## CUMMINGS \& LOCKWOOD LLc



## CAN YOU GIVE ME AN EXAMPLE OF THE GRAT TAX

## CALCULATIONS?

Example of $\$ 1,000,000$ GRAT established when IRS interest rate is $4.4 \%$, assuming total annual investment return of $10 \%$. NOTE: The IRS interest "hurdle" rate is set monthly by the IRS.

| Term of GRAT <br> (in years) | Annual Annuity Payment Made to Donor <br> (Assumming 4.4\% IRS Rate) | "Tax Free" Gift to Beneficiaries at End of <br> Term (Assuming 10\% Total Return) |
| :---: | :---: | :---: |
| 2 | $\$ 533,248$ | $\$ 90,180$ |
| 3 | $\$ 363,082$ | $\$ 129,200$ |
| 5 | $\$ 227,159$ | $\$ 223,682$ |
| 10 | $\$ 125,758$ | $\$ 589,490$ |
| 15 | $\$ 92,474$ | $\$ 1,239,107$ |
| 20 | $\$ 76,211$ | $\$ 2,362,498$ |

