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A charity's remainder interest in a planned gift equals the present value of the promise to distribute the remaining principal of the planned gift when it terminates.

In the case of life income gifts, such as a gift annuity or a charitable remainder unitrust, the charity owns the remainder interest in the gift. In the case of a lead trust, individuals named by the donor own the remainder interest in the gift.

The charitable contribution value of a life income gift equals the charity's remainder interest in the gift. It is, therefore, also the deduction available to the donor, subject to certain reduction rules. In the case of a lead trust, the ultimate beneficiaries' remainder interest represents a taxable gift from the donor to them.

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