Planned Giving Manager
Mini Manager
Gift Annuity Manager
Windows Version 6.3 Update
May 2010

Dear PGM Client,

I am delighted to announce the release of **Planned Giving Manager version 6.3**.

PGM 6.3 adds a number of important enhancements to Planned Giving Manager's already impressive capabilities. All enhancements apply to Mini Manager and Gift Annuity Manager, except where noted. Highlights include:

- New ACGA suggested maximum gift annuity rates, effective July 1, 2010
- Calculations for gifts funded with any combination of cash, long term gain, and short term gain property
- New Stock Valuation tool for determining the fair market value of shares in one or more stocks or mutual funds
- Simplified handling of partial and combined gift annuity payments
- Ability to export Tools and Customize menu presentations to Word and Excel
- IRS Discount Rate Election Statement as a stand-alone narrative

Please read the brief discussion of each enhancement on the attached pages so that you understand what's new in PGM 6.3.

If you have any questions about the software, please do not hesitate to call us toll free at 888-4PG-CALC (888-474-2252).

We look forward to helping you get the most out of PGM 6.3!

Sincerely,

Gary M. Pforzheimer
President, PG Calc

Summary of Enhancements

Tax law changes

- **New ACGA rate tables effective July 1, 2010**
  On April 29, 2010, the American Council on Gift Annuities (ACGA) announced new suggested gift annuity rates that apply to gift annuities established on or after July 1, 2010. A charity may follow the new rates immediately if it wishes, but if it is registered in a state that requires charities to specify the rates they will use, the charity MUST notify the state that it has adopted the new ACGA rate schedule and state the effective date on which it will begin using the new rates. For our analysis of the new rates, go to www.pgcalc.com/about/featuredarticlejune10.htm.

  PGM 6.3 includes the new ACGA rate tables for 1-life and 2-life immediate payment and deferred gift annuities. After you install PGM 6.3, PGM will continue to pick gift annuity rates from your current gift annuity rate table. If you wish to use the new rates at any time prior to July 1, open Customize – Gift Annuity Rate Tables in the PGM Menu Bar, select "ACGA Rates Effective 7/1/2010," then click Done. Be sure to save your configuration change when prompted on exit.

  You will be prompted to choose a gift annuity rate table the first time you launch PGM 6.3 on or after July 1, 2010. "ACGA Rates Effective 7/1/2010" will be the default choice, unless you use a custom gift annuity rate table, in which case your custom table will be the default choice. At this time, click the rate table you wish to use going forward, and then click Done. PGM will save your configuration change automatically.

- **Indexed trust and estate income tax schedules applied in Lead Trust Projections**
  Lead Trust Projections uses the federal income tax table for estates and trusts when it computes the income tax on the taxable income in a lead trust or regular irrevocable trust. PGM 6.3 incorporates for this purpose the federal income tax schedule for estates and trusts for 2010.

- **Updated IRS discount rates**
  As we do with every update, we have hard-coded all monthly IRS discount rates through the month of release in order to ensure their accuracy. PGM 6.3 incorporates discount rates through June 2010. We send an eRate e-mail each month with the most current IRS discount rate. If you are not receiving the IRS discount rate this way, but would like to in the future, please visit www.pgcalc.com/support/eratesignup.htm. You will continue to receive our monthly IRS discount rate postcard whether or not you sign up for the eRate.

Enhancements

- **Perform calculations for gifts funded with multiple property types**
  PGM can now perform calculations for any combination of cash, long term capital gain property, and short term capital gain property. For example, for a gift annuity funded with long term appreciated stock and cash, you can now enter the value and cost basis of the stock separately from the value of the cash, and PGM will then combine these values appropriately when performing its calculations. PGM's description narratives, such as *Description and/or Example*, also take multiple property types into account. The new *Multiple property type* option is found in the *Property type* menu in the *Principal Value – Cost Basis* window of the Basic Gift Illustrations, First Year Analysis, and Life Income Projections programs (Programs 1, 2, and 3).

- **Stock Valuation tool determines the value of shares in 1-10 stocks or mutual funds**
  PGM's new Stock Valuation tool makes it easy to determine the market value of the shares in up to ten different stocks or mutual funds. The tool computes the value based on number of shares, and either the low price and high price on date of gift (stocks) or the closing price on the date of gift

(mutual funds). It creates a report of its calculations that is suitable for sending to the donor as part of a gift acknowledgment. The tool includes an Apply button for copying its results into the *Principal Value – Cost Basis* window of Programs 1, 2, and 3 and into the asset information questions in the *Narrative Follow-Up Questions* window for the Gift Annuity Agreement and Gift Summary narratives.

- **Loan Amortization tool creates amortization schedule**
  PGM's new Loan Amortization tool produces a standard amortization schedule based on a total loan amount, interest rate, payment frequency, and total number of payments. The schedule displays the payment amount and the portion of each payment that will be deemed to be interest and principal for the life of the loan.

- **Estate Tax and Gift Tax tool reports contain more calculation details**
  The Estate Tax tool report now includes additional lines that explain more completely the steps used in calculating the federal estate tax. The Gift Tax tool report boasts similar improvements.

- **Export Tools and Customize menu presentations to Word and Excel**
  PGM can now export presentations created using functions selected from the Tools, Customize, or File menu to Microsoft Word and Excel. You must view the presentation first, and then export while viewing. For example, you can view the presentation created by Tools – Deduction for Gift Annuity Termination, then choose File – Edit in Word to open the presentation in Word, ready for editing any way you wish.

- **Simplified handling of partial and combined gift annuity payments**
  In order to minimize the need for users to answer detailed questions about how to compute a gift annuity's first partial payment, we have revised how the questions regarding this calculation are organized and answered. We have also modified the handling of whether to combine the first partial payment with the first regular payment.

  In the past, these questions had to be reviewed in a second follow-up window when you selected a gift annuity under Gift Options. Now, new questions under Customize – Calculation Options – Gift Annuities let you indicate whether your organization's policy is to pay annuitants a first partial payment or not. If so, you can also indicate whether the partial payment is sometimes combined with the first full payment. Based on your answer, a default is set for computing a partial payment. If the default is "yes," a question about whether to combine the first partial and first regular payments is asked in the first gift annuity follow-up window under Gift Options. You can answer "yes" or "no" depending on the case at hand (many charities combine these payments only when a gift annuity is funded within a certain number of days of the first scheduled payment).

  You can still access all of the partial payment questions, when necessary, by clicking the new Custom Schedule button, which has replaced the More button at the bottom of the first gift annuity follow-up window. For example, you will need to do this to enter partial payment information for a gift annuity that doesn't conform to your charity's standard practice for computing partial payment amounts. You will need to do this routinely if your charity makes partial payments that are based on a payment period start date that is not the first or second day of the calendar period.

- **Partial payment calculation on Taxation of Gift Annuity Payments chart more transparent**
  We have added equations in parentheses to the lines in the Taxation of Gift Annuity Payments chart that cover the first partial payment. These equations clarify how the first partial payment is calculated and how the amount of a combined first partial and first regular payment is determined.

- **IRS Discount Rate Election Statement made its own narrative**
  PGM now lists the IRS Discount Rate Election Statement as a separate narrative, making it easier to find. In prior versions of PGM, the IRS Discount Rate was one of three documents produced by the Acknowledgment/Summary/IRS Election narrative. As before, you can produce the IRS Discount Rate Election Statement only if you have selected an IRS discount rate for one of the two months

prior to the month of gift. The Acknowledgment/Summary/IRS Election narrative has been renamed Acknowledgment Letter/Gift Summary, as it now produces only these two documents.

- **View size saved as part of PGM configuration**
  You now can configure PGM to use a particular view size whenever you view presentations, such as Page Width or Full Page. You choose this setting under Customize – Setup – Display Type and Colors – View zoom. In addition, if you change the view size during a session using the Zoom Control that appears in the PGM Toolbar while viewing presentations, the size you choose will remain in force for the duration of the session. In past versions, the view size defaulted to Page Width every time you viewed presentations, even when you changed the view size to another setting during the same session.

- **New file format for exporting gift information to GiftWrap 4.0**
  When you choose File - Save GiftWrap Gift Information File, PGM now saves a file with a .gftx extension in addition to one with a .gft extension (and, for gift annuities only, one with a .tax extension, too). The .gftx file is for use with GiftWrap 4.0, our new web-based version of GiftWrap. The .gft (and .tax) file must still be used with GiftWrap 3.6 and earlier versions.

- **"Payments" replaces "income" in diagrams**
  Wherever diagrams mention payments from a life income plan, they now use the word "payments" rather than "income". This way, life income payments are less likely to be misinterpreted as earned income. Except for pooled income funds and net income unitrusts, life income plans usually make payments that are partly earned income and partly capital gain or return of principal.

- **PGM smarter about retrieving deferred annuity rates from input files**
  Ordinarily, a deferred annuity rate is determined in two steps. First, PGM looks up the rate for the annuitant's age as of the annuity starting date (the first day of the period at the end of which the first payment is made). Then, PGM recalculates the rate to account for the deferral period. To assure that the recalculated rate stored in an input file was retrieved faithfully, PGM has always set the annuity rate to the saved recalculated rate and set "Recalculate this annuity rate to allow for the deferral of payments" to "no". This approach was confusing to many users because they were used to answer-ing the "Recalculate" question "yes." In their confusion, some users would change "Recalculate" to "yes," causing the rate in any newly produced presentations to be higher than the saved rate.

  Now, PGM compares the rate saved in the input file to the rate that would be calculated based on the currently selected gift annuity rate table, the age of the annuitants, and the deferral period. If they are the same, PGM sets the annuity rate to the rate for the annuitant's age as of the annuity starting date, and the "Recalculate" question to "yes." If they differ, PGM sets the annuity rate to the saved recalculated rate, the "Recalculate" question to "no," and issues a warning message that explains what it has done. Either way, the annuity amount retrieved from the file will match the one that was saved in it originally.

- **Optional 8283 paragraph in Acknowledgment Letter improved**
  The optional paragraph in the Acknowledgement Letter narrative that discusses Form 8283 has accommodated gifts of publicly-traded securities, closely-held stock with a value greater than $10,000, and tangible property or real estate with a value greater than $5,000, all of which require completion of Section B of the 8283 and a qualified appraisal. Now, this paragraph also accommodates non-cash gifts that have values greater than $500 and therefore require an 8283, but less than the applicable threshold for completing Section B and obtaining a qualified appraisal.

- **Disclosure statement clearer on how gift annuities differ from commercial annuities**
  The *Not a Commercial Investment* paragraph of the Gift Annuity Disclosure Statement explains more clearly how a charitable gift annuity differs from a commercial annuity.

- **Organization short name expanded to 24 characters**
  The maximum length allowed for the short name that can be entered for each organization set up under Customize – Organization Information has been expanded from 10 characters to 24 characters. The longer short name field will allow clients more flexibility to enter the short name of their choice. Short names that use close to the maximum number of characters should fit well in most presentations, but may look cramped in certain diagrams.

- **Organization legal name expanded to two lines of 79 characters each**
  We have added a second field for the organization legal name that can be entered for each organization set up under Customize – Organization Information. The new *Legal name continuation* field allows clients with very long legal names to split their legal name into two parts of up to 79 characters each. These parts will then be centered, the first above the second, in Gift Annuity Agreement headings, as well as left aligned above the charity signature block at the end of agreements. If your organization has a legal name longer than 50 characters, consider splitting it between the two legal name fields, then produce a gift annuity agreement to test if the legal name looks good when centered at the top of the page and when displayed above the organization signature line.

- **Expanded Online Help**
  We have updated PGM's Online Help for PGM 6.3. Changes include documentation of all new and revised features, the addition of the 2010 federal income, gift, and estate tax tables, and four new DemoClips.

- **PGM Introductory Guide updated**
  You can download the PGM 6.3 Introductory Guide at www.pgcalc.com/pdf/pgm63intro.pdf or copy it from an update CD. The Introductory Guide takes you on a step-by-step interactive tour through all of the basics of the software, making it an ideal introduction to PGM for new staff members and a good refresher for current ones who use PGM infrequently.

Bug Fixes

- **Indent no longer formatted incorrectly when narratives exported to Word**
  When exported to Word, the bulleted lines in the Points of Interest section of the Gift Annuity Disclosure Statement were not properly indented. Likewise, the first line of paragraphs 7, 8, and 9 of prototype gift annuity agreements for New York were not properly indented. These indenting problems have been fixed.

- **Results in two Tools functions did not recalculate when valuation date changed**
  The value in the Results field of the Life Expectancy and Present Value of Future Bequest tools would not reset to a new value when you changed the determination date or valuation date, respectively, unless you clicked in another field before clicking Calculate. Now the value in the Results field recalculates in this situation as soon as you click in another field or click Calculate directly.

- **Social security number requested in agreements only when PGM set up to print them**
  For states that don't require a donor signature (all states except Alabama, California, and New York), the agreement used to ask for the donor's social security number when PGM was set up to print the donor's *name* under the donor signature line (see Customize – Organization Information). Now, this question is asked only if PGM is set up to print the donor's *social security number* under the donor signature line.

Appendix: Changes to Gift Annuity Agreement narrative

We have made the following changes to the Gift Annuity Agreement narrative in PGM 6.3:

Changes that apply to all agreements

- We have revised the formatting of the organization legal name in order to accommodate that this name can now be entered in two parts rather than just one. The organization legal name appears in the title of the agreement, in the first paragraph of the agreement, above the charity signature line, and at the top of Schedules A and B (Schedule B is produced for flexible gift annuity agreements only).

- We have added a warning message that appears when you produce a gift annuity agreement while comparing principals. The message indicates that you can enter asset information for just one principal when comparing principals.

Change that applies to Alabama agreements only

- We have added the gender of each beneficiary ("male" or "female") to the "Birth Dates and Ages of Donors/Annuitants" paragraph for Alabama contracts.