity Trust, Charitable Remainder Unitrust, Charitable Gift Annuity, Qualified Charitable Distributions From IRAs, Gift of Home or Farm With Reserved Life Estate, Charitable Lead Trust. Columns: Technique, Income Tax Deduction, Special Considerations.

CHARITABLE REMAINDER UNITRUSTS (1.0% AFR)

Table with 6 columns: Payout Rate/Percent of Gift Deductible, 5.0%, 6.0%, 7.0%, 8.0%, 9.0%, 10.0%. Rows 55-89.

To calculate the approximate deduction for a transfer to a one-life charitable remainder unitrust, determine the age of the income beneficiary, then find the deductible percentage in the appropriate payout rate column.

CHARITABLE REMAINDER ANNUITY TRUST DEDUCTIONS ONE-LIFE TRUST FUNDED WITH \$100,000 (1.0% AFR)

Table with 6 columns: Age of Beneficiary, \$5,000 Payout, \$6,000 Payout, \$7,000 Payout, \$8,000 Payout, \$9,000 Payout. Rows 60-90.

*Annuity trusts are disqualified under the IRS's 5% probability test (Rev. Rul. 70-452, 1970-2 CB 199) if the probability that noncharitable beneficiaries will survive to the exhaustion of the trust fund exceeds 5%.

TERM OF YEARS ANNUITY TRUST FACTORS (1.0% AFR)

Table with 8 columns: Years, Annuity, Years, Annuity, Years, Annuity, Years, Annuity. Rows 1-5.

Deductions for charitable remainder annuity trusts lasting for a term of years (maximum of 20 years) are computed under annuity factors found in Table B, IRS Pub. 1457, according to the AFR.

CHARITABLE LEAD TRUSTS: Deductions for charitable lead annuity trusts also are calculated with reference to Tables B and K but the portion contributed is the income interest, not the remainder interest.

2021 Federal Tax Pocket Guide

The purpose of this publication is solely educational, namely to provide general gift, estate, financial planning and related information. It is not intended as legal, accounting or other professional advice, and you should not rely on it as such.

