



Planned Giving Manager Suite

Planned Giving Manager/Mini Manager/Gift Annuity Manager

Windows Version 6.5 Update

May 2011

Dear PGM Client,

I am pleased to announce the release of **Planned Giving Manager version 6.5**.

PGM 6.5 includes:

- * New ACGA suggested maximum rate tables for gift annuities and deferred gift annuities. The new table will be effective for gifts made on or after July 1, 2011
- * IRS discount rates updated through May 2011
- * Minor modifications to Gift Annuity Disclosure Statement Narrative
- * Online Help updated to reflect all revisions
- * Three bug fixes

These changes are detailed on the following page. Please review them before you use your updated software.

If you have any questions about the software, please do not hesitate to call Client Services toll free at 888-474-2252. We look forward to helping you get the most out of PGM 6.5.

Sincerely,

Gary M. Pforzheimer

Summary of Enhancements

- **New ACGA rates**

On May 4, 2011, the American Council on Gift Annuities (ACGA) announced a new schedule of 1-life and 2-life suggested maximum gift annuity rates effective July 1, 2011. The new tables are incorporated into PGM 6.5 for all gift annuity types.

The new single-life rates will be 0.1% - 0.6% *lower* than the current rates for younger annuitants, with the greatest decrease centered around age 50, and 0.3% *higher* for older annuitants starting at age 79. The new two-life annuity rates follow a similar pattern, with the new rates lower for joint ages below 75 and 75 and higher for joint ages above 81 and 81. In addition, the ACGA reduced the interest factor for determining suggested maximum deferred gift annuity rates from 4.5% to 4.0%, resulting in a decrease in these rates for almost all deferred annuities – the longer the deferral period, the greater the decrease. For more details, see our analysis at www.pgcalc.com/news/acga_rates_2011.htm.

After you install PGM 6.5, PGM will continue to pick gift annuity rates from your current gift annuity rate table. If you wish to use the new rates at any time prior to July 1, open Customize – Gift Annuity Rate Tables in the PGM Menu Bar, select "ACGA Rates Effective 7/1/2011," then click Done. Be sure to save your configuration change when prompted on exit.

You will be prompted to choose a gift annuity rate table the first time you launch PGM 6.5 on or after July 1, 2011. "ACGA Rates Effective 7/1/2011" will be the default choice unless you use a custom gift annuity rate table, in which case your custom table will be the default choice. When you see this message, click the rate table you wish to use going forward, then click Done. Again, be sure to save your configuration change when prompted on exit.

- **IRS discount rates updated through May 2011**

As with every update, we have included all monthly IRS discount rates up to the month of release in order to ensure their accuracy. PGM 6.5 incorporates discount rates through May 2011.

- **Minor text changes to Gift Annuity Disclosure Statement**

We have made the following text changes to the Gift Annuity Disclosure Statement narrative:

1. Added "the market value of" in front of "our total invested funds" in the Assets Backing Annuity paragraph.
2. Added commas around "or requests for information" in the For More Information paragraph.
3. Added charity state to the first line of the Governance paragraph.

- **Online Help updated to reflect all changes**

We have updated PGM's Online Help to reflect all changes in PGM 6.5.

Bug Fixes

- **Optimize flexible gift annuity rates for 10% deduction applied when printing**
A new feature in PGM 6.4, released in February 2011, allows you to optimize gift annuity rates to pass the 10% deduction requirement in instances where the selected rates fail this test. We discovered recently that when this optimizing feature was invoked for a flexible gift annuity, it worked properly when presentations were viewed or exported to Word or Excel, but was ignored when presentations were printed. This feature now works for printed flexible gift annuity presentations, too.
- **Gift tax exclusion for 2010 corrected**
A subtle wrinkle of the gift tax schedule for 2010 was that the exclusion amount necessary to exempt the first \$1 million in taxable gifts from tax was not the \$345,800 that it had been in previous years. For 2010 only, the exclusion amount was \$330,800. Prior versions of PGM were applying a \$345,800 gift tax exclusion to taxable gifts made in 2010. PGM 6.5 applies the correct \$330,800 exclusion to these gifts.
- **Subsequent installments beginning date corrected in gift annuity agreements**
In the following unusual set of circumstances the date of the first subsequent installment shown in the *Payment Dates: First Installment* paragraph of gift annuity agreements was incorrect: payments were at the beginning of the period, the first payment was prorated, and the prorated payment was combined with the first regular payment. In this case, the date of the first subsequent installment was shown to be the last day of the month when it should have been shown to be the *first* day of the month. This bug has been fixed.