

PGM Anywhere & Charitable Remainder Trusts

September 30, 2026

Modelling a Retirement Flip CRUT

Overview of the current Estate Planning Landscape

Modelling a Testamentary CRUT funded with a Qualified Retirement Asset

Severing Charitable Trusts

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The Mechanics of the Flip CRUT

#1: NI(M)CRUT

Payout is **the lesser of:**

- (1) Net Income earned during the year, or
- (2) Stated payout percentage of trust principal

#2: FLIP EVENT

Single and Identifiable
Non-Discretionary (As to timing)

Allowable examples:

marriage / divorce / death / birth / specific date / sale of **unmarketable** asset

#3: STANDARD CRUT

In the year **AFTER** the flip event occurs
Payout is a set percentage of the trust as revalued annually

Fact Pattern: Retirement Flip CRUT

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 Donor:

- Greg Grant: age 60. No children. Grateful and consistent donor.
- Has a high paying and rewarding job in finance, but is cautious about retirement
- Wants to make a big charitable gift: \$500k of appreciated assets
 - \$200k cost basis
- Doesn't need income for a while. Perhaps early 70s and retirement
- A Deferred Gift Annuity would yield an 11.8% annuity rate starting in 2039
- **There's no way a CRT could match that income, right?**

Modelling a Retirement Flip CRUT

Gift Date•Lives•Term

Gift date:

9/23/2026



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:

60

Age 2:



Year projection ends [life exp. = 2056]:

2056

Show present values for projected amounts?

No

▼

Modelling a Retirement Flip CRUT

Flip Unitrust

Change income/appreciation rates during gift term?

Yes

▼

Initial rates

Sell all funding assets in first year?

Yes

▼

Annual income rate:

0.75%

% of income exempt from tax:

0.0%

% of income taxed as qualified dividends:

0.0%

Annual appreciation rate:

7.5%

Annual asset turnover %:

0.0%

Cost of sale (% or \$):

0.0%

Modelling a Retirement Flip CRUT

Flip Unitrust

New rates

Year income/appreciation rates change?2039

Sell all assets in year of change?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

Modelling a Retirement Flip CRUT

Deferred Gift Annuity

Property type:

Long term gain property

Value of property transferred:

\$500,000.00

Cost basis (enter % sign for percentage):

\$200,000.00

☐ Apply above to all gift options

Payment frequency:

Quarterly

Date of first payment:

3/31/2039

Annuity rate (% or \$) [ACGA2024=11.8%]:

11.8%

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

Yes

Is the annuitant also the donor?

☒ Yes ☐ No

Investment Assumptions for Projections

Done

Modelling a Retirement Flip CRUT

Deferred Gift Annuity

Date of first payment: 3/31/2039

Annuity rate (% or \$) [ACGA2024=11.8%]: 11.8%

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

Is the annuitant also the donor? ☒ Yes ☐ No

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

Retirement Flip CRUT v. Deferred Gift Annuity

Looking at the Results:

Are there any benefits to the Deferred Gift Annuity side I am ignoring?

Are there any benefits to the Flip CRUT that might be oversold by this illustration?

Why might a donor prefer the DGA?

Is there a wrong answer for the charity?

Fact Pattern: Testamentary CRUT

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 Donor:

- Greg Grant: age 75. No children. Grateful and consistent donor.
- Retired and not worried about money because his Flip CRUT is going great
- Wants to leave something for the Math Society and his nieces: 45 and 50
- “Testamentary giving adds a level complexity, but also the opportunity for creativity...” // “I’m not here as a tax attorney, but these can be pretty great in the right circumstances...”

Testamentary Giving Considerations In one slide

The Current landscape is fantastic for passing wealth to individuals

Federal Estate Tax Minimum: \$15M per individual / \$30M per married couple
(NOTE: be aware of estate tax at the state level)

Cost Basis Step-up for appreciated assets: capital gains = FMV for estate gifts

EXAMPLE

Greg has \$100k in stock with \$50k basis

Gives it to a friend during life:

Friend inherits Greg's basis (\$50k) in that asset

If friend sells the stock, Friend realizes \$50k in capital gains

Gives it to a friend at death:

Greg's basis **steps up** and the gift is now \$100k FMV with \$100k basis

If Friend sells the stock for \$100k, Friend realizes NO capital gains

IRA's (and other qualified retirement accounts) in one slide

IRA = INDIVIDUAL Retirement Account

Enabled by Statute to create an incentive for people to save for their retirement

Traditional IRA: funded with pre-tax dollars (as opposed to Roth with after-tax \$)

Tax-deferred Growth

Regardless of ordinary income earned or capital gains realized within the account...

Required Minimum Distributions

At specified age (currently 73), beneficiary **MUST** start taking distributions

Based on actuarial life expectancy → older you are, greater the required distribution

Distributions are taxed as Ordinary Income

(NOTE: this ignores a great deal of complexity in IRA administration and regulations)

The SECURE ACT and IRA's

Pre-SECURE Act

A decedent could name a living beneficiary as their IRA beneficiary.

That new beneficiary could “stretch” that IRA over their lifetime

Small, but gradually growing required minimum distributions growing tax-deferred

Post-SECURE Act

Non-spouse beneficiaries must empty that account in 10 years (some exceptions)

Beneficiaries can no longer benefit from decades of tax-deferred growth

The income in the IRA has not yet been taxed so all the money coming out of the IRA is ordinary income to the beneficiary

Fact Pattern: Testamentary CRUT

The Society for Math:

- *We will draft, trustee, administer and invest the trust as long as:*
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The Donor:

- Greg Grant: age 75. No children. Grateful and consistent donor.
- Retired and not worried about money because his Flip CRUT is going great
- Wants to leave something for the Math Society and his nieces: 45 and 50
- “Testamentary giving adds a level complexity, but also the opportunity for creativity...” // “I’m not here as a tax attorney, but these can be pretty great in the right circumstances...”

Creating a Testamentary CRUT funded with a Qualified Retirement Account

Create a testamentary Trust (usually drafted into the will)

Name the Trust as Beneficiary of the qualified retirement account

At death, proceeds go directly to the trust (or is it the trustee)

Estate entitled to a partial charitable tax deduction

Trust operates as a normal CRUT with a charitable remainder

For Income beneficiary purposes, what type of income comes out of the trust?

Modelling a Testamentary CRUT funded with Qualified Retirement Assets

New

Open

Save

Tools

Customize

Users

Assumptions

Plan to Model

Date•Lives•Term

Gift Options

Tax Rates

Presentations

Personalization

Results

Plan To Model

Gift will be made:

At death of donor(s)

Beneficiaries will be:

During lifetime of donor(s)

At death of donor(s)

No

Will estate be larger than federal estate tax exemption (\$15,000,000 per spouse in 2026)?

No

Will estate be larger than state estate or inheritance tax exemption?

No

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Modelling a Testamentary CRUT funded with Qualified Retirement Assets

New
 Open
 Save

Tools
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Presentations

Personalization

Results

Gift Date•Lives•Term

Gift date:
 9/28/2026

IRS discount rate:
 5.4% for September 2026

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

Term type:
 Fixed term or lives, whichever is shorter

Enter fixed term as:
 ☒ Number of years
 ☐ Date term ends

Years in term:
 20

Ages or birth dates:
 ☒ Ages
 ☐ Birth dates

Age 1:
 50

Age 2:
 45

Modelling a Testamentary CRUT funded with Qualified Retirement Assets

New
 Open
 Save

Tools
 Customize

Assumptions

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Date•Lives•Term

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Gift Date•Lives•Term

Gift date:
 9/28/2026

IRS discount rate:
 5.4% for September 2026

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

Term type:
 Fixed term or lives, whichever is shorter

Enter fixed term as:
 ☒ Number of years
 ☐ Date term ends

Years in term:
 20

Ages or birth dates:
 ☒ Ages
 ☐ Birth dates

Age 1:
 50

Age 2:
 45

Modelling a Testamentary CRUT funded with Qualified Retirement Assets

×

Property type:

Retirement asset

Value of property transferred:

\$500,000.00

Cost basis (enter % sign for percentage):

\$0.00

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

Done

Modelling a Testamentary CRUT funded with Qualified Retirement Assets

Remainder Unitrust

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%

Done

Modelling a Testamentary CRUT funded with Qualified Retirement Assets

Long Description and/or Example

Include tax information in gift descriptions:

For gift made through estate only

For gift made during life or through estate

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

No

Will the gift be invested by your endowment managers?

Yes

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Modelling a Testamentary CRUT funded with Qualified Retirement Assets

Assumptions

Plan to Model

Date•Lives•Term

Gift Options

Tax Rates

Presentations

Personalization

Results

Presentations

Your Selections

Drag items to change order

Clear All

 **Summary of Benefits Projection - Numbers** 

  **Long Description and/or Example** 

 **Summary of Benefits Projection** 

 **Detailed Cash Flow Analysis** 

 **Taxation Schedule** 

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Modelling a Testamentary CRUT funded with Qualified Retirement Assets

RESULTS

“Assumptions for Testamentary Plan”

Taxation of Income – Pre v Post-Tax Discussion

Any other Questions about this layout or the results?

Fact Pattern: Severing a CRT

The Donors:

- Greg Grant is living his best life at age 80!
 - Retirement assets are generating more income than he needs
 - He continues to be grateful for the work the Math Society is doing
- Is now the right time to talk about outright giving?
- Is he eager to fund his scholarship or endowed fund... or is there a compelling priority that could use an infusion of unrestricted fund?
- **He can sever his CRT**
 - **which accelerates his philanthropy (he can see it in action!) AND**
 - **He will likely be entitled to another charitable deduction**

Fact Pattern: Severing a CRT

This is another reason why we don't walk away from the CRT conversation even if we don't serve as trustee!

Didn't they get a deduction when they established their CRT?
Why do they get another one?

They will likely need a 3rd party qualified appraisal to complete IRS Form 8283

Severing a CRT: The inputs

DATE*LIVES*TERM

Gift Date: This is the date of severance: the day that the beneficiary (now donor) gives up their right to income from the trust

IRS: Discount Rate: unlike when establishing a CRT, choosing the LOWEST rate available creates the largest possible deduction

Birth date/s: The birthdate/s of the beneficiary/ies severing their income

GIFT OPTIONS > REMAINDER ANNUITY TRUST or UNITRUST (see trust terms)

Property Type: You can use “Cash” since we won’t be modelling

Gift Amount: Value of the CRT principal on the date of severance

Unitrust payout rate / Unitrust type: / Payment frequency: see trust terms

PRESENTATIONS > Basic Chart > Non-Charitable Interest Actuarials
(note: multiple beneficiaries severing together can create some complexities)

Severing a CRT

Gift Date•Lives•Term

Gift date: 9/30/2026 

IRS discount rate: 5.2% for August 2026 

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

Ages or birth dates: ☐ **Ages** ☒ **Birth dates**

Birth date 1: 12/31/1946 

Birth date 2: 



Year projection ends [life exp. = 2038]: 2038

Show present values for projected amounts? No 

Severing a CRT

Remainder Unitrust 

Property type: Cash 

Gift amount: \$1,234,567.00

☐ 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

Severing a CRT

Assumptions

Date•Lives•Term

Gift Options

Tax Rates

Presentations

Personalization

Results

Presentations

Your Selections

Drag items to change order

Non-Charitable Interest Actuarials

Clear All

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Severing a CRT

Notice

You have not selected the highest available IRS discount rate. Selecting the highest available IRS discount rate will maximize the charitable deduction for each of the gifts you have selected.

Change to highest available IRS discount rate before viewing Results?

Yes No

Drag items to change order

Non-Charitable Interest Actuarials

Clear All

Basic Charts

Summary of Benefits

Severing a CRT

Warning!

Non-Charitable Interest Actuarials

A qualified appraisal may be required if the donor seeks a charitable deduction for the gift of their interest in a split-interest gift. For information about our qualified appraisal service, contact PG Calc.

OK

Final Thoughts

Trusts are relationships, not documents or contracts

Charitable Remainder Trusts are Split Interest Gifts...

...Is a charitable legacy a prudent financial decision?

“Past performance is not indicative of future returns”

Give us a call

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