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Dear PG Calc Client,

I am very pleased to announce the release of **Planned Giving Manager version 7.2**. *PGM 7.2* is a modest update that focuses on adjustments we make each calendar year to keep *PGM* up-to-date with indexing of tax schedules and exemptions.

As a *PGM* client, you are also eligible to use *PGM Anywhere*, our online version of *PGM* that is optimized for the tablet, laptop, and desktop, for no additional charge. If you haven't signed up for *PGM Anywhere*, please go to <http://marketing.pgcalc.com/pgm-anywhere-provisioning> today!

PGM 7.2 features the enhancements listed below, as well as fixes to a number of bugs discovered since the last release:

- * Tax tables updated with 2015 indexing for inflation, including the \$5,430,000 estate and gift tax exemption amount for 2015.
- * Some Narrative Follow-up Questions whose answers rarely change have been moved to Customize – Organization Information.
- * Gift Annuity Agreement updated with Vermont disclosure language changes.

Learn more about *PGM 7.2*'s new features on the following pages.

As always, our Client Services team stands ready to answer your questions about using the new features and the software in general. Call Client Services toll free at 888-474-2252 or email support@pgcalc.com anytime. We look forward to helping you use *PGM 7.2* to support your donors and further your mission.

Sincerely,

Gary M. Pforzheimer

Summary of Enhancements

Tax Law Changes

- **Federal gift, estate, and generation skipping tax rates and exemption for 2015**

The exemption for federal gift, estate, and generation skipping tax (GST) made permanent by the American Taxpayer Relief Act of 2012 was \$5 million in 2011. This amount is indexed annually for inflation and is \$5,430,000 in 2015. We have updated *PGM* with the indexed amount for 2015.

This change affects the following illustrations:

- Non-grantor lead trusts in Basic Gift Illustrations
- Gift tax, testamentary, and estate plan models in Life Income Projections
- Non-grantor, testamentary, and super grantor lead trusts in Lead Trust Projections
- Estate Tax and Gift Tax functions in the Tools menu

- **Federal income tax schedule for estates and trusts in 2015**

Lead Trust Projections uses the federal income tax table for estates and trusts when it computes the income tax owed by a lead trust or regular irrevocable trust each year. *PGM 7.2* incorporates for this purpose the federal income tax schedule for estates and trusts for 2015. Lead Trust Projections also uses this income tax schedule to determine when to apply the 3.8% Medicare surtax to lead trust taxable income (this threshold in 2015 is \$12,300 of taxable income).

- **IRS discount rates updated through February 2015**

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 7.2* incorporates discount rates through February 2015.

- **Tax tables in *PGM* Help updated for 2015**

PGM Help includes numerous federal income, estate, and gift tax tables for reference. Where appropriate, these tables have been updated to include indexed values for 2015. See *PGM* Help – Contents – Tables – Federal Income Tax and *PGM* Help – Contents – Tables – Federal Gift and Estate Tax to review all of these tables.

- **Gift minimum questions moved under Customize**

The Long Description and/or Example narrative has included a question about whether to include a gift minimum in the text, and if so, asked for the amount of the minimum. Since your answers to these questions will rarely change, we have moved all of these questions under Customize – Organization Information in a window with the heading “Gift Acceptance Policies.” Another Long Description and/or Example narrative follow-up question that we have moved there asks whether your organization accepts real estate for a gift annuity.

Gift Annuity Agreement Changes

- **Payment correction paragraph option now selected under Customize**

The gift annuity agreement has long included a narrative follow-up question that asked whether to include a payment correction paragraph in the agreement. The only exception was for the few states that require this paragraph to be included (NY, NJ, and WA). Since the answer to this question for a particular organization is likely the same for every agreement, we have moved this question “Include payment correction paragraph in agreements (even if state does not require)” under Customize – Organization Information so that you need to answer it only once, rather than every time you create an agreement.

- **Vermont disclosure language changed**

Vermont changed the name of the department that regulates insurance companies in 2012 from the Department of Banking, Insurance, Securities, and Health Care Administration to the Department of Financial Regulation. We have updated the disclosure language for Vermont agreements to reflect the new name.

Bug Fixes

- **Annual Payout could appear for RLE on Comparison of Benefits chart**

If you replaced a life income gift with a retained life estate, an Annual Payout value would appear for an RLE on the Comparison of Benefits chart. This line should always be blank for RLEs and now it is.

- **Gift annuity rate table name could be incorrectly left off charts**

You can choose a setting under Customize – Calculation Options – Gift Annuities so that summary and comparison charts include the name of the gift annuity rate table from which gift annuity rates have been drawn. Changing the annuitant age and payment frequency (and nothing else) was one way to cause the gift annuity rate table name to be dropped from these charts. This table name now always appears when it should.

- **Cost basis could be missing from detail charts**

When comparing different principal amounts where the first gift option was funded with cash and another gift option was funded with appreciated property, the cost basis of the appreciated property gift was not included on detail charts such as Detailed Cash Flow Analysis. The opposite would also happen: if the appreciated property gift were first and the cash gift second, the cost basis of the cash gift was unnecessarily displayed. In neither case were any values that did appear on detail charts adversely affected. This bug is fixed.

- **Annuity entered in dollars converted to wrong % for RLE + gift annuity case**

When a dollar amount (rather than a percentage) was entered as the annuity rate for the gift annuity component of a gift annuity + retained life estate gift, the annuity rate percentage displayed on presentations was wrong. This percentage was being computed relative to the amount funding the retained life estate rather than relative to the remainder value of the retained life estate (i.e.,

the funding amount of the gift annuity). The RLE + deferred gift annuity model was also affected. The annuity rate percentage is now computed correctly for these cases.

- **Changing a retrieved installment bargain sale case could cause *PGM* to crash**

Changing the payment frequency after retrieving an installment bargain sale case that optimized the bargain sale price so that the savings from the charitable deduction equaled the capital gains tax on the sale caused *PGM* to crash. It no longer does.

- **Organization Information cannot be lost when too many organizations added**

We discovered that specific organization information could be lost when more than a certain number of organizations were added under Customize – Organization Information.

Specifically, bequest language entries, which can appear in some narratives when a Bequest to Charity is selected, would be lost for all organizations added after the sixth one. Likewise, certain entries used in gift annuity agreements and gift annuity disclosure statements would be lost for all organizations added after the 68th one, although we expect very few if any clients have set up enough organizations to encounter this bug. Additional entries could be lost when more than 105 organizations were added.

We have fixed the bug. We also have coded *PGM* 7.2 so that when you run it for the first time, it will detect if your copy of *PGM* has any missing organization information and, if so, replace the missing information with *PGM*'s standard default values. *PGM* also will alert you that it has done this and encourage you to review the affected organization information. Please contact PG Calc Support at 888-474-2252 or support@pgcalc.com if you see this message and wish to learn more details about the values affected.