Scripps Heritage Planner

An Income, Estate and Gift Tax Newsletter for Professionals
from the Office of Gift Planning at Scripps Health Foundation

WINTER 2009

Q & A: How a Low AFR Affects Charitable Giving

This issue contains illustrated answers to these and other timely questions:

- What difference does the AFR make in calculating charitable deductions for charitable gift annuities, charitable remainder annuity trusts, charitable remainder unitrusts and charitable lead trusts?
- What is the best AFR to use when relinquishing an income interest in a charitable gift annuity, a charitable remainder unity trust or a charitable remainder unitust?
- What difference does the AFR make in calculating an interest in a pooled income fund?
- When is an AFR not used?

Appendix:

Historic Applicable Federal Rates: April 1999-February 2009

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Scripps Health Foundation

Our Services

Scripps Office of Gift Planning is available as a resource to estate planning professionals. Our office will provide these services at no cost or obligation:

Immediate Telephone Consultations

Charitable Deduction Calculations

Summary of Benefits

Flow Charts and Graphs

Private Client Meetings

Presentations at Your Office

Seminars for Clients

Our Website: Resources for Estate Professionals

Please visit us online at www.scrippsheritage.org where you will find many helpful tools, calculators and links to tax laws and articles. If you are not already receiving our weekly eNewsletter, you may sign up easily on our web site.

Scripps Health Foundation

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Q & A: How a Low AFR Affects Charitable Giving

For split-interest charitable gifts, the applicable federal rate (AFR) is necessary to value the charitable deduction [IRC Sec. 7520]. The general rule is that a donor cannot claim a deduction for a charitable gift of a partial interest in a property [IRC Sec. 170(f)(3)(A); IRC Sec. 2522(c)(2); IRC Sec. 2055(e)(2)]. However, there are exceptions to this rule, such as a gift in trust, a gift of a remainder interest in a personal residence or farm, or a gift of an undivided portion of a taxpayer's entire interest in property, etc.

What is the AFR exactly?

The IRS publishes the applicable one-month federal rates for short-term (not more than three years), mid-term (longer than three years, but less than nine years) and long-term (more than nine-years) obligations [IRC Sec. 1274(d)]. These rates are further specified by monthly, quarterly, semi-annual and annual compounding assumptions.

Under IRC Sec. 7520, the AFR to determine the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest is an interest rate (rounded to the nearest 2/10th of 1%) equal to 120% of the federal midterm rate in effect under IRC Sec. 1274(d)(1) for the month in which the valuation date falls.

Furthermore, if an income, estate or gift tax charitable deduction is allowable for any part of the property transferred, the donor may elect to use the particular AFR for either the current month or either of the preceding two months in which the valuation date falls [IRC Sec. 7520(a)]. In the case of a transfer of more than one interest in the same property, the donor must use the same rate in respect to each interest.

Example: On December 15, 2008, a development officer from ABC Charity sends three illustrations to a donor (age 68) interested in establishing a charitable gift annuity with a $15,000 gift of cash – one for each AFR that the donor could choose: the December 2008 AFR of 3.4%; the November 2008 AFR of 3.6%; and the October 2008 AFR of 3.8%.

Where and when do I find the AFR?

The IRS publishes AFRs in a Revenue Ruling on or about the 20th day of each month. The IRS collects AFR announcements in an archive of Revenue Rulings that dates back to January 2000 on its website www.IRS.gov (search the site for "Index of Applicable Federal Rates (AFRs) Rulings").

Recall the example of a development officer from ABC Charity sending three illustrations to a prospective donor interested in establishing a charitable gift annuity with a cash gift. He or she might have waited until December 20, 2008 to create the gift illustrations, and, then, add a fourth illustration factoring the AFR of 2.4% for January 2009.

The AFR is a floating rate that can change every month – Has it always been this way?

No, the Treasury valuation tables once used a fixed interest rate to (1) discount future receipts to present value, and (2) compound receipts to future value. What's more, the tables were once sex-segregated in recognition of the longer average life expectancy of women.

Until 1984, the IRS tables used a fixed interest rate of 6%. As interest rates rose dramatically during the early 1980s, the 6% fixed rate departed increasingly from economic reality. The IRS reacted by promulgating new tables with a 10% fixed interest rate. The IRS also followed the private sector trend toward unisex mortality assumptions.

Eventually, Congress abandoned the fixed interest rate system entirely. Under IRC Sec. 7520, the current system of valuation tables that use floating monthly interest rates was established. Thus, the same property transfer may have a different value next month versus this month because the federal interest rate may change. IRC Sec. 7520 is effective for transfers on and after May 1, 1989.

The AFR is very low right now – What are the optimal choices for making a partial interest charitable gift?

Simply stated –

- A charitable gift annuity (for highest income-tax-free payments, especially if the donor does not itemize and cannot use the charitable deduction)
- The relinquishment of an income interest in a charitable remainder trust
- A charitable lead trust (annuity trust or unitrust)
- The gift of a remainder interest in a personal residence or farm

What difference does the AFR make in calculating the charitable deduction for charitable gift annuities?

The deduction for a charitable gift annuity is measured by subtracting the amount required to acquire a comparable commercial annuity from the total gift [Reg. 1.170A-1(d)(2)]. However, the value of the charitable gift annuity is actually determined by referring to the tables provided in IRS Publication 1457 that contains the actuarial factors regarding the valuation of a remainder, income or annuity interests) and the selected AFR. This factor is multiplied by the charity's published gift annuity rates for the age of the annuitant(s). The calculation produces a gift annuity contract value to be subtracted from the cash or property the donor transferred to the charity in order to determine the gift portion/amount of the charitable deduction.

If the donor's priority is to maximize the income tax charitable deduction, then select the highest available AFR in creating the charitable gift annuity. However, if the donor's priority is to maximize the non-taxable portion of the annuity payments – at the conscious sacrifice of some portion of the charitable deduction – then the lowest AFR should be selected.

Example: Samuel Johnson (age 78) transfers $100,000 cash to Boswell College in exchange for a gift annuity (note that the charity offers payout rates suggested by the American Council on Gift Annuities). Samuel will receive both an income tax charitable deduction and a lifetime income. The figures below show a higher deduction and a lower nontaxable portion of the annuity payout for the higher 7% AFR.

Principal: $100,000 (in cash)
Annuity: $7,200
Payout Frequency: Annual

	4% AFR	7% AFR
Charitable Deduction	$ 47,877	$ 55,953
Exclusion Ratio	71.7%	60.6%
Nontaxable Portion	$5,162	$4,363

If Samuel is primarily "deduction-motivated," the 7% AFR would give him a larger deduction ($8,076 more). In a 35% marginal income tax bracket, this would save $2,827 in income taxes. On the other hand, if he's mainly interested in a tax-free payout, the 4% AFR would give him an additional $799 of tax-free income each year for his remaining life expectancy of 11.4 years (fully taxable as ordinary income thereafter).

What is the best AFR to use when relinquishing an income interest in a charitable gift annuity?

If the annuitant decides to forfeit his or her remaining income interest in a previously established charitable gift annuity, the relinquishment of the income interest is considered a charitable gift. The deduction equals the lesser of the fair market value of the existing charitable gift annuity interest or the remaining investment in the contract. However, consider that all charitable deductions for property gifts are limited to the lesser of basis or fair market value [Reg. 1.170A-1(c)(1)]. If the gift annuity was funded when there was a low AFR and the AFR is much higher on the date of the irrevocable assignment, the fair market value of the contract on that date may be less than the unrecovered basis.

Under this rule, the charitable deduction will be the lesser of the contract value or basis on the date of irrevocable assignment to the issuing charity. This "lesser of basis or contract value" rule may especially be applicable with deferred charitable gift annuities irrevocably assigned to charity before payments have commenced, but can also apply to immediate gift annuities.

Because the annuity contract assignment qualifies for a charitable deduction, IRC Sec. 7520(a) permits the selection of the AFR for the gift month or one of the prior two months. In measuring the charitable gift annuity interest, the lowest AFR will produce the highest value.

What difference does the AFR make in calculating the charitable deduction for a charitable remainder annuity trust?

If the donor's priority is to maximize the charitable deduction, select the highest available AFR in creating a charitable remainder annuity trust (CRAT).

AFR selection can be very significant in the case of a CRAT, because the payout amount is fixed at the trust's inception rather than sliding with the value of the principal as in a charitable remainder unitrust. When the AFR selected is higher than the CRAT's fixed payout rate, the government essentially allows a larger deduction in recognition of the likelihood that the charitable remainderman ultimately will reap the benefits of the appreciation in trust principal.

Example: Anne Bradstreet (age 70) establishes a CRAT funded with $500,000 cash. The payout rate is 5%, and Anne names herself the income beneficiary for life. At her death, the trust assets will pass to the Dudley Women's Center. The figures below show a significant difference in her charitable deduction with AFRs of 7.0% and 4.0%.

Principal: $500,000
Payout Percentage: 5%
Payout Frequency: Annual

	4% AFR	7% AFR
Present Value of Income Interest	$246,400	$198,370
Present Value of Remainder Interest	$253,600	$301,630
Charitable Deduction	$253,600	$301,630

The higher AFR increases the charitable deduction for the gift to the CRAT by about $48,000, though the payout of 5% is comparable.

What difference does the AFR make in calculating the charitable deduction for a charitable remainder unitrust?

Selecting the highest available AFR for a unitrust will result in a higher income tax deduction for the remainder interest in a charitable remainder unitrust (CRUT).

However, the risk of failing the 10% test is greater for CRATs than for CRUTs; consequently, it is not as significant in the case of a CRUT as in the case of a CRAT because of the way the charitable deduction is computed. In a CRUT the payout amount slides up and down with fluctuations in the annual value of the trust corpus. The CRUT deduction reflects the fact that any appreciation in the principal will benefit the income beneficiary to some extent rather than inuring entirely to the ultimate benefit of the charitable remainderman.

Example: Clara, age 70, establishes a CRUT funded with $500,000 cash. The payout rate is 5% (annual payment), and Clara names herself the income beneficiary for life. At her death, the principal will pass to XYZ Charity. The figures below show the minor difference in her charitable deduction with AFRs of 7% and 4%.

Principal: $500,000
Payout Percentage: 5%
Payout Frequency: Annual

	4% AFR	7% AFR
Present Value of Income Interest	$229,830	$225,515
Present Value of Remainder Interest	$270,170	$274,485
Charitable Deduction	$270,170	$274,485

Note that even a huge 3% spread in the AFR only increases Clara's deduction by $4,315.

What difference does the AFR make between a comparable charitable remainder annuity trust and charitable remainder unitrust?

Advisors familiar with CRTs might expect the charitable deduction to be somewhat greater for a CRAT than for a comparable CRUT. However, when the trust payout percentage exceeds the AFR, a CRUT will actually generate a larger deduction than a comparable CRAT. When AFRs are located well below the 5% minimum payout required for a CRT [IRC

Sec. 664(d)(1)(A), (d)(2)(A)], the CRUT deduction will surpass that for a comparable CRAT. Thus, advisors may have to reverse their traditional thinking. And a client who is primarily "deduction-motivated" will tend to favor a CRUT over a CRAT when AFRs are below 5%.

While low AFRs reduce the charitable deduction for all types of CRTs, they have a more pronounced effect on CRATs. The following table shows the charitable deduction for a CRAT and a CRUT funded with $1 million, with a 5% payout (quarterly payments) for the life of the 70-year-old donor, at various AFRs:

	6% AFR	5% AFR	4% AFR
CRAT	$565,626	$534,754	$499,857
CRUT	$539,470	$537,740	$535,940

What is the best AFR to use when an income beneficiary is relinquishing an income interest in a charitable remainder annuity trust?

If the donor (or other beneficiary) decides to forfeit his or her remaining income interest in a previously established charitable remainder trust, the relinquishment of the income interest is considered a charitable gift. In such cases, the lowest available AFR should be selected to secure the greatest charitable deduction.

The value of the income interest and remainder interest at the time of the subsequent gift depends on the prevailing AFR and the formula set forth under Reg. Sec. 1.664-4. This is essentially the same formula used to determine the income deduction when the CRT is created.

However, there are two possible limitations on the deduction value. Under IRC Sec. 170, all charitable deductions are limited to fair market value. If the annuity trust principal has declined in value to an amount less than the calculated Treasury annuity value, then the deduction will be limited to the lower fair market value of the annuity trust corpus on the date of the income interest gift.

The second limitation applies if the payout amount, adjusted for payment period and calculated as a percentage of the trust fair market value, is higher than the AFR. If the adjusted payout rate is higher than the AFR and the annuity trust could exhaust before the youngest person reaches age 110, then a special factor is calculated. The value of the annuity interest is then the lower of the Publication 1457 calculation, the IRC Sec. 7520 special factor calculation or the trust fair market value [Reg. 25.7520-3(b)(2)(i)].

What is the best AFR to use when an income beneficiary is relinquishing an income interest in a charitable remainder unitrust?

Again, if the donor (or other beneficiary) decides to forfeit his or her remaining income interest in a previously established charitable remainder trust, the relinquishment of the income interest is considered a charitable gift. And, also, in such cases, the lowest available AFR should be selected to secure the greatest charitable deduction.

Like the CRAT, the value of the income interest and remainder interest of a CRUT at the time of the subsequent gift depends on the prevailing AFR and the formula set forth under Reg. Sec. 1.664-4. And, like a CRAT, this is essentially the same formula used to determine the income deduction when the CRT is created.

However, there is an exception for valuing a NIMCRUT. A net income with make-up charitable remainder unitrust (NIMCRUT) is different than a standard CRUT in that the trustee must take an extra step when making distributions to the beneficiaries to compare the fixed percentage unitrust amount to the trust's accounting income and pay the lesser of the two amounts. If it happens that the trust's accounting income is less than the unitrust amount, the difference is an amount (or added to an amount) that must be "made-up" during times when the trust's accounting income exceeds the unitrust amount. In PLR 200725044, the IRS stated that the income interest in a NIMCRUT should be determined using a payout rate equal to the lesser of either: (1) the trust payout rate; or, (2) the AFR Sec. 7520 rate. In a time of low AFRs, the difference between (1) and (2) can be significant.

What difference does the AFR make when calculating the charitable deduction for a charitable lead trust?

A charitable lead trust is a contribution of an income interest in trust that qualifies for an income tax charitable deduction. The guaranteed annuity (charitable lead annuity trust) or unitrust (charitable lead unitrust) interest is valued by reference to the AFR, and that rate is used to determine the applicable valuation factor from the appropriate IRS tables (either IRS Publication 1457 for annuity trusts or Publication 1458 for unitrusts).

Charitable Lead Annuity Trust

An income tax charitable deduction is allowed for the charity's income interest in a charitable lead annuity trust (CLAT) only when the grantor is treated as the owner of the trust income under the grantor lead trust (reversionary lead trust) rules [IRC §170(f)(2)(B)]. In such a case, the donor should select the lowest available AFR in order to maximize the charitable deduction.

Example: Winona established a grantor CLAT that will give DEF Charity a 5% payout for 12 years, after which the trust corpus will revert to Winona. The trust is funded with $2,000,000. The figures below demonstrate that the lower AFR results in a substantially higher deduction for Winona.

Principal: $2,000,000
Term: 12 Years Payout Percentage: 5%
Payout Frequency: Annual

	4% AFR	7% AFR
Total Income to Charity	$1,200,000	$1,200,000
Charitable Deduction	$938,510	$794,270

The lower AFR results in an additional charitable deduction of $144,240.

Charitable Lead Unitrust

As with a CLAT, an income tax charitable deduction is allowed for the charity's income interest in a charitable lead unitrust (CLUT) only when the grantor is treated as the owner of the trust income under the grantor lead trust (reversionary lead trust) rules [IRC §170(f)(2)(B)]. By selecting the lowest available AFR, the donor can maximize the charitable deduction.

However, the increase will be much less impressive than with a CLAT because of the technical manner in which the deduction is calculated.

Example: Naomi established a grantor CLUT that will give MNO Charity a 6% payout for 10 years, after which the trust corpus will revert to Naomi. The trust is funded with $2,000,000. The figures below demonstrate that the lower AFR results in a slightly higher deduction for Naomi.

Principal: $2,000,000
Term: 10 Years Payout Percentage: 6%
Payout Frequency: Annual

	4% AFR	7% AFR
Total Income to Charity	Varies with Unitrust Investment Returns	
Charitable Deduction	$895,974	$896,868

The lower AFR results in a slight increase in the charitable deduction of $19,106.

What difference does the AFR make in calculating an interest in a pooled income fund?

The AFR usually has no bearing on the deduction for a contribution to a pooled income fund (PIF). Instead, the recent returns of the fund are used to determine the applicable rate. The highest annual rate of return that the fund earned during the three tax years immediately preceding the year of the gift is used to obtain the PIF factor from IRS Publication 1457. This factor is then multiplied by the gift amount to determine the present value of the remainder interest, and this amount is the charitable income tax deduction.

However, if the pooled income fund is newly established and does not yet have a three year history, there is a deemed rate of return based on recent AFRs. The AFRs for each year are averaged and 1% is subtracted from the average. The averaged number is then rounded to the nearest 2/10th of 1% and the highest rate of the calculated three prior years must then be used for deduction purposes. The deemed rate for gifts made to new PIFs in 2009 is 4.8%.

What difference does the AFR make when calculating the charitable deduction for a gift of a remainder interest in a personal residence or farm?

As a general rule, gifts of a partial interest in property to charity have to be made in trust. An outright gift of a remainder interest in a personal residence or farm is an exceptions to that rule. In valuing the remainder interest for charitable deduction purposes, the donor should select the lowest available AFR to maximize the charitable deduction.

When AFRs are low, the present value of the charity's remainder interest is discounted in small increments for each year of the donor's remaining life expectancy. For example, at a 4% AFR, a married couple aged 80 and 82 would get a charitable deduction for 54% of the fair market value of the property for this sort of gift. This deduction might be spread over several years (because of the individual's adjusted gross income percentage limitation that caps the annual deduction) and substantially reduce the donor's income tax bill in those years.

Calculating the value of the income tax charitable deduction for a gift of a remainder interest is a slightly complicated process.

1. The value of the remainder interest in the non-depreciable land is determined using a factor based the prevailing AFR and IRS Publication 1457 multiplied by the value of the land.
2. The value of the remainder interest in the depreciable building is determined using a factor based on the prevailing AFR and IRS Publication 1457 minus a depreciation adjustment factor found by referring to the prevailing AFR and IRS Publication 1459. Then, that adjusted factor is multiplied by the value of the building.
3. Add the values of the non-depreciable and depreciable portions for the total gift.

Example: William and Catherine Blake are ages 82 and 80 respectively. They wish to give the Albion Ecumenical Center the remainder interest in their personal residence, reserving a life estate in themselves so long as either is living. Their home is appraised for $600,000.

Fair Market Value : $600,000
Useful Life: 45 Years
Value Subject to Depreciation: $500,000

	4% AFR	7% AFR
Charitable Deduction	$324,518	$250,326

The 3% difference in AFRs makes a difference of $74,192 in the charitable deduction.

What is the best AFR to use when relinquishing a life estate in a personal residence or farm?

If the time should come when the donor (or other income beneficiary) wishes to relinquish to charity his or her remaining life estate in a personal residence or farm, after having earlier contributed the remainder to charity, the highest available AFR at the time of the relinquishment should be selected to maximize the deduction.

When is an AFR not used?

In certain situations, the AFR is not an appropriate way to measure lives for purposes of valuing a split interest gift. If a donor is terminally ill, a special Sec. 7520 actuarial factor should be used. How ill is terminally ill? For this purpose, the donor has a 50% probability (or less) of surviving for more than one year from the valuation date. The correct valuation rate must be used based on actual life expectancy [Reg. Sec. 1.7520-3(b)(3), 20.7520-3(b), and 25.7520-3(b)].

What issues arise when testamentary forms of partial interest gifts depend on an AFR that is yet to be determined?

As one can tell by the historic AFRs listed in the appendix, these rates can vary widely over time. The variation in AFR may present complexities to drafting testamentary split interest gifts. The testamentary charitable remainder trust document or testamentary charitable gift annuity contract should contain language that addresses the appropriate adjustments for the AFR.

What big change is on the horizon involving the AFR?

The IRS is required to update its mortality tables every ten years [IRC Sec. 7520(c)(3)]. The IRS introduced the current tables in regulations published in April 1999 as the following volumes:

- **Actuarial Values – Book Aleph** (IRS Publication 1457) for remainder, income and annuity factors
- **Actuarial Values – Book Beth** (IRS Publication 1458) for unitrust remainder factors
- **Actuarial Values – Book Gimel** (IRS Publication 1459) for computing depreciation adjustment factors for income tax purposes

The requirement means the IRS must publish new tables by May 2009.

Appendix

Historic Applicable Federal Rates: April 1999 through January 2009

High monthly AFR during this period in bold. Low monthly AFR during this period in italic.

2009

February 2009	*2.0%*
January 2009	*2.4%*

2008

January 2008	4.2%
February 2008	4.2
March 2008	3.6
April 2008	3.4
May 2008	3.2
June 2008	3.8
July 2008	4.2
August 2008	4.2
September 2008	4.2
October 2008	3.8
November 2008	3.6
December 2008	3.4

2007

January 2007	5.6%
February 2007	5.6
March 2007	5.8
April 2007	5.6
May 2007	5.6
June 2007	5.6
July 2007	6.0
August 2007	6.2
September 2007	5.8
October 2007	5.2
November 2007	5.2
December 2007	5.0

2006

January 2006	5.4%
February 2006	5.2
March 2006	5.4
April 2006	5.6
May 2006	5.8
June 2006	6.0
July 2006	6.0
August 2006	6.2
September 2006	6.0
October 2006	5.8
November 2006	5.6
December 2006	5.8

2005

January 2005	4.6%
February 2005	4.6
March 2005	4.6
April 2005	5.0
May 2005	5.2
June 2005	4.8
July 2005	4.6
August 2005	4.8
September 2005	5.0
October 2005	5.0
November 2005	5.0
December 2005	5.4

2004

January 2004	4.2%
February 2004	4.2
March 2004	4.0
April 2004	3.8
May 2004	3.8
June 2004	4.6
July 2004	5.0
August 2004	4.8
September 2004	4.6
October 2004	4.4
November 2004	4.2
December 2004	4.2

2003

January 2003	4.2%
February 2003	4.0
March 2003	3.8
April 2003	3.6
May 2003	3.8
June 2003	3.6
July 2003	3.0
August 2003	3.2
September 2003	4.2
October 2003	4.4
November 2003	4.0
December 2003	4.2

2002

January 2002	5.4%
February 2002	5.6
March 2002	5.4
April 2002	5.6
May 2002	6.0
June 2002	5.8
July 2002	5.6
August 2002	5.2
September 2002	4.6
October 2002	4.2
November 2002	3.6
December 2002	4.0

2001

January 2001	6.8%
February 2001	6.2
March 2001	6.2
April 2001	6.0
May 2001	5.8
June 2001	6.0
July 2001	6.2
August 2001	6.0
September 2001	5.8
October 2001	5.6
November 2001	5.0
December 2001	4.8

2000

January 2000	7.4%
February 2000	8.0
March 2000	**8.2**
April 2000	8.0
May 2000	7.8
June 2000	8.0
July 2000	8.0
August 2000	7.6
September 2000	7.6
October 2000	7.4
November 2000	7.2
December 2000	7.0

1999

April 1999	6.4%
May 1999	6.2
June 1999	6.4
July 1999	7.0
August 1999	7.2
September 1999	7.2
October 1999	7.2
November 1999	7.4
December 1999	7.4

Upcoming Gift Planning Lunch Presentations

Complimentary lunch and parking are provided — MCLE credit is offered and available for those who qualify
Reservation details & location are listed below

Lead Trusts: Is Now the Time for a Charitable Lead Trust?

Wednesday, March 4, 2009, noon to 1:30 p.m.

Presented by:
David Cohen, Hochman Cohen Torres LLP, Scripps Gift Planning Advisory Board Member
Dave Williams, Senior Director, Gift Planning
Jamie Nelson, Director, Gift Planning

With low interest rates, the ability to transfer assets to heirs at a discounted value is greatly enhanced. This family friendly charitable trust is flexible to meet a variety of client goals. After paying trust income to charity for the trust term, the trust assets are transferred either back to the donor, or beneficiaries of his/her choice. Join us for this nuts and bolts review of the many features of Grantor and Non-Grantor Lead Trusts.

By Reservation Only – Deadline: Friday, February 27, 2009

How Historically Low Applicable Federal Rates Affects Charitable Giving

Wednesday, April 8, 2009, noon to 1:30 p.m.

Presented by:
Dave Williams, Senior Director, Gift Planning
Jamie Nelson, Director, Gift Planning

We mention the Applicable Federal Rate (AFR) in our presentations all the time. This comprehensive overview will illustrate the affect of a lower AFR on all of the charitable giving methods, and how the selection of the AFR can be used to maximize your client's goals.

By Reservation Only - Deadline: Friday, April 3, 2009

Do Commercial Annuities Have a Role in Charitable Planning?

Wednesday, May 6, 2009, noon to 1:30 p.m.

Presented by:
Walt Waggener, State Farm Insurance, Scripps Gift Planning Advisory Board Member
Dave Williams, Senior Director, Gift Planning
Jamie Nelson, Director, Gift Planning

In this presentation we will compare and contrast some of the features of commercial and charitable gift annuities. We will also present a theoretical model of a commercial annuity which is used charitably.

RSVP Deadline - Friday, May 1, 2009

All presentations will take place at:
Founders Room, Schaetzel Center for Health Education
Scripps Memorial Hospital La Jolla
9888 Genesee Avenue La Jolla, CA 92037

To make a reservation: email: giftplanning@scrippshealth.org or call 858-678-7120

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Please visit us online at www.scrippsheritage.org where you will find many helpful tools and links to tax laws and articles. If you are not already receiving our weekly eNewsletter, you may sign up easily on our web site.