



Planned Giving Manager Mini Manager Gift Annuity Manager Windows Version 6.1 Update February 2007

Dear PGM Client,

I am delighted to announce the release of **Planned Giving Manager version 6.1**.

While PGM 6.1 enhancements focus on keeping PGM current with state and federal rules, we did find time to add a few other improvements, as well. All enhancements apply to Mini Manager and Gift Annuity Manager, except where noted. Highlights include:

- A Comparison of Benefits chart that shows the taxation breakdown for gift annuities
- Gift annuity agreements updated to comply with the latest state requirements
- Income tax tables updated for 2007
- Addition of the new Female/Female ACGA rate table for New Jersey and New York

Please read the brief discussion of each enhancement on the attached pages so that you understand what's new in PGM 6.1.

If you have any questions about the software, please do not hesitate to call us toll free at 888-4PG-CALC (888-474-2252).

We look forward to helping you get the most out of PGM 6.1!

Sincerely,

A handwritten signature in blue ink, appearing to read 'Gary'.

Gary M. Pforzheimer, President
PG Calc Incorporated

Summary of Enhancements

Tax law and ACGA rate changes

- **New Female/Female ACGA rate table for New Jersey and New York**

The American Council on Gift Annuities (ACGA) announced a new recommended gift annuity rate table for use in New York and New Jersey for annuities with two female annuitants. The new table is effective at least until New York and New Jersey announce their maximum interest rates for 2007, which typically happens in August or September. The table differs from the current standard ACGA rate table only for deferred gift annuities.

You can choose the new rate table, as needed, by opening Customize – Gift Annuity Rate Tables and choosing *ACGA Rates for NY/NJ F/F Pub. 10/2006*.

- **2007 trust and estate income tax schedules applied in Lead Trust Projections**

Lead Trust Projections uses the federal income tax table for estates and trusts when it computes the income tax on a lead trust's or regular irrevocable trust's taxable income. PGM 6.1 incorporates for this purpose the federal income tax schedule for estates and trusts for 2007.

- **Online Help contains federal tax tables for 2007**

The Online Help in PGM 6.1 for Windows contains all of the pertinent tax tables for 2007. It also contains federal tax tables for past years and, where known, for 2007-2010. See the *Tables – Federal income tax* and *Tables – Federal gift and estate tax* sections in the Contents tab.

- **Updated IRS discount rates**

As we do with every update, we have hard-coded all monthly IRS discount rates through the month of release in order to ensure their accuracy. PGM 6.1 incorporates discount rates through February 2007. We send an eRate e-mail each month with the most current IRS discount rate. If you are not receiving the IRS discount rate this way, but would like to, please visit www.pgcalc.com and click "Sign Up for the eRate!" You will continue to receive our monthly IRS discount rate postcard whether or not you sign up for the eRate.

Enhancements

- **Comparison of Benefits chart shows taxation breakdown for gift annuities**

Our last release of PGM, PGM 6.0B, included a Detailed Comparison of Benefits narrative that allowed you to compare side-by-side the basic benefits of different gifts, including the taxation breakdown of gift annuity payments. We have now added this ability to show the taxation breakdown of gift annuity payments to PGM's Comparison of Benefits chart. The Comparison of Benefits chart is able to handle more variations of gift annuity taxation than the narrative could and to provide more detailed notes of how the annuity will be taxed over the lifetime of the gift. Try it out!

Now that we've enhanced the Comparison of Benefits chart, we recommend that you remove the Detailed Comparison of Benefits narrative from PGM, if you have one. To do this, choose Customize – Narratives in the Menu Bar, click the *Detailed Comparison of Benefits* line at the end of the list of narratives, then click Remove. To save this change, choose File – Save Configuration in the Menu Bar, then click Save. To delete the narrative file itself, open the folder where PGM is stored (likely c:\pgm) in Windows Explorer, then delete *compben.nar*.

- **Gift annuity agreements updated to comply with all current state requirements**

We have updated PGM's gift annuity agreements to comply with changes in requirements in New York, Washington, and New Jersey. We have also made a variety of other improvements to the agreements.

All changes to the agreements are described in detail in the Gift Annuity Agreement Changes Appendix at the end of this document.

Important: One of the gift annuity agreement changes makes the Payment Correction paragraph mandatory in New Jersey agreements. If your organization has agreements on file with New Jersey that do not include a Payment Correction paragraph, it will need to re-file its agreements with New Jersey before issuing additional annuity agreements there.

- **Retained life estate terminology simplified**

We have simplified the terminology used in the follow-up questions that appear when you choose a Retained Life Estate as a gift option. We expect the new terminology to make it easier to understand what these questions are asking for. "Value of Depreciable Portion" is now "Value of Building(s)," "Estimated Useful Life of Property" is now "Estimated Useful Life of Building(s)," and "Salvage Value of Property" is now "Salvage Value of Building(s)". We have made similar changes to the labels that appear in the Assumptions block of the Summary of Benefits, Actuarial Calculations, and Non-Charitable Interest Actuarials charts when you select a retained life estate.

- **Questions for annuity agreements added to Customize – Organization Information**

Donor name and Donor SS#

You have the option to print a donor's name and/or social security number beneath the donor's signature line on gift annuity agreements. Previously, you were asked whether you wanted to print each of these values under Narrative Follow-Up Questions each time you created a gift annuity agreement. We have moved these questions under Customize-Organization Information so that you can answer them just once and your answers will be applied to all agreements you produce thereafter. Note that New York requires the donor's name to be printed beneath the donor signature line, so PGM always prints donor names under donor signature lines on New York agreements.

Washington agreement publication date

The State of Washington now requires form numbers on gift annuity agreements to include the month and year that the agreement was filed with the state. To accommodate this requirement, we've added a "Washington State agreement publication date (e.g. 6/01)" under Customize - Organization Information. The date you enter appears at the end of the agreement form number whenever you produce a Washington agreement.

- **Online Help updated**

We have updated PGM's Online Help system to reflect all changes and new features in PGM 6.1. These changes include the addition of recent tax rulings and legislation important to gift planning.

- **PGM Introductory Guide updated**

You can download the PGM 6.1 Introductory Guide at www.pgcalc.com/pdf/pgm61intro.pdf or copy it from an update CD. The Introductory Guide takes you on a step-by-step interactive tour through all of the basics of the software, making it an ideal introduction to PGM for new staff members and a good refresher for current ones who use PGM infrequently.

Bug Fixes

- **Comparison charts print second page when needed**

In PGM 6.0, the Percentage Deductions, Dollar Deductions, and Non-Charitable Dollars charts in Basic Gift Illustrations would always print just one page, even in cases where there were too many gift options selected to fit on one page. These charts now print a second page whenever needed.

- **Print Configuration prints**

In PGM 6.0, when you selected File - Print Configuration and chose Print, nothing printed. The configuration report now prints successfully.

- **PGM could close when Open Saved Case or Choose Template for New Case chosen first**
PGM 6.0 would close if you had custom startup defaults set up and the first thing you did when you launched PGM was to select either *Open Saved Case* or *Choose Template for New Case* from the Initial Menu. PGM now acts correctly in these two cases.
- **Font size too small in Summary of Benefits – Numbers diagram**
In PGM 6.0, the font size used in the Summary of Benefits - Numbers diagram produced by Life Income Projections was in most cases smaller than the font size used in all other diagrams. The font size used in this diagram is now the same as in all the other diagrams.

Appendix: Changes to Gift Annuity Agreement narrative

We have made the following changes to the Gift Annuity Agreement narrative in PGM 6.1:

Changes that apply to agreements for all states

1. Changed [name of first annuitant] to [name of donor] in the prototype Birth Date of Annuitants paragraph for this case: two annuitants, one donor, joint annuitants – one is the donor. Changed [name of first annuitant] to [name of first donor] in the same paragraph for this case: two annuitants, two donors, joint annuitants – both are donors.
2. Added logic to insert "first" in "[name of first donor]" in prototype Schedule B header when there are two donors.
3. Added flexible gift annuity default commencement date language to the end of the Election of Commencement Date paragraph: "If no election is made, annuity payments will commence on [last possible commencement date]."
4. Added ability to show separate addresses for two donors when these addresses differ. If the addresses are the same, agreement shows one address for both donors.
5. Added ability to show separate addresses for two annuitants when these addresses differ. If the addresses are the same, agreement shows one address for both annuitants.
6. Added logic to Payment of Annuity and Election of Commencement Dates paragraphs to use "his" or "her" rather than "his or her" when both annuitants are male or both are female.
7. Added annuitant #2 gender question for two-life, one donor, joint and survivor - donor is an annuitant. This change assures use of correct pronoun gender ("his", "her", or "his or her") in the Payment of Annuity paragraph and, for California agreements only, in the Birth Dates of Annuitants paragraph.

Changes that apply to agreements for New York only

Specific and prototype agreements

1. Made donor signature mandatory. This also makes the introductory paragraph at the top of the agreement mandatory.
2. Made donor name under signature line mandatory. (As a consequence, PGM no longer warns that if the agreement is not signed, an application form must be signed instead.)
3. Made numerous changes to the Irrevocability and Power to Revoke paragraphs to accommodate an "either or both" approach to revoking annuitant interests.
4. Revised warning text regarding revocation language. The warning appears for three cases: two-life, two-donor, successive annuitants - first is a donor; two-life, two-donor, successive annuitants - neither is a donor; and two-life, one-donor, successive annuitants - neither is a donor.

Specific agreements only

1. Added logic to the flexible gift annuity agreement for a cash gift so that the title of the schedule of elective start dates is "Schedule A," not "Schedule B."
2. No longer ask whether both annuitant interests or just the successor annuitant interest can be revoked in the following cases: two-life, one donor, successive annuitants – neither is the donor case; and two-life, two donors, successive annuitants – neither is a donor. Either or both interests always can be revoked in these cases.
3. For flexible gift annuity agreements, added warning that the range of elective start dates must not exceed the maximum range filed with the state.

Prototype agreements only

1. For flexible gift annuity agreements, put the "B" in Schedule B title in brackets.
2. Bracketed "or" and changed ()s to []s around "brief description" in the Transfer of Property paragraph.
3. Added brackets around "t" in "this annuity . . ." at the start of the Irrevocability paragraph.
4. Added brackets around the paragraph numbers that follow the Power to Revoke paragraph.
5. Bracketed "or" and changed ()s to []s around "describe restricted purpose" in the Uses and Purposes paragraph.
6. Added logic to insert "first" in "[name of first donor]" under first donor signature line when there are two donors.
7. Added "and value" in "[Description and value of donated property]" in Schedule A.
8. Added question to request maximum possible range of commencement dates for flexible gift annuities. The answer determines the number of years shown on Schedule B.

Changes that apply to agreements for New Jersey only

1. Made Payment Correction paragraph mandatory in standard and prototype agreements. Adjusted paragraph numbering accordingly.

Important: If your organization has agreements on file with New Jersey that do not include a Payment Correction paragraph, it will need to re-file its agreements with New Jersey before issuing additional annuity agreements there.

Changes that apply to agreements for Washington State only

1. Added submission date to end of Form Number. Date appears in form number at top of standard and prototype agreements.

Bug fixes

1. In two-life, one-donor, successive annuitants - donor is first annuitant case, second to last sentence in Payment of Annuity paragraph used "her" instead of conditional "his" or "her" for second annuitant.
2. In two-life, two-donor, successive annuitants - first annuitant is a donor case, the second to last sentence in the Payment of Annuity paragraph used "her" instead of a conditional "his" or "her" for the second annuitant. Also, the prototype version used "her" instead of "[his/her]".
3. Replaced "the exercise of this power" with "payment preceding [his/her] death" in the Power to Revoke paragraph for the following cases: one annuitant, two donors, the annuitants is one of the two donors; and two annuitants, two donors, successive annuitants - neither is a donor.

4. "[name of successor annuitant]" was missing from the end of the prototype Payment Correction paragraph for New York and Washington agreements when in the following case: two annuitants, one donor, successive annuitants - first is the donor.