



Taxation Basics for Gift Planners



Date: April 28, 2016

Time: 1:00 – 2:30 Eastern Time

Presenter: Gary Pforzheimer
President
PG Calc





Agenda

- Income taxation basics
- Income tax charitable deduction rules
- When is a gift complete / substantiation
- Gift / estate / generation skipping taxes / IRD
- What may lie ahead?



It All Started in 1913

TO BE FILLED IN BY COLLECTOR.
Assessment List 23-B
Folio Line

Form 1040 (Revised).
INCOME TAX.

TO BE FILLED IN BY INTERNAL REVENUE BUREAU.
File No.
Examined by
Audited by

THE PENALTY
FOR FAILURE TO HAVE THIS RETURN IN
THE HANDS OF THE COLLECTOR OF
INTERNAL REVENUE ON OR BEFORE
MARCH 1 IS \$20 TO \$1,000.
(SEE INSTRUCTIONS ON PAGE 4.)

Above space to be stamped by Collector,
showing district and date received.

UNITED STATES INTERNAL REVENUE.

IMPORTANT.
Read this form through carefully.
Fill in pages 2 and 3 before making
entries on first page.

RETURN OF ANNUAL NET INCOME OF INDIVIDUALS.

(As provided by Act of Congress, approved October 3, 1913.)

INCOME RECEIVED OR ACCRUED DURING THE YEAR ENDED DECEMBER 31, 191...

Filed by (or for) Franklin D. Roosevelt, of
Hyde Park, Dutchess County, New York
(Post-office address) (State.)



Some People's Taxes Aren't Basic



Donald J. Trump ✓
@realDonaldTrump

Follow

Signing my tax return....

1:13 PM - 15 Oct 2015

6,619 10,750



Some Are Straightforward

Form **1040** Department of the Treasury—Internal Revenue Service **2014** OMB No. 1545-0074 Use Only—Do not enter or staple in this space.

For the year Jan. 1–Dec. 31, 2014, or other tax year beginning 2014, ending 2014

Your first name and initial: **Bernard** Last name: **Sanders** Your social security number: [REDACTED]

If a joint return, spouse's first name and initial: **Jane O** Last name: **Sanders** Spouse's social security number: [REDACTED]

Foreign address (include P.O. box, see instructions): [REDACTED] Apt. no.: [REDACTED]

Only, then or poor child, state, and zip code. If you have a foreign address, also complete spaces below (see instructions):
 Foreign country name: **Burlington VT** Foreign province/state/county: **05408** Foreign postal code: [REDACTED]

Filing Status
 1 Single
 2 Married filing jointly (even if only one had income)
 3 Married filing separately. Enter spouse's SSN above
 4 Head of household (with qualifying person). (See instructions) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
 5 Qualifying widow(er) with dependent child

Exemptions
 6a Yourself. If someone can claim you as a dependent, do not check box 6A.
 6b Spouse
 c Dependents:
 (i) First name Last name (ii) Dependent's social security number (iii) Dependent's relationship to you (iv) If child under age 17 qualifying for child tax credit (see instructions)
 If more than four dependents, see instructions and check here ▶
 d Total number of exemptions claimed: **2**

Income

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	156,441
8a	Taxable interest. Attach Schedule B if required	8a	11
b	Tax-exempt interest. Do not include on line 8a	8b	
9a	Ordinary dividends. Attach Schedule B if required	9a	2
b	Qualified dividends	9b	
10	Taxable refunds, credits, or offsets of state and local income taxes	10	
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	4,900
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>	13	
14	Other gains or (losses). Attach Form 4797	14	
15a	IRA distributions	15a	
b	Taxable amount	15b	
16a	Pensions and annuities	16a	
b	Taxable amount	16b	4,982
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits	20a	46,213
b	Taxable amount	20b	39,281
21	Other income. List type and amount	21	
22	Combine the amounts in the far-right column for lines 7 through 21. This is your total income ▶	22	205,617
23	Educator expenses	23	



Some Are Straightforward: Bernie's 1040 - Status and Exemptions

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).				Presidential Election Campaign	
Burlington VT 05408				Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input checked="" type="checkbox"/> You <input checked="" type="checkbox"/> Spouse	
Foreign country name		Foreign province/state/county		Foreign postal code	
Filing Status		1 <input type="checkbox"/> Single		4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶	
Check only one box.		2 <input checked="" type="checkbox"/> Married filing jointly (even if only one had income)		5 <input type="checkbox"/> Qualifying widow(er) with dependent child	
		3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶			
Exemptions		6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a		Boxes checked on 6a and 6b 2	
		b <input checked="" type="checkbox"/> Spouse		No. of children on 6c who:	
		c Dependents:		• lived with you	
		(1) First name Last name		• did not live with you due to divorce or separation (see instructions)	
		(2) Dependent's social security number		Dependents on 6c not entered above	
		(3) Dependent's relationship to you		Add numbers on lines above ▶ 2	
		(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)			
If more than four dependents, see instructions and check here ▶ <input type="checkbox"/>					
		d Total number of exemptions claimed			



Bernie's 1040: Income

		□ Total number of exemptions claimed	lines above ▶	2
Income	7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	156,441.
	8a	Taxable interest. Attach Schedule B if required	8a	11.
		b Tax-exempt interest. Do not include on line 8a	8b	
	9a	Ordinary dividends. Attach Schedule B if required	9a	2.
		b Qualified dividends	9b	
	10	Taxable refunds, credits, or offsets of state and local income taxes	10	
	11	Alimony received	11	
	12	Business income or (loss). Attach Schedule C or C-EZ	12	4,900.
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>	13	
	14	Other gains or (losses). Attach Form 4797	14	
		15a IRA distributions	b Taxable amount	15b
		16a Pensions and annuities	b Taxable amount	16b
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
	18	Farm income or (loss). Attach Schedule F	18	
	19	Unemployment compensation	19	
		20a Social security benefits 20a 46,213.	b Taxable amount	20b
	21	Other income. List type and amount	21	
	22	Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶	22	205,617.
	23	Educator expenses	23	



Bernie's 1040: Deductions, Exemptions, Credits

Appendix 1

Form 1040 (2014)

Page **2**

	38	Amount from line 37 (adjusted gross income)		38	205,271.
Tax and Credits	39a	Check <input checked="" type="checkbox"/> You were born before January 2, 1950, <input type="checkbox"/> Blind. } Total boxes if: <input type="checkbox"/> Spouse was born before January 2, 1950, <input type="checkbox"/> Blind. } checked ▶ 39a	<input type="text" value="1"/>		
	b	If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b	<input type="checkbox"/>		
Standard Deduction for— • People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately, \$6,200 Married filing jointly or Qualifying widow(er), \$12,400 Head of household, \$9,100	40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)		40	56,377.
	41	Subtract line 40 from line 38		41	148,894.
	42	Exemptions. If line 38 is \$152,525 or less, multiply \$3,950 by the number on line 6d. Otherwise, see instructions		42	7,900.
	43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		43	140,994.
	44	Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/>		44	26,961.
	45	Alternative minimum tax (see instructions). Attach Form 6251		45	
	46	Excess advance premium tax credit repayment. Attach Form 8962		46	
	47	Add lines 44, 45, and 46		47	26,961.
	48	Foreign tax credit. Attach Form 1116 if required	48		
	49	Credit for child and dependent care expenses. Attach Form 2441	49		
	50	Education credits from Form 8863, line 19	50		
	51	Retirement savings contributions credit. Attach Form 8880	51		
	52	Child tax credit. Attach Schedule 8812, if required	52		
53	Residential energy credits. Attach Form 5695	53			
54	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	54			
55	Add lines 48 through 54. These are your total credits		55		
56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-		56	26,961.	



Income Tax Basics

- *Marginal* tax rate
 - Tax rate on last dollar earned
- *Effective* tax rate
 - Average tax rate on income



Income Tax Basics: 2016 Married Filing Jointly Rates

Taxable Income	Income Tax	% on Excess	Cap Gain Tax
\$ 0	\$ 0	10%	0%
18,550	1,855	15%	0%
75,300	10,368	25%	15%
151,900	29,518	28%	15%
231,450	51,792	33%	15%
413,350	111,819	35%	15%
466,950	130,579	39.6%	20%



Income Tax Basics: A Simple Example

- Ted and Alice

Adjusted gross income (AGI):	\$200,000
Itemized deductions:	- \$40,000
Personal exemptions	- <u>\$16,200</u>
Taxable income	\$143,800
Tentative income tax	\$27,492
Tax credits	- <u>\$1,000</u>
Income tax due	\$26,492

- 25% *marginal* rate
- 13.2% *effective* tax rate (\$26.4K / \$200K)



Income Tax Basics: Capital Gains

- Capital assets (e.g. investments)
- Capital gains tax on sale when fair market value (FMV) exceeds cost basis
- Rate of tax on long-term capital gain
 - 15% rate for most
 - Other rates: 0%, 25%, 28%
- Short-term capital gain taxed as ordinary income



Income Tax Basics: Cost Basis

- Cost basis usually what was paid for a capital asset
- Can be different if asset was inherited or received as a gift
- Can be adjusted upward (for money paid to protect/enhance) or downward (due to depreciation)



Income Tax Basics: Capital Gains Tax Rates

Taxable Income	Income Tax Rate	Capital Gains Tax Rate
\$ 0	10%	0%
18,550	15%	0%
75,300	25%	15%
151,900	28%	15%
231,450	33%	15%
413,350	35%	15%
466,950	39.6%	20%



Income Tax Basics: Capital Gains Tax Example

- Mr. and Mrs. Albertson
Own P & G stock
 - FMV \$328,000
 - Basis - \$116,000
 - Long term gain \$212,000
 - Tax @ 15% (AGI is \$200K) \$31,800
 - Only \$296,200 would be left for reinvestment
(\$328,000 - \$31,800)



Income Tax Basics: Impact of Capital Gain on Charitable Gifts

- Outright gift:
 - All capital gain is forgiven
- Gift annuity:
 - Capital gain associated with gift is forgiven
 - Capital gain associated with income interest is reportable, usually ratably
- Charitable remainder trust
 - Tiers of income
 - Capital gain taxed as capital gain is paid
- Capital loss assets should be sold instead



Income Tax Basics: Medicare Surcharge

- The first part is an extra .9% tax on wages and self-employment income above the thresholds.
- The second part is a 3.8% surtax called the Net Investment Income Tax or NIIT. This surtax is imposed on the lesser of:
 - net investment income or
 - the amount by which a taxpayer's MAGI exceeds the applicable threshold (\$250K for MFJ).
- The 3.8% surtax cannot be reduced by charitable deductions and applies to life income gift payments



Income Tax Basics: Impact of State and Local Taxes

- Generally deductible for federal purposes
- Total tax rate not the sum of separate rates
- 28% Federal rate + 5% state taxes
- Blended rate = $28\% + (1 - .28) \times 5\% = 31.6\%$



Income Tax Charitable Deduction: Clearing the Standard Deduction Hurdle

- Many types of itemized deductions, with charitable deduction being just one
- Itemizing not worth it unless all eligible deductions total more than standard deduction



Income Tax Charitable Deduction

- Must be to an IRC Sec. 170 charity
- Not all charitable gifts produce charitable deductions
- Deduction for split-benefit gift is a fraction of what it would be for outright gift



Income Tax Charitable Deduction: Value of the Income Tax Charitable Deduction

- \$10,000 taxable income
- At 28% marginal rate, \$2,800 tax due
- \$10,000 gift to charity: \$2,800 tax savings
- Cost of gift is only $\$10,000 - \$2,800 = \$7,200$
- Sometimes deduction straddles two marginal rates



Deductibility by Type of Property

<u>Type of Property</u>	<u>Deductible Amount</u>
Cash	Face amount
Securities and real estate - owned over one year	Fair market value
Securities and real estate - owned one year or less	Cost basis or fair market value (whichever is less)
Tangible personal property:	
"Related Use" owned over one year	Fair market value
"Related Use" owned one year or less	Cost basis or fair market value (whichever is less)
"Unrelated Use" regardless of how long owned	Cost basis or fair market value (whichever is less)
Inventory (excluding inventory contributed for research and other special cases)	Cost basis or fair market value (whichever is less)



Deductibility by Type of Organization

Type of Organization	Examples	Type of Property	Deductibility
Public charities and private operating foundations. Sometimes called "50% Charities."	Educational institutions, churches, tax-exempt hospitals, governmental units, publicly supported organizations such as the American Red Cross or a symphony orchestra, along with private operating foundations.	Cash and Ordinary Income Property	50% of AGI
		Long-term Capital Gain Property	30% of AGI
Private non-operating foundations. Sometimes called "30% Charities."	Strictly "grant making" foundations.	Cash and Ordinary Income Property	30% of AGI
		Long-term Capital Gain Property	20% of AGI



Carly's Deductions Worksheet

CASH CONTRIBUTIONS (CONT'D)

\$1,939,929 * 30% = PLENTY!

DISTRESSED MANAGERS IV LP (P)

OTHER CASH CONTRIBUTIONS

50% ORGANIZATION(S)
AMERICAN HEART
CHURCH
LORTON COMMUNITY ACTION CENTER

1,000.
500.
10,000.

TOTAL CASH CONTRIBUTIONS BEFORE LIMITATION

11,571.

CASH CONTRIBUTION LIMITATION

NONE

TOTAL TO SCHEDULE A, LINE 16

11,571.
=====

NONCASH CHARITABLE CONTRIBUTIONS

NONCASH CONTRIBUTIONS FROM FORM 8283

249,855.

TOTAL NONCASH CONTRIBUTIONS BEFORE LIMITATION

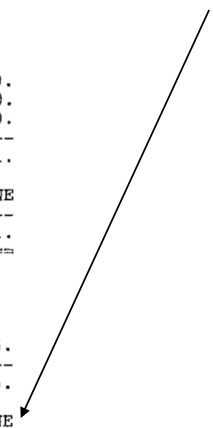
249,855.

NONCASH CONTRIBUTION LIMITATION

NONE

TOTAL TO SCHEDULE A, LINE 17

249,855.
=====





Income Tax Charitable Deduction

- Bob and Carol
 - \$350,000 AGI
 - Donate \$700,000 appreciated stock to art museum (public charity)
 - Deduction can be used up to 30% of AGI (i.e., \$105,000) each year
 - Year of gift plus five carryover years
 - Deduction used: $6 \times \$105,000 = \$630,000$
 - Deduction lost: $\$700,000 - \$630,000 = \$70,000$



Income Tax Charitable Deduction

- Bob and Carol
 - Same as before, but \$700,000 cash gift
 - Deduction can be used up to 50% of AGI (i.e., \$175,000) each year
 - Entire deduction can be used in four years
(4 x \$175,000 = \$700,000)



Income Tax Charitable Deduction

- Order of priority of deductions
 - Pub. 526 describes how to prioritize current and carryover year deductions
- Special Election
 - Elect to deduct LTCG property at cost basis so that 50%-of-AGI limit will apply



The Dreaded Pease Limitation: Hillary's Return

ITEMIZED DEDUCTION WORKSHEET

1. SCHEDULE A, LINES 4, 9, 15, 19, 20, 27, AND 28	5,988,485.	5,988,485
2. SCHEDULE A, LINES 4, 14, 20, PLUS ANY GAMBLING AND CASUALTY OR THEFT LOSSES INCLUDED ON LINE 28		
3. IS THE AMOUNT ON LINE 2 LESS THAN THE AMOUNT ON LINE 1? NO. -----		
X YES. SUBTRACT LINE 2 FROM LINE 1	5,988,485.	5,988,485
4. LINE 3 MULTIPLIED BY 80% (.80)	4,790,788.	4,790,788
5. ENTER THE AMOUNT FROM FORM 1040, LINE 38	27,946,490.	27,946,490
6. ENTER LIMIT BASED ON FILING STATUS.....	305,050.	305,050
7. IS THE AMOUNT ON LINE 6 LESS THAN THE AMOUNT ON LINE 5? NO. -----		
X YES. SUBTRACT LINE 6 FROM LINE 5..	27,641,440.	27,641,440
8. LINE 7 MULTIPLIED BY 3% (.03)	829,243.	829,243
9. ENTER THE SMALLER OF LINE 4 OR LINE 8	829,243.	
10. TOTAL ITEMIZED DEDUCTIONS (LINE 1 LESS LINE 9)	5,159,242.	5,159,242



Charitable IRA Rollover

- Traditional and Roth IRA only (can rollover other qualified plan to IRA, then make rollover gift)
- Minimum age – 70 ½
- Maximum amount – \$100,000
- Not permitted to private foundation, supporting organization, or donor advised fund
- Not permitted for life income plan
- Can fulfill a pledge
- Counts toward RMD
- Beneficiary of inherited IRA can do rollover



Charitable IRA Rollover: Who Benefits Most?

Donors who:

- Do not itemize deductions
- Would lose deductions with increase in income
- Already contribute 50% or more of income
- Live in a state with an income tax that does not permit itemized deductions (e.g., MA)
- Like the simplicity of making gift directly from an IRA



When is a Charitable Gift Complete?

- Depends upon whether it's:
 - Check
 - Credit Card
 - Stock
 - Real Estate
 - Tangible Person Property
 - IRA Rollover



Valuation of Securities

- Mean market value
- Not the the closing price
- Not the proceeds received
- Other rules may apply for non publicly traded securities



Gift Substantiation

- Varies depending on:
 - Amount
 - Type of property given
 - Whether goods or services received
- Non-cash property
 - One portion or another of Form 8283 likely needs to be completed



Gift Substantiation and 8283s

- 8283 Section A
- 8283 Section B and appraisals
- 8282 Tattletale form



Transfer Taxation Basics

- Gift tax
- Estate tax
- Generation-skipping transfer (GST) tax
- At least for 2016, all 3 feature \$5.45 million exemption (derived from a tax credit) and tax rate of 40% on the excess



Transfer Taxation Basics

Estate tax

- Assessed on estate at death
- Takes into account certain gifts made during (and any gift tax paid on those gifts)
- Unlimited marital deduction
- Unlimited charitable deduction
- Deduction for state “death taxes”



Transfer Taxation Basics: Gift Tax

- Unlimited charitable deduction (but gift tax return may still need to be filed)
- Unlimited marital deduction (if spouse U.S. citizen)
- Annual exclusion per donor: \$14,000
- Each spouse can give \$14,000 to any person each year, so parents of a family of three children can transfer \$84,000 (2 x 3 x \$14,000) to the next generation each year free of tax



Transfer Taxation Basics: Generation Skipping Transfer tax

- A tax on a tax
- Applies to certain transfers to “skip persons”
- Skip person: relative two or more generations younger or non-relative 37.5+ years younger
- Marital and charitable deductions
- As with estate and gift taxes, can be relevant in connection with some split-benefit gifts



Transfer Taxation Basics: Income in Respect of a Decedent (IRD)

- Actually an income tax issue, but arises in connection with transfers upon death
- If income associated with an asset would have been taxed in hands of decedent had he/she remained alive, new owner/beneficiary of asset will be taxed on income as it is paid
- Traditional IRAs and certain other assets feature IRD; when distributed to charity, no tax is owed



Transfer Taxation Basics: Example of Gift Tax

- Mr. Soto makes first taxable gift to son of \$700,000 in 2000. He pays no gift tax.
- He makes a \$5,430,000 gift in 2015 and, although this is the limit at the time, his prior gift means this transfer makes him pay tax.



Transfer Taxation Basics: Example of Gift Tax

Taxable gift made in 2015	\$5,430,000
Prior taxable gifts	<u>+ \$700,000</u>
Cumulative lifetime taxable gifts	\$6,130,000
Tentative tax on \$6,130,000	\$2,397,800
Less prior gift taxes paid	- \$0
Less tax on 2015 exemption of \$5,430,000	<u>- \$2,117,800</u>
Gift tax owed	\$280,000



Transfer Taxation Basics: Example of Estate Tax

- Mrs. Soto dies in 2015 and leaves all of her assets to Mr. Soto.
- Mrs. Soto made no taxable gifts during her lifetime and there is no estate tax because of the unlimited marital deduction.
- In addition, Mrs. Soto's estate elects to port her \$5,430,000 lifetime exemption to Mr. Soto.
- Mr. Soto dies in 2016 with an estate worth \$6,000,000. He made taxable transfers (to his son) during his lifetime totaling \$6,130,000 on which he paid \$280,000 in gift tax.



Transfer Taxation Basics: Example of Estate Tax

Estate in 2016	\$6,000,000
Prior taxable gifts during life	+ <u>\$6,130,000</u>
Taxable estate	\$12,130,000
Tentative tax	\$4,797,800
Less gift tax paid during life	- \$280,000
Less tax on 2016 exemption of \$10,880,000 (\$5,450,000 + 5,430,000)	- <u>\$4,297,800</u>
Estate tax owed	\$220,000



Transfer Taxation Basics: Example Including a Bequest

- Mr. Soto could have eliminated his estate tax by making charitable gifts in his estate of \$550,000 or more.



Transfer Taxation Basics: Example Including a Bequest

Estate in 2016	\$6,000,000
Less charitable gifts	- \$550,000
Prior taxable gifts during life	<u>+ \$6,130,000</u>
Taxable estate	\$11,580,000
Tentative tax	\$4,577,800
Less gift tax paid during life	- \$280,000
Less tax on 2016 exemption of \$10,880,000 (\$5,450,000 + 5,430,000)	<u>- \$4,297,800</u>
Estate tax owed	\$0

- Cost of gift = \$550,000 – \$220,000 = \$330,000



Transfer Taxation Basics: Example Factoring in IRD

- Assume that \$500,000 of Mr. Soto's \$6,000,000 estate is from the balance in his qualified retirement plan.
- He can save \$175,000 in total taxes on his estate's assets by making his charitable gifts first from the \$500,000 in his qualified plan and then from other assets as needed.



Transfer Taxation Basics: Example Factoring in IRD

- Estate tax is the same, regardless of assets used to fund gift

Estate tax	Give IRD to Charity	Give IRD to Son
Estate in 2016	\$6,000,000	\$6,000,000
Less charitable gifts	- \$550,000	- \$550,000
Prior taxable gifts during life	+ <u>\$6,130,000</u>	+ <u>\$6,130,000</u>
Taxable estate	\$11,580,000	\$11,580,000
Tentative tax	\$4,577,800	\$4,577,800
Less gift tax paid during life	- \$280,000	- \$280,000
Less tax on 2016 exemption of (\$5,450,000 + 5,430,000)	- <u>\$4,297,800</u>	- <u>\$4,297,800</u>
Estate tax owed	\$0	\$0



Transfer Taxation Basics: IRD Example

- Save income taxes by funding gift with IRD assets

Income tax	Give IRD to Charity	Give IRD to Son
Balance in qualified plan	\$500,000	\$500,000
Less qualified plan assets donated	<u>- \$500,000</u>	<u>- \$0</u>
Taxable income	\$0	\$500,000
Income tax owed (son's rate=35%)	\$0	\$175,000
Total tax	\$0	\$175,000
Tax savings with \$550,000 gift:		
Estate taxes saved	\$220,000	\$220,000
Income taxes saved	<u>+ \$175,000</u>	<u>+ \$0</u>
Total taxes saved	\$395,000	\$220,000



What May Lie Ahead: Income Taxation

- Changes in tax rates: higher? lower?
- “Simplification” of tax rules: flat tax? fewer deductions/credits?
- Postcard 1040s?



What May Lie Ahead: The Permanent IRA Rollover?

- 2016 and beyond is now known
- Donor Advised Funds and Foundations?
- Adding in some life income gifts?



What May Lie Ahead: Income Tax Charitable Deduction

- Helps charities, at least to some extent
- Viewed by some as a “tax expenditure”
- Could be subject to limitations on all itemized deductions
- Could be singled out for special treatment
- Could be replaced by a tax credit



What May Lie Ahead

Transfer taxation

- Complete elimination of one or more of the types of taxes
- Increased impact of taxes: higher rates, lower exemptions
- Possible reactions by states



Questions and Answers





Still Have a Question?

Contact: Gary Pforzheimer
President
PG Calc

E-mail: gary@pgcalc.com

Phone: 888-497-4970