

## DEFERRED PAYMENT GIFT ANNUITY ANSWERS

ANNUITY DONOR: Anonymous  
DONOR AGE: 79 Life Expectancy: 8.9 Years

Estimated Tax results of a \$29,357 stock gift to BILLINGS COMMUNITY FOUNDATION for benefit of the Your Favorite Endowment Fund:

Date of Gift: 11-29-2013	
Market Value of Gift	\$ 29,357.00
Federal Charitable Tax Deduction of Charitable Remainder	\$ 25,444.00
Estimated Cost of Gifted Stock	\$ 6,723.00
Estimated Long Term Capital Gain	\$ 20,222.00
Estimated Federal Income Tax Rate (marginal)	39.6%
Estimated Montana Income Tax Rate	6.9%

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Estimated Federal Income Tax Savings @ 39.6%	\$ 10,076.00
40% MT Income Tax Credit for Planned Gift to Permanent Endowment	\$ 10,000.00 (max)
Estimated Total Income Tax Savings :	\$ 20,076.00
Estimated Capital Gains Tax Avoidance:	
20.0% Federal	\$ 4,044.00
4.9% Montana	\$ 1,247.00

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TOTAL ESTIMATED INCOME TAX & CAP.GAINS TAX SAVINGS = \$25,367.00

ESTIMATED NET "OUT OF POCKET" COST OF MAKING THE GIFT = \$ 3,990.00

### RECAP OF MONTANA TAX CREDIT LEGISLATION

Business Firms, Estates	20% income tax credit on Federal charitable deduction
- Corporations - S & C:	Gift can be made directly to qualified permanent endowment
- Partnerships	\$10,000 Maximum Credit in year of gift
- LLCs, etc.	Credit cannot exceed MT tax liability in year of gift
	Unused credit cannot be carried forward
Individual Taxpayers	40% income tax credit on Federal charitable deduction;
	Gift is a planned gift benefitting a permanent endowment;
	Deferred Charitable Gift Annuity gives biggest deduction/ gift \$;
	Currently paying Charitable Gift Annuity has lesser deduction;
	Planned gift cannot be voluntarily cancelled in less than 5 years;
	Annuity income can't be deferred beyond life expectancy at gifting
	\$10,000 credit per taxpayer; \$20,000 to jointly filing spouses;
	Credit cannot exceed MT tax liability in year of gift;
	Unused credit cannot be carried forward;
	Gift creating unuseable credit can be deducted as an ordinary gift;

Call Billings Community Foundation Planned Giving Officers Obert Udem (406-657-1142) or Teresa Darnielle Morse (406-255-8750) with any questions.