

# Deferred Charitable Gift Annuity - Two Life

Prepared for: Donor name

## A. Input Assumptions

Date of transfer	<u>January 19, 2020</u>
Fair market value of property transferred	<u>\$ 100,000.00</u>
Nearest age on the date of the gift for <u>Beneficiary 1</u> is	<u>85</u>
Nearest age on the date of the gift for <u>Beneficiary 2</u> is	<u>85</u>
Date of first payment	<u>December 30, 2015</u>
Annuity starting date (payment period before 1st payment)	September 30, 2015
Annual annuity rate for immediate annuity	5.9%
Payment frequency	<u>Quarterly</u>
Prorate first payment or Full first payment?	<u>Prorate</u>
Deferred annuity interest adjustment factor	1.0325
Annual annuity rate adjusted for deferral	6.1%
This table uses a hypothetical future discount rate of	1.8%
The mortality table is based on the census taken in	2000

## B. Present Value of Remainder Interest - Two Life Deferred

	1st Annuitant	2nd Annuitant
1. Age nearest to annuity starting date	81	81
2. Age nearest to date of transfer	<u>85</u>	<u>85</u>
3. Value of Dx from IRS Pub. 1457, Table H based on		
(a) Line 1 age	11243.3	11243.3
(b) Line 2 age	7566.46	7566.46
4. Line 3(a) divided by Line 3(b)	1.485939	1.485939
5. Value of Lx from IRS mortality table based on		
(a) Line 1 age	47694	47694
(b) Line 2 age	34471	34471
6. Line 5(a) divided by Line 5(b)	1.383598	1.383598
7. Unadjusted joint life deferred discount factor (Line 4 above * Line 6 in other column)	2.055942	2.055942
8. Unadjusted value of \$1 of single life annuity from Pub. 1457, Table S based on Line 1 age	7.1267	7.1267
9. Adjustment factor based on payment frequency from Pub. 1457, Table K	1.0067	1.0067
10. Adjusted value of \$1 of single life annuity (Line 8 * Line 9)	7.1744	7.1744
11. Value of \$1 of deferred single life annuity (Line 4 * Line 10)	10.6607	10.6607
12. Factor from Table R(2) (for remainder interest)		0.82622
13. 1.00000 minus Line 12 (factor for life estate)		0.17378
14. Unadjusted value for \$1 of joint and survivor annuity (Line 13 divided by AFR = factor for annuity)		9.6544
15. Adjusted value of \$1 of joint and survivor annuity (Line 9 * Line 14)		9.7191
16. Adjusted value of \$1 of joint life annuity (Line 10 (1st) + line 10 (2nd) - Line 15)		4.6297
17. Sum of Line 7 for first and second annuitant		4.111884
18. Deferred discount factor (1/2 of Line 17)		2.055942
19. Value of \$1 of deferred joint life annuity (Line 16 * Line 18)		9.5184

**B. Present Value of Remainder Interest - Two Life Deferred**

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20. Value of \$1 of deferred annuity (Line 11 (1st) + Line 11 (2nd) - Line 19	11.803
21. Annual annuity rate for immediate annuity	5.9%
22. Deferred annuity interest adjustment factor	1.0325
23. Deferred annuity rate (Line 21 * Line 22)	6.1%
24. Net fair market value paid for annuity	\$100,000.00
25. Annuity amount payable on an annual basis	\$6,100.00
26. Present value of annuity (Line 20 * Line 25)	\$71,998.30
27. Minimum value of annuity (lesser of Line 24 and Line 26)	\$71,998.30
28. Present value of remainder interest (Line 24 - Line 27) the Income tax deduction	<b>\$28,001.70</b>

Depending on the type of asset you contribute, a portion of your payment may be taxable to you as a combination of ordinary income, long-term capital gain, and a tax-free return of principal. This report has been calculated assuming a contribution of cash. Each of your next 9.5 years payments of \$6,100.00 will contain \$4,895.07 of tax-free income and \$1,204.93 of ordinary income. All income will be ordinary after 9.5 years.

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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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