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SUCCESS

eRate Newsletter | April 24, 2018

IRS DISCOUNT RATE: May 3.2%

Hey, What's Up?

I'll tell you what's up. The IRS discount rate, the interest rate used in computing the deduction for gift annuities, charitable remainder trusts, retained life estates, and charitable lead trusts. It's edged upward a full percent in the last 6 months, and it appears likely to continue that trend for the rest of 2018 as the Federal Reserve continues to gradually raise interest rates.

[READ THE FULL ARTICLE](#)

[PRINT THE FULL ARTICLE](#)

UPCOMING WEBINAR

Making Sense of Gift Annuity Regulations



Presented by

[Edie Matulka](#)

Thursday,

May 24

1:00 - 2.30 pm ET

[REGISTER](#)

UPCOMING TRAINING

Planned Giving Manager

May 2-3, Boston, MA

Lead Trust School and Planned Giving by the Numbers

June 21-22, Cambridge, MA

GiftWrap

August 15-16, Cambridge, MA

[VIEW](#)

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Quick Tip: Enjoying the Benefit of an Itemized Deduction Even if a Donor Doesn't Itemize

Although the Tax Cuts and Jobs Act made no changes to the income tax charitable deduction itself, one of its provisions is predicted to materially reduce the number of those who can itemize their deductions. Nonetheless itemized deductions (including charitable deductions) will not reduce your donor's income tax unless their total deductions exceed the applicable standard deduction amount. Estimates vary, but most analysts agree that the number of itemizing taxpayers will decrease by over 50% beginning in 2018.

The net effect to non-itemizers is that they do not reduce their taxable income by the amount of their gift to charity, and now there are more of them. Some sources predict a decrease in annual fund donations and smaller gifts because of the lack of the tax benefit of a deduction for these gifts.

For donors over 70 ½ there remains a way to make gifts of any size to charity and enjoy benefits equal to those of an income tax charitable deduction. If a donor qualifies, the IRA charitable rollover is the most tax-efficient lifetime gift of all.

A donor can make a tax-free gift by directing the administrator of their traditional IRA or Roth IRA to transfer funds directly to your organization. (You cannot make an IRA charitable rollover gift from other qualified retirement plans, such as 401(k)s, or 403(b)s, or active SIMPLE IRAs or SEP IRAs.) The IRA administrator can transfer the funds directly to your charity or send a check to the donor that is made out to your charity.

Let's quickly review the requirements to make an IRA charitable rollover gift to charity:

- The distribution must be from an IRA or Roth IRA.
- The IRA administrator must make the distribution directly to charity.
- The donor must be at least 70 ½ years old.
- The total of all qualified charitable distributions per year, and per taxpayer may not exceed \$100,000.
- The charitable IRA rollover distribution cannot be made to a donor advised fund, private foundation, or supporting organization.
- The donor cannot receive any benefit in exchange for gift (banquet tickets, special benefits, etc.).

The net effect of an IRA charitable rollover is to offer the functional equivalent of an income tax charitable deduction even if the donor doesn't itemize. The distribution to charity is not included in the donor's income subject to tax. The IRA charitable rollover gift counts toward the amount the donor is required to withdraw from their IRA for the year (the "required minimum distribution"). An IRA charitable rollover is a way to make gifts to charity and enjoy the tax savings even if the donor doesn't itemize.

Yes Virginia, You *Can* Transfer Organization Information in *PGM*

It's a fact of modern life that computers need to be replaced and upgraded every few years, especially those used in a professional environment. PG Calc's *Planned Giving Manager (PGM)* is an installed application, so when a *PGM* user receives a new computer, the application needs to be installed on the new computer as part of the initial setup. Fortunately, there is a way for the *PGM* user to transfer all the organization information from the old installation to the new installation by copying a specific file. *PGMW32.DAT*, which is in the *PGM* folder on the C drive of the old computer, can be copied and pasted into the *PGM* folder of the C drive on the new computer.

Some words of caution: 1) This action is taken after the *PGM* application has been installed on the new computer; the user will get the message "There is already a file with the same name in this location" and the user should select "copy and replace."

2) These days, many users are not allowed to install or modify applications and programs on the C drives of their computers due to increasing security concerns. We recommend that when receiving new computers, *PGM* users consult with their IT support group to determine who can and should carry out this action.

Please note, this action can also be taken in situations where there are multiple licensed copies of *PGM* and users want to ensure that everyone is using the same organization information. One person would be designated as having the "master copy" of the organization information, and the *PGMW32.DAT* file from that user's computer could be copied and pasted into the other users' computers whenever the organization information needs to be updated.

If you have any questions, please contact Client Services at 888-474-2252, or via email at support@pgcalc.com.

Free Website Evaluation at ACGA Conference

Does your planned giving website perform to your satisfaction? Is your planned giving website attracting prospects? Are site visitors finding the information they're looking for? Does your website lend credibility to your planned giving program?

To learn how to improve your website performance, [sign up](#) for a free planned giving website evaluation when you visit the PG Calc booth at the American Council on Gift Annuities (ACGA) Conference in Seattle. Our marketing experts will evaluate your site's:

- First impressions
- Design
- Navigation
- Content
- Engagement

Or just stop by our booth. You will receive a personalized assessment and actionable recommendations that will help improve your planned giving website today!



SIGN ME UP

His, Hers, or Theirs, You Need to Find Out!

When spouses are funding a charitable gift annuity with appreciated assets, are you asking “Who owns the assets?” Does it really matter? Are there tax consequences? Not knowing the answer to this question can result in capital gain taxes being triggered by the gift – and an unhappy donor. For an explanation of the pitfalls of spouses funding CGAs with appreciated assets, [read this recent article](#).

READ MORE

May and June Software Training

Please join us in Boston on May 2nd and 3rd for *Planned Giving Manager* training, using case studies. On the first day, you’ll learn how to create persuasive gift proposals for immediate and deferred charitable gift annuities and a charitable remainder trust, while learning the robust features of the software. The following day, we’ll discuss more advanced gift concepts, including flip trusts, retained life estates, testamentary gifts of retirement assets, and charitable lead trusts.

On June 21st and 22nd, we will be offering Lead Trust School and Planned Giving by the Numbers in our Cambridge office for the more experienced gift or estate planner or trust officer. In Lead Trust School, we’ll focus on characteristics of a lead trust prospect, potential funding assets, and income and transfer tax implications. The following day, in Planned Giving by the Numbers, we’ll explore the logic behind the charitable deduction and gift annuity calculations, discuss the IRS discount rate’s impact on the different gift vehicles, review taxation of remainder trust payments, and more.

REGISTER NOW!

Announcing PG Calc's Unicorn Contest!



Always be yourself, unless you can be a PG Calc Unicorn. Then, always be a PG Calc Unicorn!

Stop by our booth at the ACGA Conference in Seattle, pick up your PG Calc Unicorn, and sign up for the PG Calc Unicorn Contest!

Winners will receive a free year of *Planned Giving Manager* service. Contest rules will be announced shortly on the PG Calc website.

Environmental Defense Fund Relies on PG Calc as their Planned Giving Partner

Environmental Defense Fund (EDF) has had a planned giving program for many years. Since late 2016, EDF has been actively growing the program. Historically, the planned giving program was producing an average of about \$3 million in revenue per year, with approximately 800 members in the EDF legacy society. EDF is on track to produce revenue over \$4 million, and the EDF legacy society has grown to 1,100 and is getting bigger every day.

EDF selected *Planned Giving Manager (PGM)* for their development team, having determined that *PGM* is a comprehensive, user-friendly software program that is supported by a highly experienced team of client services professionals. Emily Novak, EDF Development Coordinator, attended a two-day *PGM* software training class to better understand the software and to be

sure she could utilize all the different features going forward, as more complicated donor gifts arise. Emily was impressed with the depth and scope of information presented in the classes, and had this to say about PG Calc:

“Solutions to my questions are always just a phone call away with PG Calc. I am confident that when I call to discuss an illustration or different gift options, that the Client Services team will give me an informed explanation, or different points to consider and weigh to best satisfy every gift scenario.”



Learn more about [Environmental Defense Fund](#).

Learn more about PG Calc [Client Services](#).



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Support:	support@pgcalc.com	888-474-2252