

Charitable Remainder Annuity Trust - Two Life

Prepared for: Donor name

A. Input Assumptions

Date of transfer	<u>January 22, 2020</u>
Fair market value of property transferred	<u>\$ 1,000,000.00</u>
Nearest age on the date of the gift for <u>Beneficiary 1</u>	<u>87</u>
is	
Nearest age on the date of the gift for <u>Beneficiary 2</u>	<u>83</u>
is	
Annual annuity rate	<u>5 %</u>
Payment frequency	<u>Quarterly</u>
Is payment at beginning or end of payment period	<u>End</u>
The discount rate (effective 1/2020) is	<u>2%</u>
The mortality table is based on the census taken in	<u>2000</u>

B. Calculation of Present Value of Remainder Interest (for Number of Lives)

1. Fair market value of property transferred	\$1,000,000.00
2. Annual annuity rate	5%
3. Annuity amount payable on an annual basis	\$50,000.00
4. Factor for present worth of an annuity (based on Table S)	7.838
5. Line 3 annuity amount times Line 4 factor	\$391,900.00
6. Adjustment factor for payment frequency (from Table K)	1.0075
7. Adjusted annuity value (Line 5 * Line 6)	\$394,839.25
8. Amount of first annuity payment if payment is made at beginning of period for a non-term annuity trust (otherwise 0)	\$0.00
9. Present value of annuity interest (Line 7 + Line 8)	\$394,839.25
10. Minimum value of annuity interest (lesser of Line 1 and Line 9)	\$394,839.25
11. Present value of remainder interest = the tax deduction (Line 1 - Line 10)	\$605,160.75

C. Calculation of Tax Deduction for Charitable Remainder Annuity Trusts

Fair market value of property transferred	\$1,000,000.00
Present value of remainder interest in annuity trust factor as a percent	60.52%
Present value of remainder interest = the tax deduction (Line 1 * Line 2)	\$605,160.75
10% remainder interest test	Passed
Probability that the annuitant will survive to the exhaustion of the fund	0.03%
5% probability test	Passed

NOTE: This calculation is provided for educational purposes only. The type of assets transferred, the actual date of the gift, and other factors may have a material effect on the amount or use of your deduction. You are advised to seek the advice of your tax advisors before implementing a gift of this type.

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