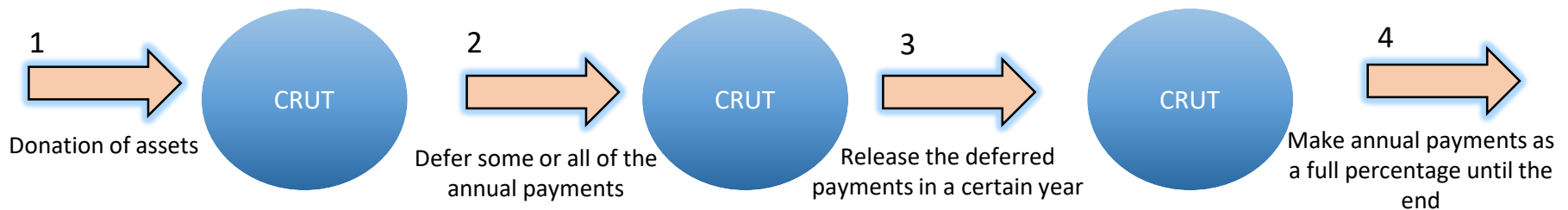


FLIP NIMCRUT Calculator

Net Income with Make-up Charitable Remainder Uni-Trust



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Prepared On: Saturday, October 19, 2024

Illustration #1

Disclaimer

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Executive Summary

- This is an illustration of a Net Income Make-up Charitable Remainder Unitrust (NIMCRUT), where the Grantor gifts **\$20,000,000** to the trust, in exchange for payments for **a term of 18 years**, with the remainder going to a charitable beneficiary.
- The Internal Revenue Code expressly allows the use of the Flip NIMCRUT, where the Donor may receive a charitable deduction for the gift to the trust if made during the Donor's lifetime.
- In this situation, the irrevocable trust will make scheduled payments (a fixed percentage of the trust value, determined annually) to the Donor or his or her beneficiaries over the trust term, before distributing the remainder to the charity at the end of the term.

Visualizing a NIMCRUT

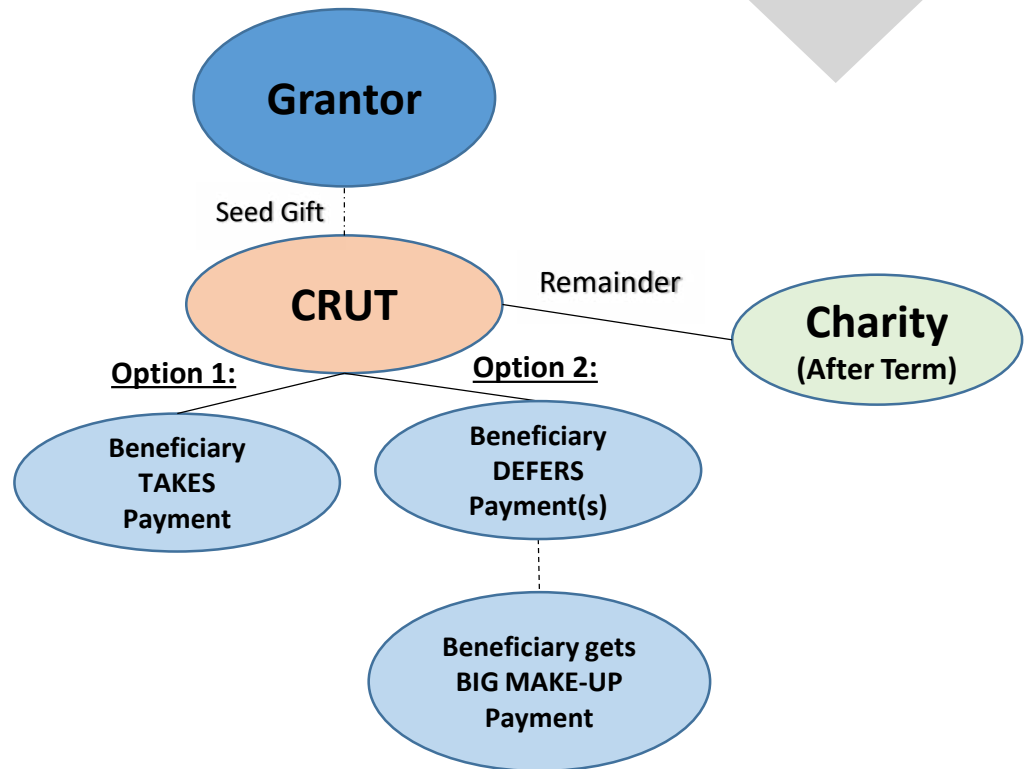
Option 1 functions like a traditional CRUT. The Grantor creates an irrevocable trust where he or she (or their beneficiary) will receive a percentage of trust assets, in scheduled payments, for the trust term, and the charity will receive the remaining assets at the conclusion of the trust term.

Option 2 is the Flip NIMCRUT, where one or more of these payments are deferred, in whole or in part based upon the income received by the Trust.

When the Trust is “flipped” some or all of the aggregate deferred payment is paid out to the income recipient. The Trust then pays a normal percentage of its entire value each year until the end of the term.



















The distribution when the trust is flipped is limited to not exceed an amount that allows the remaining CRUT assets to be equal in value to the original contribution value.

This may result in significantly more value going to the charitable beneficiary.



In both cases, the Grantor will receive their charitable tax deduction for the gift to the irrevocable trust, in the year of the gift.

Important Characteristics of CRATs, CRUTs, and NIMCRUTs

	CRAT	CRUT	Flip-NIMCRUT
Minimum Annual Payment	Yes 	No 	No 
Pays Greater Amounts if Values Increase	No 	Yes 	Yes 
Annual Valuations Required <small>*If there is an independent Trustee, real estate (and other non-marketable assets) may be valued by the Trustee instead of by a current qualified appraisal.</small>	No 	Yes 	Yes 
Payments Can Be Deferred (NIMCRUT and Flip-NIMCRUT)	No 	No 	Yes 
"5% Probability of Exhaustion Test" Applies	Yes 	Yes 	No 
10% Minimum Remainder Requirement	Yes 	Yes 	Yes 

Cash Flow Between the Parties

Contribution to the NIMCRUT

- The NIMCRUT receives a gift of **\$20,000,000** from the Grantor
- The Grantor may receive a charitable income tax deduction of **\$8,031,640** for the contribution to the CRUT, and may thus save **\$2,971,707** in income taxes.

NIMCRUT Payments During Trust Term

- The NIMCRUT will make **Annual** payments to the Grantor or a named beneficiary, totaling **5.20%** of trust assets, for a **term of 18 years**, unless these payments are deferred. During this term, the trust assets will continue to grow at a rate of **6.00%**. If payments are deferred, the trust will pay a make-up payment to the Grantor, in the final year of the term.

NIMCRUT Dissolution at the End of the Term

- In year **18**, the NIMCRUT will distribute the remainder of the trust assets to the charitable beneficiary (must meet IRS standards to be defined as such), totaling **\$8,031,640** in today's dollars.

Summary of Payments (In Present Value)

- For a **\$20,000,000** gift, the Grantor receives a charitable tax deduction and **\$11,968,360** in payments over the trust term. At the term's conclusion, the charity receives the remaining **\$8,031,640**.

NIMCRUT Assumption

Transfer Date:	10/19/2024
Highest Available § 7520 Rate:	5.20%
Number of Lives:	One
Grantor Age (Nearest Birthday):	70
2nd Life Age (Nearest Birthday):	N/A
Table Life Expectancy:	15.4
Term of CRUT:	18 years
Grantor Yr of Death:	85
2nd Life Yr of Death:	N/A
Mortality Table:	2010 CM
Payout Rate:	5.20%
Annual Growth Rate:	6.00%
Income Tax Rate:	37.00%

Payout Schedule:	Annual
Number of Months before First Payment:	12
Trust Value:	\$20,000,000
Use FLIP NIMCRUT?:	True
NIMCRUT # Of Deferral Years:	11
Percent of Payment Deferred:	100.00%
Use Explosive Asset?:	False
Day 1 Value (Included in Trust Value above):	\$20,000,000
Years Until Sale:	N/A
Value On Sale:	N/A
Time Value of Money, Illustration, Rate:	5.80%
Remainder Factor Calculation Method:	Interpolation

NIMCRUT Summary Table

CRUT #	Term of CRUT	Number of Lives	Grantor Age	Survivor Age
CRUT # 1	18 years	One	70	N/A

Contribution Amount	Payout Rate	Payout Schedule	Months Before First Payment	7520 Rate
\$20,000,000	5.20%	Annual	12	5.20%

IRS Table Life Expectancy	Year of Death	1 st Year Payment	Total Payments	Illustrated End Value	Year 1 Income Tax Savings	Growth Rate	Type of CRUT	YR of FLIP
15.4	15	\$208,000	\$23,316,950	\$23,872,329	\$2,971,707	6.00%	FLIP NIM-CRUT	11

Table F Adjustment Factor	Adjusted Payout Rate (Table F)	Income Factor	Remainder Factor	7520 Reportable Charitable Remainder	7520 Reportable Value of Unitrust Interest
0.950570	4.943	0.598418	0.401582	\$8,031,640	\$11,968,360

Actual Life Expectancy	Actual Present Value Discount Rate	Actual Present Value of Annuity Payments	Actual Present Value of Remainder
19	5.80%	\$11,469,916	\$8,178,376

NIMCRUT Details Table

Show Every Year(s) ☒ Year Of Death ☐ End Of Term ☐ Flip NIMCRUT Year

Export to Excel

Year	Year #	Grantor Age	Survivor Age	Probability Survival To Year	Probability Of Death Each Year	Beginning Value	Growth	Payout Rate	Annual Payment Amount	Actual Payment Made	Make-Up Payment Owed	Make-Up Payment Made	Cumulative Make-Up Owed	End Value	PV of Annuity Payments	PV of Remainder
2025	1	71	0	98.04%	2.09%	\$20,000,000.00	\$240,000.00	5.20%	\$208,000.00	\$0.00	\$208,000.00	\$0.00	\$208,000.00	\$20,240,000.00	\$0.00	\$19,130,434.78
2026	2	72	0	95.95%	2.24%	\$20,240,000.00	\$1,214,400.00	5.20%	\$1,052,480.00	\$0.00	\$1,052,480.00	\$0.00	\$1,260,480.00	\$21,454,400.00	\$0.00	\$19,166,598.18
2027	3	73	0	93.70%	2.40%	\$21,454,400.00	\$1,287,264.00	5.20%	\$1,115,628.80	\$0.00	\$1,115,628.80	\$0.00	\$2,376,108.80	\$22,741,664.00	\$0.00	\$19,202,829.93
2028	4	74	0	91.30%	2.57%	\$22,741,664.00	\$1,364,499.84	5.20%	\$1,182,566.53	\$0.00	\$1,182,566.53	\$0.00	\$3,558,675.33	\$24,106,163.84	\$0.00	\$19,239,130.18
2029	5	75	0	88.73%	2.73%	\$24,106,163.84	\$1,446,369.83	5.20%	\$1,253,520.52	\$0.00	\$1,253,520.52	\$0.00	\$4,812,195.85	\$25,552,533.67	\$0.00	\$19,275,499.04
2030	6	76	0	86.00%	2.91%	\$25,552,533.67	\$1,533,152.02	5.20%	\$1,328,731.75	\$0.00	\$1,328,731.75	\$0.00	\$6,140,927.60	\$27,085,685.69	\$0.00	\$19,311,936.66
2031	7	77	0	83.09%	3.09%	\$27,085,685.69	\$1,625,141.14	5.20%	\$1,408,455.66	\$0.00	\$1,408,455.66	\$0.00	\$7,549,383.26	\$28,710,826.84	\$0.00	\$19,348,443.16
2032	8	78	0	80.00%	3.30%	\$28,710,826.84	\$1,722,649.61	5.20%	\$1,492,963.00	\$0.00	\$1,492,963.00	\$0.00	\$9,042,346.26	\$30,433,476.45	(\$0.01)	\$19,385,018.67
2033	9	79	0	76.70%	3.48%	\$30,433,476.45	\$1,826,008.59	5.20%	\$1,582,540.78	\$0.00	\$1,582,540.78	\$0.00	\$10,624,887.04	\$32,259,485.04	(\$0.01)	\$19,421,663.32
2034	10	80	0	73.22%	3.68%	\$32,259,485.04	\$1,935,569.10	5.20%	\$1,677,493.22	\$0.00	\$1,677,493.22	\$0.00	\$12,302,380.26	\$34,195,054.14	(\$0.01)	\$19,458,377.24
2035	11	81	0	69.54%	3.86%	\$34,195,054.14	\$2,051,703.25	5.20%	\$1,778,142.82	\$14,080,523.08	\$0.00	\$12,302,380.26	\$0.00	\$22,166,234.32	\$7,573,147.99	\$11,922,012.56
2036	12	82	0	65.68%	4.03%	\$22,166,234.32	\$1,329,974.06	5.20%	\$1,152,644.18	\$1,152,644.18	\$0.00	\$0.00	\$0.00	\$22,343,564.19	\$8,159,107.02	\$11,358,590.42
2037	13	83	0	61.65%	4.17%	\$22,343,564.19	\$1,340,613.85	5.20%	\$1,161,865.34	\$1,161,865.34	\$0.00	\$0.00	\$0.00	\$22,522,312.71	\$8,717,374.22	\$10,821,795.03
2038	14	84	0	57.48%	4.37%	\$22,522,312.71	\$1,351,338.76	5.20%	\$1,171,160.26	\$1,171,160.26	\$0.00	\$0.00	\$0.00	\$22,702,491.21	\$9,249,258.29	\$10,310,368.04
2039	15	85	0	53.11%	4.50%	\$22,702,491.21	\$1,362,149.47	5.20%	\$1,180,529.54	\$1,180,529.54	\$0.00	\$0.00	\$0.00	\$22,884,111.14	\$9,756,006.05	\$9,823,110.58
2040	16	86	0	48.61%	4.59%	\$22,884,111.14	\$1,373,046.67	5.20%	\$1,189,973.78	\$1,189,973.78	\$0.00	\$0.00	\$0.00	\$23,067,184.03	\$10,238,805.44	\$9,358,880.40
2041	17	87	0	44.02%	4.63%	\$23,067,184.03	\$1,384,031.04	5.20%	\$1,199,493.57	\$1,199,493.57	\$0.00	\$0.00	\$0.00	\$23,251,721.50	\$10,698,788.22	\$8,916,589.26
2042	18	88	0	39.38%	4.61%	\$23,251,721.50	\$1,395,103.29	5.20%	\$1,209,089.52	\$1,209,089.52	\$0.00	\$0.00	\$0.00	\$23,437,735.27	\$11,137,032.68	\$8,495,200.36
2043	19	89	0	34.77%	4.52%	\$23,437,735.27	\$1,406,264.12	5.20%	\$971,670.71	\$971,670.71	\$0.00	\$0.00	\$0.00	\$23,872,328.67	\$11,469,915.54	\$8,178,376.48

Conclusion

Thank you!

Taking the time to learn about NIMCRUTs is an important step to understanding your estate plan.

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