Calculations and Examples

Charitable Remainder Trust

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CRUT/Sell/Keep Comparison

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Summary of Benefits

5% Charitable Unitrust

ASSUMPTIONS:

Beneficiary Ages 76 75

Value of Long Term Gain Property $400,000.00
Cost Basis of Long Term Gain Property $75,000.00
Cash $100,000.00
Total Principal Donated (Value of LTG + Cash) $500,000.00
Total Cost Basis (Basis of LTG + Cash) $175,000.00
Payout Rate 5%
Payment Schedule quarterly
3 months to 1st payment

BENEFITS:

Charitable Deduction $250,355.00
Estimated Payments in First Full Year $25,000.00
(future payments will vary with trust value)

The charitable deduction displayed above is based on an IRS discount rate for a month prior to the month of gift. To take your deduction based on this rate, you must specify it in an election statement that you file with your tax return.

Basic Gift Illustrations IRS Discount Rate is 2.4%
These calculations are for illustration purposes only and should not be considered legal, accounting, or other professional advice. Your actual benefits may vary depending on several factors, including the timing of your gift.
Actuarial Calculations

5% Charitable Unitrust

ASSUMPTIONS:

[1] Beneficiary Ages 76 75
    Date of Gift 10/28/2017

[2] Value of Long Term Gain Property $400,000.00
[3] Cost Basis of Long Term Gain Property $75,000.00
[4] Cash $100,000.00
[5] Total Principal Donated ([2] + [4]) $500,000.00
[6] Total Cost Basis ([3] + [4]) $175,000.00
[7] Payout Rate 5%
[8] Payment Schedule quarterly 3 months to 1st payment
[9] Discount Rate under IRC Section 7520(a) for 9/2017 2.4%

CALCULATIONS:

[10] Adjustment factor for schedule on [8], rate on [9]
    (Table F in IRS Publication 1458 (5-2009)) 0.985308

    (Reg. 1.664-4(e)(3)) 4.9265%

    (Table U(2) in IRS Publication 1458 (5-2009)) 0.50071

[13] CHARITABLE DEDUCTION $250,355.00
    ([5] x [12])

The charitable deduction displayed above is based on an IRS discount rate for a month prior to the month of gift. To take your deduction based on this rate, you must specify it in an election statement that you file with your tax return.

Basic Gift Illustrations
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WHAT IS A CHARITABLE REMAINDER UNITRUST?

A charitable remainder unitrust ("unitrust") is a gift plan defined by federal tax law that allows you to provide payments to yourself or others while making a generous gift to a charity. The payments may continue for the lifetimes of the beneficiaries you name, a fixed term of not more than 20 years, or a combination of the two.

As a unitrust donor, you irrevocably transfer assets, usually cash, securities, or real estate, to a trustee of your choice (for example, a bank trust department).

During the unitrust's term, the trustee invests the unitrust's assets. Each year, the trustee distributes a fixed percentage of the unitrust's current value, as revalued annually, to your beneficiaries. If the unitrust's value goes up from one year to the next, its payout increases proportionately. Likewise, if the unitrust's value goes down, the amount it distributes also goes down. For this reason, it may be to your advantage to choose a relatively low payout percentage so that the unitrust assets can grow, which in turn will allow the unitrust's yearly payments to grow.

Payments must be between 5% and 50% of the trust's annual value and are made out of trust income, or trust principal if income is not adequate. Payments may be made annually, semiannually, or quarterly.

When the unitrust term ends, the unitrust's principal passes to a charity, to be used for the purpose you designate. You may add funds to your unitrust whenever you like.

BENEFITS INCLUDE:

1) You will qualify for a federal income tax deduction. Note that deductions for gifts of long term appreciated property will be limited to 30% of your adjusted gross income. Gifts of cash, short term appreciated property, ordinary income property, and non-appreciated property will be limited to 50% of your adjusted gross income. You may, if necessary, take unused deductions of either kind over the next five years, subject to the same 30% or 50% limitation.

2) The beneficiaries you name will receive annual payments for life, or for the period you designate.

3) If you fund the trust with a long term appreciated asset (one you have held for more than one year) and the trust sells it, there will be no immediate tax on the capital gain. If you were to sell such an asset yourself, you would owe tax on all the capital gain realized in the sale.

4) Your estate may enjoy reduced probate costs and estate taxes.

5) You will provide generous support to a charity.
Summary of Benefits

ASSUMPTIONS:
Projection begins in 2017 and runs for 16 years.
Measuring lives age 76, 75.
Original principal is $500,000: long term gain property valued at $400,000 with a cost basis of $75,000 and $100,000 cash.
Donor income tax bracket is 34.696%, 22.905% for capital gains.
Beneficiary income tax bracket is 34.696%, 22.905% for capital gains.

<table>
<thead>
<tr>
<th>Charitable Unitrust 5%</th>
<th>Sold and Reinvested</th>
<th>Kept Intact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Principal</td>
<td>$500,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Net Principal</td>
<td>$500,000</td>
<td>$425,559</td>
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<tr>
<td>Average Annual Payment</td>
<td>$26,965</td>
<td>$22,951</td>
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<tr>
<td>Charitable Deduction</td>
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<tr>
<td>Income Tax Savings</td>
<td>$86,863</td>
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<tr>
<td>Capital Gains Tax</td>
<td>$0</td>
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<tr>
<td>Cost of Gift</td>
<td>$413,137</td>
<td>$500,000</td>
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Income 1% 5% 2%
Capital Appreciation 5% 1% 4%
Sell Asset in First Year Yes Yes No

Total Before-Tax Benefit
To Payment Recipients $431,447 $367,212 $218,245

Total After-Tax Benefit
To Payment Recipients $322,449 $239,804 $142,523
Donor Principal $0 $499,001 $936,491
Benefit to Charity $586,289 $0 $0
Total Benefit $908,739 $738,805 $1,079,014

Life Income Projections
IRS Discount Rate is 2.4%
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# Cash Flow Comparison

**ASSUMPTIONS:**
Projection begins in 2017 and runs for 16 years.
Measuring lives age 76, 75.
Original principal is $500,000: long term gain property valued at $400,000 with a cost basis of $75,000 and $100,000 cash.
Donor income tax bracket is 34.696%, 22.905% for capital gains.
Beneficiary income tax bracket is 34.696%, 22.905% for capital gains.
Column 1: income is 1%, apprec. is 5%. Sell asset in first year.
Column 2: income is 5%, apprec. is 1%. Sell asset in first year.
Column 3: income is 2%, apprec. is 4%. Sell asset in first year.

<table>
<thead>
<tr>
<th></th>
<th>Charitable Unitrust</th>
<th>Sold and Reinvested</th>
<th>Kept Intact</th>
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<tr>
<td></td>
<td>5%</td>
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<tr>
<td>YR</td>
<td>Year-End Principal</td>
<td>After-Tax Payments</td>
<td>Year-End Principal</td>
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<tr>
<td>2017</td>
<td>$500,000</td>
<td>$425,559</td>
<td>$500,000</td>
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<tr>
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<td>2033</td>
<td>586,289</td>
<td>21,692</td>
<td>499,001</td>
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<tr>
<td><strong>TOT</strong></td>
<td><strong>586,289</strong></td>
<td><strong>322,449</strong></td>
<td><strong>499,001</strong></td>
</tr>
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Lifeline Projections

IRS Discount Rate is 2.4%

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