

PGM Anywhere & Charitable Remainder Trusts

Week #2: September 16, 2026

Comparing CRT's and CGA's

Designing the right CRT Illustration

Trust Taxation

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Charitable Remainder Unitrust

The “CRUT”

Payout percentage is constant, but the trust is revalued annually:

Set percentage, but variable payments

Example: CRUT @ 5%

12/31/2026 valuation of \$100,000 = \$5,000 in total payments in 2027

12/31/2030 valuation of \$90,000 = \$4,500 in total payments in 2031

12/31/2040 valuation of \$150,000 = \$7,500 in total payments in 2041

Donor can make additions in the future

Charitable Remainder Annuity trust

The “CRAT”

Payout percentage is constant, based on the initial funding value:

Set payments for life

Example: \$100k CRAT @ 5%

12/31/2026 valuation of \$100,000 = \$5,000 in total payments in 2027

12/31/2030 valuation of \$50,000 = \$5,000 in total payments in 2031

12/31/2045 valuation of \$200,000 = \$5,000 in total payments in 2041

Donor CANNOT make additions in the future

Must pass the 5% probability test: IRS discount rate v IRS tables

Charitable Gift Annuity

The “CGA”

A **contract** between the donor and issuing charity where the donor overpays for an annuity (income stream for life).

The amount of overpayment is a charitable gift eligible for a charitable deduction

10% Charitable “Residuum” for charity based on calcs (likeCRT’s)

Provides set payments for life based on the life of the annuitant/s (1 or 2)

Sample CGA rates (ACGA 2024)

One Life Rate:

58: 5.0%
70: 6.3%
75: 7.0%
85: 8.1%

2-Life Rate:

65 and 65: 5.0%
70 and 70: 5.5%
75 and 75: 6.2%
85 and 75: 6.7%

THE CAGE MATCH! CRT v CGA

	CRT (Annuity or Uni-)	CGA
# of income beneficiaries	Any number as long as they pass the 10% remainder test	1 or 2
# of Charitable Beneficiaries	Any number. Revocable or Irrevocable	One. The issuing organization
Drafting the Governing Instrument	Get a Lawyer!	Can be drafted in PGM Anywhere
Payout Rates	5-50%	Most organizations follow ACGA (current max = 10.1% for 90+)
Who pays the Annuitant/Beneficiary?	The Trust (and it can run dry)	The Charity... Backed by all assets
Beneficiary/Annuitant Income Taxation?	Based on: - Funding Asset - Portfolio Allocation/Performance	Set at creation of CGA. - Funding Asset - Life Expectancy

CRT Illustration Fact Pattern

The Society for Math:

- We will draft, trustee, administer and invest the trust as long as:
 - The Trust is funded with at least \$250k and we are at least 50% remainder **irrevocable** beneficiary.
 - The default payout rate is 5% (we may go up to 7% in the right circumstances, but that doesn't need to be part of the discussion)
- I already know that Bald Mountain Bank is our Investment Manager:
 - They say an 8% Portfolio return is appropriate: 5% Appreciation, 3% Income
 - They charge 0.5% management fee

The Donors: ages and goals

- **George (70) and Greta (69) Grantor are thinking “a \$500k trust” but don't know if they want steady or variable income**
- Not interested in being trustee
- They sound like they don't want to discuss this more: “I'll get to work on this right away and let you know if I have any other questions”
 - Save the endowed fund discussion for next time.
 - Save the funding asset question for next time.

PGM Anywhere Illustration: CRTs v CGA

Case: PGMA.CRT 9.26 | Donor: PGMA.CRT 9.26 - Intro CRT v CGA

PG Calc New Open Save

Assumptions

- Date•Lives•Term**
- Gift Options
- Tax Rates
- Presentations
- Personalization

Results

Gift Date•Lives•Term

Gift date: 9/16/2026

IRS discount rate: 5.4% for September 2026

Gift term: ☒ Lives ☐ Fixed term ☐ Lives & fixed term

Ages or birth dates: ☒ Ages ☐ Birth dates

Age 1: 70

Age 2: 69

Year projection ends [life exp. = 2052]: 2052

Show present values for projected amounts? No

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PGM Anywhere Illustration: CRTs v CGA

Assumptions

Date • Lives • Term

Gift Options

Tax Rates

Presentations

Personalization

Results

Gift Options

Your Selections (up to 3)

Drag items to change order

Clear All



5.4% Gift Annuity

Principal: \$500,000.00, Cash
Payment: Quarterly at end



5.0% Remainder Unitrust

Principal: \$500,000.00, Cash
Payment: Quarterly



5.0% Remainder Annuity Trust

Principal: \$500,000.00, Cash
Payment: Quarterly at end



Add A Gift Option

+ Bequest To Charity

+ Gift Annuity

+ Deferred Gift Annuity

+ Flexible Gift Annuity

+ Commuted Gift Annuity

+ Remainder Unitrust

+ Remainder Annuity Trust

PGM Anywhere Illustration: CRTs v CGA

Gift Annuity

Property type:

Cash

Gift amount:

\$500,000.00

☐ Apply above to all gift options

Annuity rate (% or \$) [ACGA2024=5.4%]:

5.4%

Reduce annuity rate, if needed, to meet 10% deduction requirement?

Yes

Payment frequency:

Quarterly

Payment timing:

End of period

Prorate first payment to reflect partial payment?

Yes

Combine first partial payment with first regular payment?

No

Date of first payment:

9/30/2026

Investment Assumptions for Projections

Done

PGM Anywhere Illustration: CRTs v CGA

Gift Annuity

Payment timing:

End of period

Prorate first payment to reflect partial payment?

Yes

Combine first partial payment with first regular payment?

No

Date of first payment:

9/30/2026

Investment Assumptions for Projections

Change income/appreciation rates during gift term?

No

Sell all funding assets in first year?

Yes

Annual income rate:

4.0%

Annual appreciation rate:

3.0%

Cost of sale (% or \$):

0.0%

Annual management fee (% of principal):

0.5%

☐ Apply investment %s to all gift options

Done

PGM Anywhere Illustration: CRTs v CGA

Remainder Unitrust

Property type:

Cash

Gift amount:

\$500,000.00

☒ Apply above to all gift options

Use maximum payout rate that meets 10% remainder requirement?

No

Unitrust payout rate:

5.0%

Unitrust type:

Regular

Payment frequency:

Quarterly

Whole months from annual valuation date to first payment date:

3

Investment Assumptions for Projections

Done

PGM Anywhere Illustration: CRTs v CGA

Remainder Unitrust

Investment Assumptions for Projections

Change income/appreciation rates during gift term?

No

Sell all funding assets in first year?

Yes

Annual income rate:

3.0%

% of income exempt from tax:

0.0%

% of income taxed as qualified dividends:

0.0%

Annual appreciation rate:

5.0%

Annual asset turnover %:

0.0%

Cost of sale (% or \$):

0.0%

Annual management fee (% of principal):

0.5%

☒ Apply investment %s to all gift options

Done

Don't Offer Tax Advice! Simplify your Illustrations

PG Calc New | Open | Save | Tools | **Customize** | Users | Help

Organizations
Disclaimers
Pooled Funds
Narratives
Designer Proposals
Chart Options
Calculation Options **2**

Close Customize

Calculation Options

Gift Annuities

Round annual annuity payment: Up to next cent for pay period

Set Date of First Payment default to: Last day of calendar period (e.g., 3/31)

Credit partial payment on: Day of gift

Prorate first payment to reflect partial period? Yes

Compute partial payment based on: Days in current payment period

Show gift annuity rate table name on summary and comparison presentations? Yes

Gift annuity rate table: ACGA rates effective on date of gift

Save Cancel

Projections

3 Show projected benefit to payment recipient: Before-tax

4 Save Cancel

PGM Anywhere Illustration: CRTs v CGA

Assumptions

Date•Lives•Term

Gift Options

Tax Rates

Presentations

Personalization

Results

Personalization

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Date in heading: 9/16/2026



Organization: Society for Math



Disclaimer: For illustration purposes only



Optional text: CRUT v CRAT v CGA

Donor icon label: Donor

Case notes:



PGM Anywhere Illustration: CRTs v CGA

Doug's old CRT illustration (but there are other templates)

The screenshot displays the PG Calc software interface. On the left is a vertical navigation menu with the following items: Assumptions, Date•Lives•Term, Gift Options, Tax Rates, Presentations (highlighted in yellow), Personalization, and Results. The main area on the right is titled 'Presentations' and contains a section 'Your Selections'. This section includes a 'Clear All' button and a list of presentation items, each with a trash icon for deletion:

- Long Description and/or Example
- Summary of Benefits - How It Works
- Summary of Benefits Projection
- Detailed Cash Flow Analysis
- Taxation Schedule
- Income Projection Line Graph

PGM Anywhere Illustration of a CRT

Long Description and/or Example 

Include benefits list for a specific case?

Long Description and/or Example 

Include QCD info in CGA and CRT descriptions?

Include information on applicable % of AGI deduction limitations?

Is your organization willing to trustee charitable remainder/lead trusts?

Will the gift be invested by your endowment managers?



YOUR
PARTNER
IN PLANNED
GIVING
SUCCESS

PGM Anywhere Illustration of a CRT

Let's Look at the Results

Long Description and/or Example

1-pager that can easily be redrafted into a proposal

Can integrate the specific benefits (or not)

Generates a page for ALL existing calculations

Summary of Benefits – How it Works

A more visual explanation of how the gift happens

Customizable Images

A nice break from text and numbers

Generates a page for ALL existing calculations

Summary of Benefits “Projection”

1-page document that compares each gift

Compare charitable deductions = today's dollars
(based on what growth factor?)

Total Benefit to Payment Recipient
(based on what growth factor?)

Total Benefit to Charity
(When?)

Detailed Cash Flow Analysis

Each Gift gets its own page

Follows the growth and payouts

NOTE

CGA = Payments and Tax-free income are constant

CRUT = Payments and Tax-free are variable

CRAT = Payments are constant, Tax-free is variable

Why?

PGM Anywhere Illustration of a CRT

Income Projection Line Graph

1-pager that compares ONLY annual income payouts

Over 25 years, that CRUT is looking good

Taxation of Charitable Remainder Trusts

Taxation Schedule

Each Gift gets its own page

CGA annuitant taxation is set at creation and dependent on:

1. Initial Funding Assets
2. Annuitant/s life expectancy

CRT beneficiary taxation varies annually and depends on:

1. Initial Funding Assets
2. Portfolio Performance

Taxation of Charitable Remainder Trusts

Four Tiers of Income

The four tiers of income are IRS tax reporting rules that dictate the order in which a charitable remainder trust must distribute the four types of income when fulfilling payments to its income beneficiaries.

The order is as follows:

- Ordinary income to the extent the trust has current ordinary income and past undistributed ordinary income.
- Capital gain income to the extent the trust has current capital gain income and past undistributed capital gain income.
- Tax-free income to the extent the trust has current tax-free income and past undistributed tax-free income.
- Return of principal.

Taxation of Charitable Remainder Trusts

Four Eight Tiers of Income

Note: [Final regulations](#) make clear that the IRS holds the following view: within the ordinary income and capital gain income categories, income is treated as distributed from the classes of income in that category beginning with the class subject to the highest Federal income tax rate and ending with the class subject to the lowest Federal income tax rate.

As a result, the "four" tiers of income really look like "eight" tiers:

37% ordinary income

15% qualified dividends

37% short term capital gain income

28% capital gain income on sale of collectibles

25% capital gain income on sale of real property that is attributable to depreciation recapture

15% capital gain income on sale of securities

Tax-free income

Return of principal

A 5% charitable remainder unitrust is funded with stock valued at \$100,000 that has a

Taxation of Charitable Remainder Trusts

~~Four Tiers of Income / Eight Tiers of Income~~ **WORST IN, FIRST OUT**

Example from PGM Help Section

A 5% charitable remainder unitrust is funded with stock valued at \$100,000 that has a cost basis of \$20,000. The trustee sells the funding asset immediately, realizing \$80,000 in capital gain, then reinvests the proceeds in a diversified portfolio. At the end of the year, the trust has earned \$1,000 of qualified dividends and \$2,000 of interest, but must distribute \$5,000 to the income beneficiaries. The income beneficiaries will have to declare their income as follows:

- \$2,000 ordinary income
- \$1,000 qualified dividends
- \$2,000 capital gain income

Even though the trustee had to sell \$2,000 of assets at the end of the year to have enough cash to write the \$5,000 check, none of the distribution is return of principal. The trust must distribute all \$80,000 of the capital gain realized when it sold its funding asset before it can distribute any tax-free income or return of principal.

Taxation of Charitable Remainder Trusts

~~Four Eight Tiers of Income~~
~~WORST IN, FIRST OUT~~

STARBURSTS!

Yellow = Ordinary Income (the worst flavor)

Orange = Capital Gains (OK flavor)

Red = Tax-free Income (Cherry is the best flavor!)

Taxation of Charitable Remainder Trusts

STARBURSTS!

Yellow = Ordinary Income (the worst flavor)

Orange = Capital Gains (OK flavor)

Red = Tax-free Income (Cherry is the best flavor!)

You can't eat an Orange until eat all the Yellow

You can't eat a Red until you eat all the Orange

CRT Illustration Fact Pattern

The Society for Math:

- We will draft, trustee, administer and invest the trust as long as:
 - The Trust is funded with at least \$250k and we are at least 50% remainder **irrevocable** beneficiary.
 - The default payout rate is 5% (we may go up to 7% in the right circumstances, but do they need to know that?)
- I already know that Bald Mountain Bank is our Investment Manager:
 - They say an 8% Portfolio return is appropriate: 5% Appreciation, 3% Income
 - They charge 0.5% management fee

The Donors: ages and goals

- George (70) and Greta (69) Grantor have approximately **\$500k in stock**
- **Important question: Do you have a sense of cost basis? It won't have an impact on the total benefit, but it can have an impact on the type of income it generates.**
- That's a great question: maybe \$300k

PGM Anywhere Illustration: CRTs v CGA

Remainder Unitrust ✕

Property type:

Long term gain property

▼

Value of property transferred:

\$500,000.00

Cost basis (enter % sign for percentage):

\$300,000.00

☒ Apply above to all gift options

Use maximum payout rate that meets 10% remainder requirement?

No

▼

Unitrust payout rate:

5%

Unitrust type:

Regular

▼

Payment frequency:

Quarterly

▼

Whole months from annual valuation date to first payment date:

3

▼

Investment Assumptions for Projections

+

Done



YOUR
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IN PLANNED
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PGM Anywhere Illustration of a CRT

Let's Look at the Results

Summary of Benefits “Projection” Revisited

Other than the description of the Funding Asset,
there are no changes

Detailed Cash Flow Analysis

No Change in Columns 1-6

CGA pays out less tax-free income

The CRUT does not pay out tax-free income until 2047

CRAT never pays out any tax-free income. Why?

Taxation Schedule Revisited

CGA: Columns 1-3 unchanged but now there's a capital gains column
(NOTE: what happens in 2048?)

CRUT: There is now a "Capital Tier" that must be exhausted before
paying out tax-free income
(NOTE: Why isn't there an Ordinary Income Tier?)

CRAT: There is now a capital Tier.
(NOTE: what happens in 2047)