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The value of \$1 is the present value of receiving one dollar each year for a certain length of time. The value of \$1 depends on the number of years the dollar will be paid and the discount rate.

In the context of planned giving, the value of \$1 concept is used in computing the present value of fixed payments from a gift annuity, charitable remainder annuity trust (CRAT), and charitable lead annuity trust (CLAT). After adjustment for the payment frequency and timing, the value of \$1 is multiplied by the annuity amount to compute the value of the annuity stream.

For gift annuities and CRATs, the donor's charitable deduction equals the funding amount minus the value of the annuity stream. For CLATs, the donor's charitable deduction equals the value of the annuity stream itself.

To determine the value of \$1, future payments are discounted by the IRS discount rate compounded annually and summed over the length of the gift term. If the gift term is for one or more lives, the Table 2000CM mortality table is used to compute the probability that someone will be alive to receive each payment.

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