

An Update

Tax law changes and lower §7520 rates have slightly affected *Planning and Drafting Gifts and Trusts of Closely Held Stock*. Approximate charitable deduction percentages in the chart on page 9 have dropped somewhat.

Age of Beneficiary	Percentage of value to be paid		
	5%	7%	9%
55	32.0%	21.7%	15.4%
60	38.1	27.4	20.4
65	44.9	34.0	26.4
70	52.3	41.6	33.7
75	60.1	50.1	42.3
80	67.7	58.8	51.4

In the example of Peter and Penny, also on page 9, in addition to Peter's \$176,000 capital gains tax on the sale of his half interest, he would have a 3.8% net-investment income tax of \$33,440, leaving him \$790,560 with which to generate the same 7% return as Penny.

On page 13, the first two sentences of the section titled "Holding a Controlled Corporation Causes Unrelated Business Income" should be replaced by: A charitable remainder trust is subject to a 100% tax on its unrelated business income, but no longer loses its tax-exempt status.

On page 14, the second sentence of the first paragraph under "Closely Held Stock in a Charitable Lead Trust" should be replaced by: Testamentary charitable lead trusts pose no such problems because stock receives a step-up in basis.



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