

FEDERAL INDIVIDUAL INCOME TAX RATES

Col. 1	Single Individuals		Joint Returns & Surviving Spouses		Heads of Households		Married Filing Separately		
	Taxable Income	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess
\$ 0	\$ 0	10%	\$ 0	10%	\$ 0	10%	\$ 0	10%	
8,500	850	15%							
12,150					1,215	15%			
17,000			1,700	15%					
34,500	4,750	25%						4,750	25%
46,250					6,330	25%			
69,000			9,500	25%					
69,675								13,543.75	28%
83,600	17,025	28%							
106,150								23,756.75	33%
119,400					24,617.50	28%			
139,350			27,087.50	28%					
174,400	42,449	33%							
189,575								51,287	35%
193,350					45,323.50	33%			
212,300			47,513.50	33%					
379,150	110,016.50	35%	102,574	35%	106,637.50	35%			

INCOME TAX RATES ON ESTATES AND TRUSTS

Taxable Income		Tax on Col. 1	Rate on Excess
From (Col. 1)	To		
\$ 0	\$ 2,300	\$ 0	15%
2,300	5,450	345	25
5,450	8,300	1,132.50	28
8,300	11,350	1,930.50	33
11,350	Infinity	2,937	35

STANDARD DEDUCTIONS

	Single Individuals	Joint Return/ Surviving Spouses	Heads of Households	Married Filing Separately
Basic	\$5,800	\$11,600	\$8,500	\$5,800
Over 65	7,250	12,750 (one) 13,900 (both)	9,950	6,950
Blind	7,250	12,750 (one) 13,900 (both)	9,950	6,950
Over 65 & Blind	8,700	13,900 (one) 15,050 (both)	11,400	8,100

Taxpayers may “itemize” deductions when deductions total more than the standard deductions shown.

FEDERAL INCOME TAX ON CAPITAL GAINS

Net long-term capital gains on assets held more than 12 months are taxed generally at a maximum rate of 15% (0% for 10% and 15% bracket taxpayers except for children under age 19, or 24 if full-time college students, whose net unearned income exceeds \$1,900). A 28% top rate applies to long-term gain on collectibles. A 25% top rate applies to long-term gain on real estate attributed to depreciation claimed in past years (unrecaptured \$1250 gain). Short-term gains are taxed at the taxpayer’s highest ordinary income tax rates. Net short-term and long-term losses are deductible dollar-for-dollar against ordinary income up to \$3,000, with unlimited carryover for excess loss deductions.

FEDERAL INCOME TAX ON DIVIDENDS

The maximum tax rate on qualified dividends paid by corporations, mutual funds and real estate investment trusts to individuals is 15%. A zero tax rate applies to taxpayers in the 10% and 15% ordinary income brackets, subject to application of the “kiddie tax.”

PERSONAL AND DEPENDENCY EXEMPTIONS

Individuals	\$3,700
Estates	600
Simple Trusts (distribute all income)	300
Complex Trusts (accumulate income)	100

Exemptions are not allowed to individuals who are eligible to be claimed as dependents on another’s tax return, but a \$950 standard deduction is available, rising to \$5,800 if earned income reaches \$5,800.

FEDERAL ALTERNATIVE MINIMUM TAX

Alternative Minimum Taxable Income		Tax on Col. 1	Rate on Excess
From (Col. 1)	To		
\$ 0	\$ 175,000	\$ 0	26%
175,001	Infinity	45,500	28

An alternative minimum tax is imposed on “alternative minimum taxable income” over the applicable exemption amounts for single taxpayers (\$48,450), married persons filing joint returns (\$74,450), married persons filing separately (\$37,225) and trusts and estates. AMT is payable only so far as it exceeds a taxpayer’s regular income tax. “Alternative minimum taxable income” is the sum of a taxpayer’s regular taxable income and any preference amounts, plus certain regular tax itemized deductions (not including charitable deductions) such as state and local taxes. Net operating losses not attributable to preferences are deductible. Examples of minimum tax preference items include amounts relating to depletion deductions, intangible drilling costs, incentive stock options, tax-exempt interest on nongovernmental-purpose bonds and accelerated depreciation on all property placed in service after 1986 that exceeds depreciation using the 150% declining balance method.

FEDERAL TAX ON TAXABLE CORPORATE INCOME

Taxable Corporate Income		Tax on Col. 1	Rate on Excess
From (Col. 1)	To		
\$ 0	\$ 50,000	\$ 0	15%
50,000	75,000	7,500	25
75,000	100,000	13,750	34
100,000	335,000	22,250	39
335,000	10,000,000	113,900	34
10,000,000	15,000,000	3,400,000	35
15,000,000	18,333,333	5,150,000	38
18,333,333	Infinity	6,416,667	35

The corporate tax rates phase out the two lowest brackets by imposing a 5% surcharge on taxable income between \$100,000 and \$335,000. Corporations with income between \$335,000 and \$10 million effectively pay tax at a flat 34% rate. Income above \$10 million is taxed at 35%, with an additional 3% surcharge on income between \$15 million and \$18,333,333. Except for “small corporations,” a corporate alternative minimum tax (AMT) must be paid instead of the corporation’s regular tax if the AMT amount is higher. The AMT rate is 20%, with a \$40,000 exemption amount. The exemption phases out at the rate of 25 cents on the dollar when AMT income exceeds \$150,000, and reduces to zero when income reaches \$310,000. Corporations pay tax at regular rates on net capital gains; there is no alternative minimum tax rate on capital gains. Net capital losses can be carried back up to three years and forward up to five years to offset capital gains; they cannot be used to offset ordinary income.

FEDERAL GIFT TAX

Taxable Gift		Tentative Tax	
Col. 1 From	To	Tax on Col. 1	Rate on Excess
\$ 0	\$ 10,000	\$ 0	18%
10,000	20,000	1,800	20
20,000	40,000	3,800	22
40,000	60,000	8,200	24
60,000	80,000	13,000	26
80,000	100,000	18,200	28
100,000	150,000	23,800	30
150,000	250,000	38,800	32
250,000	500,000	70,800	34
500,000	Infinity	155,800	35

Annual Exclusions \$13,000 per donee; \$26,000 per donee for married couples who “split gifts”; \$136,000 per non-citizen spouse. Payments of medical expenses and tuition payments also are excluded from federal gift tax [IRC §2503(e)]. Contributors to a qualified tuition program that exceed \$13,000 may elect to treat the gift as if it had been made over a five-year period – in effect allowing a \$65,000 exclusion all in one year [IRC §529(c)(2)(B)]. Gifts of future interests are not eligible for gift tax exclusions.

Marital Deduction For gifts to a spouse who is a U.S. citizen, a 100% marital deduction is allowed (IRC 2523). The deduction is not available for gifts to a noncitizen spouse, but an annual exclusion of \$136,000 is permitted for 2011. Note: Gifts to a spouse that qualify for the gift tax marital deduction do not require the filing of a gift tax return.

Charitable Deduction In general, any gift deductible for income tax purposes is deductible for gift tax purposes (IRC §2522). A few charitable gifts (transfers to nongrantor charitable lead trusts or foreign charities, for example) may qualify for federal gift tax deductions but not income tax deductions. The gift tax charitable deduction is unlimited. The gift tax charitable deduction is not limited to domestic organizations or to gifts for use within the United States [Reg §25.2522(a)-1].

Gift Tax Credit A \$1,730,800 gift tax credit shelters \$5 million of taxable gifts in excess of the annual exclusion amounts.

Gift Tax Returns Individuals must file gift tax returns (Form 709) for (1) gifts of present interests in property in excess of \$13,000; (2) gifts of future interests in any amount; (3) gifts on which spouses “split” gifts. Form 709 is required for all charitable remainder trusts and other “split-interest” gifts [IRC §6019(3)]. Filing deadline is same as income tax returns.

FEDERAL GIFT TAX FORMULA

- A. Aggregate of all prior and present taxable gifts \$ _____
- B. Tentative gift tax on “A” (from current tax table) \$ _____
- C. Aggregate of all prior (only *taxable gifts*) _____
- D. Tentative gift tax on “C” (from current tax table) – _____
- E. Tentative gift tax on present gift (“B” less “D”) \$ _____
- F. Gift tax credit \$1,730,800
- G. Aggregate gift tax credit taken for prior post-1976 gifts (but not more than “C”) – _____
- H. Gift tax credit available for current gift (“F” less “G” but not more than “E”) – _____
- I. Gift tax payable for current gift (“E” less “H”) \$ _____

* A “*taxable gift*” means a gross gift (other than charitable gift) *less*:
 (a) unlimited gift tax marital deduction, if gift is to spouse, and/or
 (b) lesser of gift amount or \$13,000 (\$26,000 if spouse joins in the gift and the gift is to a third party) per donee per year in which gift is made. Annual exclusion for pre-1982 gifts: \$3,000, \$6,000 for “split” gifts; \$10,000/\$20,000 for gifts between 1982 and 2001; \$11,000/\$22,000 for gifts between 2002 and 2005; \$12,000/\$24,000 for gifts between 2006 and 2008; \$13,000 for gifts in 2009 and 2010.

FEDERAL ESTATE TAX

Taxable Estate		Tentative Tax		Year	Estate Tax Credit	Tax-Sheltered Estate
Col. 1 From	To	Tax on Col. 1	Rate on Excess			
\$5,000,000	Infinity	\$1,730,800	35%	2011 and 2012	\$1,730,800	\$5,000,000

FEDERAL ESTATE TAX FORMULA

- A. Amount of taxable estate¹ \$ _____
- B. Aggregate of all post-1976 *adjusted taxable gifts*² + _____
- C. Sum of “A” and “B” \$ _____
- D. Tentative estate tax on “C” (from current tax table) \$ _____
- E. Aggregate of all gift taxes paid on post-1976 gifts³ – _____
- F. Tentative estate tax on (“D” less “E”) \$ _____
- G. Estate tax credit – _____
- H. Estate tax payable (“F” less “G” but not less than \$0) \$ _____

¹ “*Taxable estate*” means gross estate less all available deductions, including the estate tax marital deduction (if applicable), charitable deduction and state death tax deduction, subject to the following:

(a) If any post-1976 gifts were made by decedent within three years prior to death with respect to retained life interests, reversionary interests, revocable transfers, general powers of appointment, or incidents of ownership in life insurance policies, the gross estate is “grossed up” to include –

(1) the aggregate of all such gifts made by decedent (and joining spouse), if any, during that period – excluding gifts which aggregate no more than (but only if total gifts, single or joint, do not exceed) \$13,000 (\$3,000 for pre-1982 gifts; \$10,000 for gifts between 1982 and 2001; \$11,000 for gifts between 2002 and 2005; \$12,000 for gifts between 2006 and 2008; \$13,000 for gifts in 2009 and 2010) per donee per year made by decedent (but not excluding any portions of joint gifts attributable to spouse) during that period – plus

(2) the aggregate of gift taxes on such post-1976 gifts made during that period by deceased (and joining spouse).

(b) The “*estate tax marital deduction*,” if applicable, is unlimited in amount.

(c) The “*estate tax charitable deduction*” for bequests to charity is unlimited in amount.

² “*Adjusted taxable gifts*” means total amount of post-1976 taxable gifts [gross gifts less all available deductions including \$13,000 (\$3,000 for pre-1982 gifts; \$10,000 for gifts between 1982 and 2001; \$11,000 for gifts between 2002 and 2005; \$12,000 for gifts between 2006 and 2008; \$13,000 for gifts in 2009 and 2010) annual exclusion per donee (\$26,000 if spouse joins in gift), gift tax marital deduction and charitable gifts] other than such gifts that are included in the gross estate (see “1(a)(1)” above).

³ If any amount of gift tax attributable to a joining spouse’s portion of a joint gift is included in a “gross up” of the decedent’s gross estate (“1(a)(2)” above – re post-1976 gifts made within three years prior to decedent’s death), that amount of gift tax is also included in “E.” Otherwise, only the gift taxes attributable to the decedent’s post-1976 gifts (or portions of joint gifts) are included in “E.”

GENERATION-SKIPPING TRANSFER TAX

A generation-skipping transfer tax is imposed on gifts or bequests to persons more than one generation removed from the transferor (“skip persons”) where there is a “taxable termination,” “taxable distribution” or “direct skip.” GST tax is in addition to any gift tax or estate tax that may be due. In general, the transferee pays the tax. Transferors have a \$5,000,000 lifetime GST tax exemption in 2011 and transfers to grandchildren and collateral heirs who are orphans are exempt. Lifetime exemption matches estate tax sheltered amount. Direct skips are taxed at the highest estate tax rate. To determine the tax on generation-skipping transfers from trusts, multiply the maximum federal estate tax rate (35%) by the “inclusion ratio.” The inclusion ratio is 1 minus the “applicable fraction,” which has as the numerator the amount of GST exemption allocated to the transfer, over the denominator that consists of the value of the property transferred minus any charitable deductions allowed under §§2055 or 2522 and any taxes owed by the reason of the generation-skipping transfer and which were recovered from the trust by the estate.

FEDERAL INCOME TAX CHARITABLE DEDUCTION

An income tax charitable deduction is allowed for charitable contributions made within a taxable year, subject to limitations based upon whether the donee is a 50% or 30% charity, whether the donor is an individual or corporation, and what type of property is contributed. The 50% charities generally include churches, educational institutions, hospitals, governmental units, organizations receiving substantial support from governmental units or the general public, and certain private foundations (operating foundations, distributing foundations and pooled fund foundations described in I.R.C., §170(6)(1)(D)). The 30% charities include other organizations (mostly private foundations) described in I.R.C., §170(c), but which do not qualify as 50% charities.

Ceiling on Charitable Deductions

	50% charity	30% charity
Individual Donor	Total deductions limited to 50% of donor’s adjusted gross income with 5-year carryover. Gifts of trust income to 50% charity deductible up to 30% of AGI with 5-year carryover.	Total deductions limited to 30% of donor’s adjusted gross income, with 5-year carryover.

Corporate Donor	Deduction is limited to 10% of taxable income with 5-year carryover.	Deduction is limited to 10% of taxable income with 5-year carryover.
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Additional Limitations Based upon Type of Property Contributed

	50% charity	30% charity
Cash	Amount of cash	Amount of cash
Ordinary Income Property – Property that produces any gain other than long-term capital gain if sold at fair market value.	Cost. 50%-of-adjusted-gross-income ceiling applies. Examples include inventory of a business owner, a work of art in the hands of the artist who created it and tangible property that has been depreciated.	Cost. 30%-of-adjusted-gross-income ceiling applies.

Long-Term Capital Gain Property	Fair market value, not to exceed 30% of donor’s adjusted gross income with 5-year carryover. Donors of long-term capital gain property can qualify for 50%-of-AGI ceiling by electing to reduce contribution deduction by 100% of the gain present in the property.	Fair market value, for gifts of publicly held stock for which market quotations are readily available, not to exceed 20% of donor’s adjusted gross income with 5-year carryover. For all other gifts, reduce fair market value by 100% of long-term capital gain element if donee is private foundation.
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Tangible Personal Property That Is Unrelated to Charity’s Purposes	Fair market value, reduced by 100% of long-term capital gain element. 50%-of-AGI ceiling applies.	Fair market value, reduced by 100% of long-term capital gain element. 20%-of-AGI ceiling applies.
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Appraisal Requirements Qualified appraisals generally are required for non-cash gifts valued at more than \$5,000 and closely held stock worth more than \$10,000. No appraisal is required for gifts of publicly traded securities. The appraisal is summarized on Form 8283. Form 8283 must be filed for all non-cash gifts in excess of \$500, even if no appraisal is required.

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

Age	Payout Rate*	Deduction (3.0% AFR)	Age	Payout Rate*	Deduction (3.0% AFR)	Age	Payout Rate*	Deduction (3.0% AFR)
55	5.0%	\$1,472	70	5.8%	\$3,605	85	8.1%	\$5,609
56	5.0	1,665	71	5.9	3,739	86	8.3	5,751
57	5.1	1,697	72	6.0	3,881	87	8.6	5,846
58	5.1	1,896	73	6.1	4,029	88	8.9	5,948
59	5.2	1,942	74	6.3	4,090	89	9.2	6,056
60	5.2	2,149	75	6.4	4,252	90	9.5	6,168
61	5.2	2,356	76	6.5	4,418	91	9.5	6,397
62	5.3	2,422	77	6.7	4,506	92	9.5	6,616
63	5.3	2,635	78	6.8	4,682	93	9.5	6,823
64	5.4	2,714	79	7.0	4,786	94	9.5	7,019
65	5.5	2,801	80	7.2	4,898	95	9.5	7,204
66	5.5	3,026	81	7.4	5,018	96	9.5	7,378
67	5.6	3,130	82	7.5	5,208	97	9.5	7,542
68	5.7	3,243	83	7.7	5,337	98	9.5	7,697
69	5.8	3,365	84	7.9	5,471	99	9.5	7,842

* Payout Rates are rates recommended by the American Council on Gift Annuities. Charities historically have employed the Council's payout rates, but may pay higher or lower rates. Deductions assume quarterly payments.

CHARITABLE REMAINDER ANNUITY TRUST DEDUCTIONS ONE-LIFE TRUST FUNDED WITH \$100,000 (3.0% AFR)

Age of Beneficiary	\$5,000 Payout	\$6,000 Payout	\$7,000 Payout	\$8,000 Payout	\$9,000 Payout
60	None*	None*	None*	None*	None*
65	None*	None*	None*	None*	None*
70	\$44,874	None*	None*	None*	None*
75	55,095	\$46,114	None*	None*	None*
80	64,568	57,481	\$50,395	None*	None*
85	72,897	67,477	62,056	\$56,636	None*
90	79,831	75,797	71,763	67,729	\$63,695

* 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%. Note that the deductions shown reflect quarterly payments and a 3.0% applicable federal rate (AFR). Lower AFRs increase the risk of failing the 5% probability test.

TERM OF YEARS ANNUITY TRUST FACTORS (3.0% AFR)

Years	Annuity	Years	Annuity	Years	Annuity	Years	Annuity
1	0.9709	6	5.4172	11	9.2526	16	12.5611
2	1.9135	7	6.2303	12	9.9540	17	13.1661
3	2.8286	8	7.0197	13	10.6350	18	13.7535
4	3.7171	9	7.7861	14	11.2961	19	14.3238
5	4.5797	10	8.5302	15	11.9379	20	14.8775

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 "applicable federal rate." Using the tables above (3.0% AFR), a 12-year annuity trust making annual payments would have an annuity factor of 9.9540. If the trust is funded with \$100,000 and pays \$5,000 annually, the value of the income interest is \$5,000 x 9.9540, or \$49,770, and charity's remainder interest is \$50,230. (The computation must be adjusted slightly if payouts are other than annual; see Table K, IRS Pub. 1457.)

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.

APPROXIMATE INCOME TAX DEDUCTIONS FOR TWO-LIFE ANNUITY TRUST FUNDED WITH \$100,000 Joint Beneficiaries (3.0% AFR)*

Ages of Beneficiaries	Deduction if Beneficiaries Receive				
	\$5,000 Annually	\$6,000 Annually	\$7,000 Annually	\$8,000 Annually	\$9,000 Annually
65/65	None**	None**	None**	None**	None**
70/70	\$30,320	None**	None**	None**	None**
75/75	41,644	None**	None**	None**	None**
80/80	52,693	\$43,231	None**	None**	None**
85/85	62,911	55,493	\$48,075	None**	None**
90/90	71,823	66,187	60,552	\$54,917	\$49,281

* The deductions illustrated are only approximations. They are based on IRS tables employing a 3.0% AFR.

** 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%.

CHARITABLE REMAINDER UNITRUSTS (3.0% AFR)

Age	Payout Rate/Percent of Gift Deductible					
	5.0%	6.0%	7.0%	8.0%	9.0%	10%
55	.32052	.26331	.21861	.18346	.15560	.13336
56	.33247	.27477	.22939	.19347	.16483	.14183
57	.34466	.28653	.24051	.20385	.17444	.15069
58	.35708	.29858	.25195	.21458	.18441	.15991
59	.36974	.31093	.26374	.22569	.19478	.16954
60	.38267	.32362	.27593	.23721	.20559	.17963
61	.39585	.33662	.28848	.24915	.21684	.19017
62	.40923	.34990	.30135	.26146	.22849	.20111
63	.42281	.36345	.31456	.27414	.24054	.21249
64	.43659	.37726	.32809	.28719	.25300	.22429
65	.45057	.39135	.34196	.30064	.26587	.23654
66	.46490	.40589	.35637	.31467	.27941	.24948
67	.47954	.42083	.37126	.32927	.29356	.26309
68	.49442	.43612	.38658	.34438	.30828	.27730
69	.50952	.45170	.40229	.35994	.32351	.29209
70	.52478	.46756	.41835	.37594	.33925	.30744
71	.54023	.48368	.43478	.39239	.35552	.32338
72	.55582	.50006	.45156	.40927	.37229	.33989
73	.57150	.51661	.46859	.42651	.38951	.35691
74	.58718	.53326	.48582	.44401	.40707	.37436
75	.60281	.54992	.50314	.46169	.42488	.39212
76	.61834	.56656	.52051	.47949	.44289	.41016
77	.63374	.58314	.53790	.49740	.46108	.42845
78	.64900	.59964	.55528	.51537	.47941	.44694
79	.66408	.61601	.57261	.53337	.49783	.46561
80	.67893	.63222	.58983	.55132	.51628	.48439
81	.69355	.64823	.60690	.56920	.53473	.50321
82	.70789	.66400	.62380	.58695	.55313	.52206
83	.72192	.67950	.64047	.60453	.57140	.54085
84	.73562	.69470	.65686	.62189	.58951	.55953
85	.74896	.70954	.67295	.63899	.60742	.57807
86	.76192	.72403	.68871	.65578	.62506	.59639
87	.77447	.73810	.70406	.67220	.64237	.61442
88	.78662	.75176	.71902	.68826	.65935	.63218
89	.79832	.76497	.73352	.70388	.67592	.64955

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. For example, a donor who establishes a unitrust paying 6% for the life of a 65-year-old beneficiary could deduct .39135 (39.135%) of the amount transferred in trust. A \$100,000 transfer would create a charitable deduction of \$39,135. The above tables assume an applicable federal rate of 3.0% (rates change every month) and quarterly payments to the beneficiary. For different applicable federal rates and payment frequencies, refer to Tables U and F, IRS Pub. 1458.

UNITRUST TERM OF YEARS REMAINDER FACTORS (3.0% AFR)

Number of Years	5.0%	6.0%	7.0%	8.0%	9.0%
1	.95091	.94110	.93128	.92146	.91164
2	.90423	.88567	.86728	.84909	.83109
3	.85984	.83351	.80769	.78240	.75766
4	.81764	.78442	.75218	.72096	.69071
5	.77750	.73822	.70050	.66433	.62968
6	.73934	.69474	.65236	.61216	.57404
7	.70305	.65382	.60754	.56408	.52332
8	.66854	.61532	.56579	.51979	.47709
9	.63573	.57908	.52691	.47896	.43493
10	.60453	.54498	.49071	.44135	.39650
11	.57486	.51289	.45699	.40669	.36147
12	.54664	.48268	.42559	.37475	.32953
13	.51982	.45426	.39635	.34532	.30042
14	.49431	.42751	.36912	.31821	.27388
15	.47005	.40234	.34376	.29322	.24968
16	.44698	.37864	.32014	.27019	.22762
17	.42505	.35635	.29815	.24897	.20751
18	.40419	.33537	.27766	.22942	.18918
19	.38435	.31562	.25859	.21141	.17246
20	.36549	.29704	.24082	.19481	.15723

The above deduction percentages assume quarterly payments and an applicable federal rate of 3.0%. For different AFR percentages and payout frequencies, see Tables D and F, IRS Pub. 1458.

CHARITABLE LEAD TRUSTS: Deductions for charitable lead unitrusts also are calculated with reference to Tables D and F, but the portion contributed is the income interest, not the remainder interest. Deduction percentages (factors) are complements of the remainder interest percentages shown above. For example, the income interest factor for a 20-year charitable lead unitrust paying 5% is equal to 1.0 minus the remainder interest factor of .36549, or .63451.

APPROXIMATE INCOME TAX DEDUCTIONS FOR TWO-LIFE UNITRUST FUNDED WITH \$100,000 Joint Beneficiaries (3.0% AFR)*

Ages of Beneficiaries	5.0% Annually	6.0% Annually	7.0% Annually	8.0% Annually	9.0% Annually
60	\$27,604	\$21,606	\$16,988	\$13,425	\$10,666
65	33,940	27,630	22,575	18,518	15,253
70	41,255	34,852	29,524	25,088	21,384
75	49,376	43,154	37,794	33,174	29,184
80	57,829	52,068	46,946	42,392	38,340
85	66,104	61,032	56,398	52,167	48,299

* Deductions and factors shown are representative samples based on the use of a 3.0% applicable federal rate (AFR). Actual numbers may vary, based on the monthly midterm rate used.

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 or from either of the two months preceding the month of the gift. Rates (120% of the midterm rate) are published on or about the 20th of each month by the IRS and appear at <http://www.irs.gov/app/picklist/list/federalRates.html>.

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

Elect lowest rate available

- Charitable lead trusts
- Gift of life income interest in charitable remainder trust
- Charitable gift annuity (for large tax-free payout)
- Remainder interest in farm or personal residence

CHARITABLE GIFT TECHNIQUES COMPARED

Technique	Income Tax Deduction	Special Considerations
Outright Gift of Cash or Long-Term Capital Gain Property	100% deductible in year of gift, up to 50% of donor's adjusted gross income (30% for long-term capital gain property). Five-year carryover for excess deductions.	Largest deductions; long-term capital gains tax avoided if appreciated property is contributed.
Charitable Remainder Annuity Trust	Present value of charity's remainder interest (10% minimum) deductible in year of gift, based on age of income beneficiaries and unvarying dollar amount to be paid each year (see preceding tables). 5% probability test limits maximum payouts generally to 5% or 6% when AFR is low, unless trust is to last for a term of years.	Stable annuity income for life (5% minimum) for beneficiaries of donor's choice; capital gains tax avoidance; possible tax-free income from trust; estate tax savings; trustee handles investments; can last for life or term of years up to 20.
Charitable Remainder Unitrust	Present value of charity's remainder interest (10% minimum) deductible, based on age of income beneficiaries, and percentage of value of trust assets to be paid annually. Higher payouts (not exceeding 50% possible than annuity trust (above) because 5% probability test does not apply. See preceding tables to figure deductions.	Same benefits as the annuity trust (above) except that payout is a percentage of the changing value of the trust assets (possible hedge against inflation). Also, additional contributions are permitted, and donor may elect to have trust pay the unitrust percentage or actual trust income, whichever is LESS.
Charitable Gift Annuity	Amount transferred to charity, less the present value of annuity retained for the life of the income beneficiaries. Deductions identical to those afforded by charitable remainder annuity trusts, but much lower amounts needed to fund gift. Higher deductions if payment deferred for several years.	Payouts based on age or ages of income beneficiary(s). Maximum of two annuitants permitted. If funded with appreciated property, capital gain is reduced and spread over donor/annuitant's life expectancy. Annuity income is partially tax free. Higher payouts for deferred payment gift annuities.
Qualified Charitable Distributions from IRAs	Although no income tax deduction is allowed, an owner of a traditional or Roth IRA can direct the custodian to make distributions directly to public charities. Transfers up to \$100,000 will be excluded from income. This exclusion is available to IRA owners over age 70½ through 2011, but not to participants in other plans, such as 401(k) or 403(b) plans.	The exclusion from income applies only to direct transfers made by the account custodian, not to withdrawals taken by the account owner and then transferred to charity. Only outright gifts qualify – not gifts to charitable remainder trusts or charitable gift annuities. Transfers to donor advised funds, private foundations or supporting organizations do not qualify.
Gift of Home or Farm with Reserved Life Estate	Present value of charity's remainder interest in land and structures less depreciation on structures during donor/life tenant's remaining life expectancy. "Home" includes any personal residence, including vacation property, condos, etc. "Farm" includes ranchland, and just a few acres may be contributed.	Donors who intend to bequeath farms or homes to charity can accomplish same result with this technique, but receive a current income tax deduction, and continue to use farm or home for life. Life estate can be reserved for one or more lives. Can be arranged by will (possible estate tax savings).
Charitable Lead Trust	Present value of charity's income interest (if donor is owner of trust under grantor trust rules, generally via reversion to grantor). Donor is taxed on trust income.	Lead trusts are usually created for a term of years, with heirs as remainder beneficiaries (generally, no income tax deductions but federal transfer tax savings). Trust is not tax exempt.

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2011 Federal Tax Pocket Guide

For Advisers and Planners

- Federal Individual Income Tax
- Income Tax on Estates and Trusts
- Federal Corporation Tax
- Federal Income Tax on Capital Gains
- Federal Alternative Minimum Tax
- Federal Gift, Estate and GST Tax (Rates and Credits)
- Federal Estate Tax Formula
- Federal Gift Tax Formula
- Federal Income Tax Charitable Deduction
- Charitable Remainder Annuity Trusts and Gift Annuities
- Charitable Remainder Unitrusts
- Charitable Gift Techniques Compared

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