An Update

Planning & Drafting a Testamentary Charitable Remainder Trust contains estate tax examples on Page 6 based on a credit shelter of only $2 million. Paragraph 2 should read:

"Consider the situation of a client whose taxable estate exceeds the estate tax exemption ($5,250,000 in 2013) by $2 million. She is widowed and wants to provide for her son, who is now age 62. Estate taxes could reduce the estate passing to her son by $800,000, assuming a tax rate of 40%. If she leaves $2 million to a testamentary charitable remainder unitrust paying her son 5% annually, the tax would be cut in half, assuming he is 70 when she dies."

The fourth paragraph should read: "Consider the situation of a client who has an estate exceeding the exemption by $1 million and that includes a $2 million IRA. The client wants the bulk of his estate to pass to his sister, age 72. If the estate is left outright to the sister, the estate tax will be about $400,000, assuming a 40% tax rate. Furthermore, the sister will pay substantial income tax as she makes withdrawals from the IRA, notwithstanding the deduction for estate taxes due on the account."

Page 14 should read: "**Minimum Remainder Requirement.** Paragraph 1 should be drafted to ensure compliance with the minimum remainder interest (10%) requirements of IRC §664(d)(1)(D) and the 5% probability test set forth in Rev. Rul. 77-374." The following words should be added after "under section 664(d)(2)(D)" in the next paragraph: "and also meet the exhaustion test contained in Rev. Rul. 77-374."

Please call AICR's Office of Gift Planning (1-800-843-8114) for assistance with any and all charitable gift planning questions.

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