

**FEDERAL TAXATION OF ESTATES,
TRUSTS, AND GIFTS
FOURTH EDITION**

2019 SUPPLEMENT

Prepared by

PROFESSOR IRA MARK BLOOM

David Josiah Brewer Distinguished Professor of Law
Albany Law School
and

KENNETH F. JOYCE

SUNY Distinguished Professor of Law
SUNY Buffalo Law School

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Carolina Academic Press
700 Kent Street
Durham, North Carolina 27701
Telephone (919) 489-7486
Fax (919) 493-5668
E-mail: cap@cap-press.com
www.cap-press.com

Preface

This Supplement includes important administrative and judicial developments since the manuscript for the Fourth Edition was submitted in the fall of 2013. The most important legislative development was the enactment of the Tax Cuts and Jobs Act in 2017, which is generally effective in 2018. Minor legislation included changes made by the Protecting Americans from Tax Hikes Act of 2015 (the “PATH Act”), the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015, as well as the enactment of so-called ABLE legislation in late 2014.

The Appendix includes certain inflation-adjusted amounts for 2019 and valuation tables based on an interest rate of 2%, which is the rate used in the Problems and elsewhere in the Fourth Edition,¹ as well as interest rates of 1.6%-3.0%. Because the applicable interest rate is determined monthly,² you can find the applicable valuation tables for other rates by using the following link: <http://www.irs.gov/Retirement-Plans/Actuarial-Tables>.

We wish to express our appreciation to Theresa Colbert, legal assistant at Albany Law School, for her invaluable assistance in preparing this Supplement.

Ira Mark Bloom
Kenneth F. Joyce

August 2019

¹ For most Text Problems and Examples, the year 2019 can be used instead of the year 2014. Your professor may also want you to calculate values based on the current interest rate.

² For August 2019 the applicable rate was 2.2%. *See* Rev. Rul. 2019-17, I.R.B. 2019-32 I.R.B. 1.

CHAPTER 1: BACKGROUND

Page 15: Replace sentence in last paragraph beginning “For 2014,” in third to last line with the following sentence:

For 2017, the exemption amount was \$5,490,000. FN 56

FN 56: *See* Rev. Proc. 2016-55, 2016-45 I.R.B. 707.

Page 16: Add after 2d full paragraph:

[4] Tax Cuts and Jobs Act of 2017 (Tax Act of 2017)

On December 22, 2017, President Trump signed H.R. 1 into law. The law, which runs over 400 pages, can be found at <https://www.congress.gov/115/bills/hr1/BILLS-115hr1enr.pdf>. The Conference Committee Report can be found at <http://docs.house.gov/billsthisweek/20171218/Joint%20Explanatory%20Statement.pdf>.

Although originally entitled “The Tax Cuts and Jobs Act”, at the Senate Parliamentarian’s request it ultimately was entitled “An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018” The Act, however, is commonly referred to as the Tax Cuts and Jobs Act.

On December 20, 2018, The Joint Committee on Taxation released a general explanation (JCS-1-18) of the Tax Cuts and Jobs Act.

Although the Tax Cuts and Jobs Act runs over 400 pages, only one major change was made in the estate, gift and GST tax areas: the basic exclusion amount (exemption amount) was increased from \$5 Million to \$10 Million, as adjusted for inflation, for the years 2018-2025. *See* § 2010(c)(3), as amended. For 2019, the exemption amount is \$11,400, 000. *See* Rev. Proc. 2018-57, 2018-49 I.R.B. 827.

Because the exemption amount will revert to \$5 Million as adjusted for inflation in 2026, the Tax Act of 2017 authorizes the Secretary of the Treasury to provide regulations to deal with the reversion of the basic exclusion amount in 2026 to \$5 Million as adjusted for inflation. *See* § 2001(g)(2). The problem that the regulations will need to address is the so-called “clawback” problem. For example, if a decedent utilizes the available exclusion amount in 2025 which will be over \$11 Million but then dies in 2026 when the exclusion amount will be under \$6 Million, there could be a potential tax on the gift over the exclusion amount for 2026. On November 20, 2018, Proposed Regulations (REG-106706-18) were issued which will prevent the clawback effect from taking place. *See* Proposed Reg. § 20.2010-1(c) and (e)(3).

Although not expressly part of the transfer tax legislation, by changing the method for computing the annual inflation adjustment from the Consumer Price Index (CPI-U) to the Chained Consumer Price Index (C-CPI-U), the Act effectively impacts on the basic exclusion amount. This change applies in the estate, gift and GST tax areas because § 2010(c)(3)(B)(ii) requires that the

annual inflation adjustment be determined under § (f)(3). That provision was amended by the Act to require the use of the Chained Consumer Price Index (C-CPI-U) instead of the Consumer Price Index (CPI-U). *See* § 1(f)(3), as amended.

In 3d paragraph under [D], after 20% add:

Top

After 3d paragraph under [D], add new paragraph:

The Tax Act of 2017 made no direct substantive changes to the federal income taxation of gifts, estates and trusts. However, some changes will result based on changes made to the taxation of individuals which apply to the taxation of trusts and estates. It did, however, change the rate schedule for taxing estates and trusts. *See* §1(e), as amended.

Page 17: In “Policies” section, add at end of 1st paragraph the following:

The IRS Data Book for 2017 reveals that estate and gift tax collections were \$22.7 Billion, which was only 0.8% of all taxes collected by the IRS in 2017.

Page 24:

After “imposition of liens” in 1st full paragraph, add:

See, e.g., Bennett and United States v. Bascom, 2018-1 U.S.T.C. ¶60,704, (E.D. Ky. Mar. 26, 2018).

Add after FN 24 in Text:

The interest rate for both underpayments and overpayments is currently 5%. *See* Rev. Rul 2019-15, 2019 IRB LEXIS 212.

CHAPTER 2: OVERVIEW OF FEDERAL TAXATION OF ESTATES, TRUSTS, AND GIFTS

Page 34: The applicable credit amount for 2009 should read as \$1,455,800.

The applicable credit amount and applicable exclusion amount beginning in 2015 are as follows:

2015	\$2,117,800	\$5,430,000
2016	\$2,125,800	\$5,450,000
2017	\$2,141,800	\$5,490,000
2018	\$4,417,800	\$11,180,000
2019	\$4,505,800	\$11,400,000

In the fall of each year, the Service will issue a revenue procedure setting forth the inflation-adjusted amounts for the succeeding year.

Add as last sentence to 1st paragraph under **NOTE ON GIFT TAX EXEMPTION:**

Alas, the “permanent” adjusted-inflation exemption of \$5,000,000 was doubled to \$10 Million by the Tax Act of 2017.

Page 37: Replace FN 4 with the following:

In 2019, the gift tax annual exclusion is \$15,000. *See* Rev. Proc. 2018-57, 2018-49 I.R.B. 827.

Pages 38-39: In Problems 1d., 2d. and 3c. substitute 2019 for 2015.

Add new Problems 4:

4. Assume *D*, a widower, made no prior taxable gifts. Consider §§ 2501, 2502, 2505 and 6019.

a. In 2012, *D* makes his first taxable gift in the amount of \$500,000. What are the gift tax ramifications of the transfer? What is the amount of the gift tax payable? Must *D* file a gift tax return?

b. In January of 2019, *D* makes a taxable gift in the amount of \$ 11,500,000, What are the gift tax ramifications of the transfer? What is the amount of the gift tax payable? Must *D* file a gift tax return?

c. What would be the amount of the gift tax due if *D* made no gifts before 2019 but made taxable gifts of \$12,000,000 in 2019? What are the gift tax ramifications of the transfer? What is the amount of the gift tax payable?

d. How would answers to b and c change if the taxable gifts were made in 2020 instead of in 2019? Carefully consider § 2010(c)(2)(B) in relation to § 2502(a)(1).

Page 43: For Problem 1, substitute 2019 for 2014.

Page 44: For Problem 2b, substitute 2019 for 2015.

Add new Problem 3:

a. D died in 2019 with a taxable estate of \$12,000,000 having made no prior gifts. What would be the federal estate tax imposed, the amount of the credit allowable and federal estate tax payable? Consider §§ 2001 and 2010.

b. How would answers differ from those in 3a. if D died in 2020 instead of in 2019? Consider §§ 2001 and 2010.

c. Who is liable for the payment of the tax? Consider § 2002.

Page 48: Add Problem 3 as follows:

Problem 3:

What would be the estate tax payable in Examples 1, 2 and 3 on Pages 45 and 46 if D died in 2019?

Page 49: the text in the last line should read:

for 2019 the GST exemption is \$11,400,000.

Footnote 23 should read:

The GST exemption ranged from an initial amount of \$1 Million to \$5,490,000 in 2017.

Page 50: Replace the parenthetical in the 3d line with:

(not to exceed \$11,400,000 in 2019)

Replace 2014 with 2019 in **Example 1**.

Replace the 2d sentence in **Example 2** with the following:

Assume the grandparent's GST exemption of \$11,400,000 was fully allocated before the grandparent died in August 2019.

Page 52: Under *Adjusted gross income*, add footnote 27A after "AGI." In 4th line:

27A: Although alimony will be deductible in 2018 and thereafter to compute AGI, for agreements entered into after 2018, alimony will not be deductible.

In the sentence discussing the medical expense deduction, add after “AGI”

(71/2% for 2017 and 2018)

Pages 52-53: Replace the discussion of the *personal exemption deduction* with the following:

Pursuant to the Tax Act of 2017 the personal exemption (PE) deduction for the years 2018-2025 is suspended, that is the personal exemption deduction is zero for these years.

Page 53: Under *itemized deductions*, replace the discussion with the following:

Itemized deductions are defined as those deductions that are allowable, other than deductions allowable to compute AGI and the PE deduction, which will be zero for several years, as well as § 199A, which is a new deduction created by the Tax Act of 2017. FN31A *See* § 63(d). The Code allows numerous itemized deductions many of which were seriously reduced or eliminated by the Tax Act of 2017. For example, deductions for state and local taxes (SALT) under § 164 are limited to \$10,000 for the years 2018-2025, while most casualty losses have been rendered non-deductible for the years 2018-2025. A significant and highly nuanced itemized deduction is allowed for charitable contributions under § 170. Certain itemized deductions are treated as miscellaneous itemized deductions, which until the Tax Act of 2017 resulted in allowance only to the extent the aggregate exceeded 2% of AGI. *See* § 67(a). For the years 2018-2025, the deduction for miscellaneous itemized deductions is suspended, *i.e.*, no deduction for miscellaneous itemized deductions are allowed. *See* § 67(g). Prior to 2018, the aggregate of all itemized deductions otherwise allowable may have been reduced by 3% of the excess of AGI over a baseline amount. FN 32. *See* § 68(a)(1). Section 68, which was Congress’s sneaky way of imposing more tax on wealthier taxpayers without having a higher stated rate of tax, was suspended for the years 2018-2025 by the Tax Act of 2017.

FN31A § 199A, captioned qualified business income, generally allows a deduction of 20% of a taxpayer’s qualifying business income from sole proprietorships, LLCs, partnerships and Subchapter S corporations. § 199A is an extremely complex provision with several nuances and restrictions. Extensive final regulations have been issued. *See* T.D. 9847, 84 FR 2952-3014 (Feb. 8, 2019).

Under *Standard deduction in lieu of the aggregate of itemized deductions*, replace the paragraph on Page 55 with the following:

For many taxpayers, the aggregate of itemized deductions may be relatively small, especially for taxpayers who do not get to deduct mortgage interest or real estate taxes because they do not own a home. Based on the restrictions for SALT by the Tax Act of 2017 to \$10,000, even homeowners who pay significant property and state income taxes may have relatively small itemized deductions. In lieu of taking deductions for itemized deductions, a taxpayer may elect to deduct a standard deduction amount. *See* § 63(b). The standard deduction is generally based on a taxpayer’s status and varies each year based on an inflation adjustment. Pursuant to the Tax Act of 2017, the standard deduction was significantly increased for the years 2018-2025. For 2019,

the standard deduction, which will be adjusted annually for inflation, ranges from \$24,400 for married individuals filing jointly and surviving spouses to \$12,200 for unmarried individuals. An additional standard deduction is allowable for taxpayers 65 and over as well as for blind taxpayers. *See* § 63(f). As a result, the standard deduction will be utilized by an increasing number of taxpayers because it will exceed the aggregate of itemized deductions.

Page 54:

Replace FN 36 with the following:

36. *See, e.g.,* Rev. Proc. 2018-57, 2018-49 I.R.B. 827 (prescribing rate table amounts for 2019).

Replace the sentences beginning with the “The Tax Act and ending with \$406,750.” By the following:

The Tax Act of 2017 made significant rate reduction changes starting in 2018, including reducing the top rate from 39.6% to 37%. In addition, the taxable income brackets were significantly expanded. For example, a married couple taxable income that exceeded \$ 470,700 in 2017 was taxed at 39.6% whereas in 2019 taxable income must exceed \$612,350 before it will be taxed at the 37% bracket. Rev. Proc. 2018-57, which is set forth in part on Supplement Pages 56-59, provides the applicable inflation-adjusted amounts for the year 2019.

For 2020 and future years, the brackets will be indexed for inflation based on using the chained consumer price index rather than the consumer price index under prior law. *See* § 1(f)(3).

Page 55: In second paragraph under *Long term capital gains and losses*, the second line should read:

will be taxed at 20% for the wealthiest taxpayers and at 15% for most others. *See* § 1(h). There are many exceptions,

Add as last sentence to last full paragraph:

The Tax Act of 2017 reduced AMT exposure for many taxpayers.

Page 57: Add as new FN 50A after the 2d to last sentence in 2d full paragraph:

With the dramatic increase in the federal exemption level for the years 2018-2025, planning to ensure that appreciated property is included in the gross estate will be more significant.

Add after FN 50 in text:

The § 1014 basis

Add before paragraph beginning “Because of the loss”, the following two new paragraphs:

As part of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015, which was signed into law on July 31, 2015, §§ 1014(f) and 6035 and amendments to §§ 6662 and 6674 were enacted. Section 1014(f) imposes a consistency requirement: the basis of property under § 1014(a) for income tax purposes must equal the value of the property for estate tax purposes. Section 1014(f)(1) provides that this consistency requirement applies if the value of property is finally determined for estate tax purposes or absent such determination, the value of property provided under § 6035(a), which generally imposes reporting of value to the IRS and recipient beneficiaries when an estate tax return is required to be filed. § 1014(f)(2) limits the consistency requirement “to any property whose inclusion in the decedent's estate increased the liability for the tax imposed by chapter 11 (reduced by credits allowable against such tax) on such estate.”

The reporting requirements will help ensure that the income tax basis for property used by beneficiaries will be the value for the property that was used for estate tax purposes. A penalty on executors (and others required to file an estate tax return) for failure to report as required to the Service is imposed. *See* § 6672, as amended. In addition, § 6662(b)(8) was added to provide a 20% accuracy-related penalty on the amount the understatement of tax results from “any inconsistent estate basis,” which in turn is defined by § 6662(k)(“if the basis of property claimed on a return exceeds the basis as determined under section 1014(f).”).

On January 29, 2016, the IRS released Form 8971 (Information Regarding Beneficiaries Acquiring Property from a Decedent). On March 2, 2016, proposed regulations were issued. REG-127923-15, 81 F.R. 11486-11496. These regulations have been heavily criticized (including “unduly burdensome” and “confusing”) by many taxpayer organizations *See, e.g.*, Comments by Sections of the American Bar Association, in 2016 TNT 119-21 and 2016 TNT 125-20.

Interestingly, President Obama also proposed consistency and reporting requirements for gifts where basis is determined under § 1015. *See* Text Pages 795-796.

Page 60: Add as Problem 5:

5. Should Congress act to repeal § 1014 and treat the decedent’s death as a taxable event for income tax purposes?

Page 60: In the 5th to the last line, replace (\$1,000 in 2014) with the following:

(\$1,050 in 2018).

Page 61: Add as new paragraph before **PROBLEMS:**

The Tax Act of 2017 made a dramatic and complex change to the Kiddie Tax for the years 2018-2025. No longer will net unearned income of a child be taxed as if earned by a parent. Instead net unearned income, which will be the excess of a child’s unearned income over \$2,200 in 2019, will be effectively taxed to the child by adapting the truncated rate table for trusts and estates.

Page 64: The last line on the page should read:

(as amended by the Tax Act of 2017) there are four tax brackets: 10%, 24%, 35% and 37%.

Page 65: Replace the sentence in the first two lines with the following:

In 2019, trust income in excess of \$12,750 is taxed at the top rate of 37%. FN 63

FN 63: *See* Rev. Proc. 2018-57, § 3.01, Table 5, reproduced on Supplement Page 59. Section 1411 imposes an additional 3.8% tax on excess net investment income.

Page 65: Under [2], replace the last sentence of the first paragraph with the following:

For example, in 2019 the maximum amount that could have been saved by having taxable income of \$12,750 taxed at brackets below 37% was \$1,642.

CHAPTER 3: ESTATE TAXATION BASICS

Page 81: Add before paragraph beginning “Although”, the following new paragraph:

The application of § 1014(b)(6) is unclear in two instances. First, many non-community property states have enacted the Uniform Disposition of Community Property Rights at Death. Under the Act, the rights of each spouse in property that was acquired (or became and remained) as community property in a community property jurisdiction (state or foreign country) are preserved on the death of the first spouse.⁷ Should the surviving spouse therefor get a step-up (or step-down) in basis under § 1014(b)(6) based on the Act’s preservation of community property rights?⁸ The second area of uncertainty involves those non-community states (Alaska, Arkansas, South Dakota and Tennessee) that have enacted some form of opt-in community property legislation. Should the surviving spouse get a step-up (or step-down) basis for property in basis under § 1014(b)(6) if her state’s opt-in community property system has been elected?

Page 88:

Delete all sentences in FN 2 after the first sentence and add as new 2d sentence:

This statute was repealed in 2008 and replaced with a more robust statute. *See* Fla. Stat. Ann. § 736.0814(2).

Page 96: Add before [1] General Valuation Aspects

In August of 2016, controversial proposed regulations under § 2704 were issued; the regulations would not be effective until finalized. *See generally* Steve R. Akers, *Section 2704 Regulations*, 51 Heckerling Inst. on Est. Plng. ¶ 100 (2017). Based on President Trump’s Executive Order that Treasury review all post-2015 regulations that impose “undue financial burden”, the Treasury Department has identified the § 2704 Regulations as falling within the category and will propose reforms to mitigate the burdens. *See* Notice 2017-38, I.R.B. 2017-30 (July 7, 2017). On October 20, 2017, the proposed regulations under § 2704 were withdrawn. *See* Withdrawal of Notice of Proposed Regulations, NPRM REG-163113-02.

Add after first full paragraph, the following new paragraph:

Estate of Kessel v. Commissioner, T.C. 2014-97, raised the issue whether the knowledge of Bernie Madoff’s Ponzi scheme, which finally came to light in 2008, would have been taken into account in valuing a Madoff account of an investor who died in 2006 because “some people had suspected years before Mr. Madoff’s arrest that Madoff Investments’ record of consistently high returns was simply too good to be true.”

⁷ The Act also applies to property that was substituted for property that was once community property in a community property jurisdiction.

⁸ Even if a state has not enacted the Uniform Act, the preservation of community property rights at death may still be required.

Page 98: The Tax Court’s decision in *Elkins* was reversed in part by the 5th Circuit in 767 F.3d 443 (5th Cir. 2014) because the Service only argued that no discount should be allowed for co-owned works of art and thus failed to provide expert testimony on the amount of the discount for art works if a discount should be allowed. Because the taxpayer presented substantial evidence on the amount of the discount -44.75%- the 5th Circuit accepted the taxpayer’s expert testimony and rejected the Tax Court’s use of a 10% discount. Based on *Elkins*, the Service will be expected to provide expert testimony on the amount of discounts for works of art in future cases.

Add after 1st sentence in last paragraph:

See, e.g., Estate of Kollsman v. Commissioner, T.C. Memo 2017-40 (2017).

Page 99: Add Problem 4 as follows:

4. To determine the estate tax value, is it appropriate to consider the price an asset sold for after the decedent died? *See Estate of Newberger. v. Commissioner*, T.C. Memo. 2015-246 (sale of Picasso painting for \$12 Million at auction several months after decedent died should be taken into account).

Page 102: Although the Tax Court’s decision in *Elkins* was reversed in part by the 5th Circuit in 767 F.3d 443 (5th Cir. 2014), the Tax Court’s opinion that disregarded restrictions based on § 2703(a)(2) was not part of the appellate decision.

Page 103: Add after the first full paragraph, the following new paragraph:

In August of 2016, controversial proposed regulations under § 2704 were issued; the regulations would not be effective until finalized. *See generally* Steve R. Akers, *Section 2704 Regulations*, 51 Heckerling Inst. on Est. Plng. ¶ 100 (2017). Based on President Trump’s Executive Order that Treasury review all post-2015 regulations that impose “undue financial burden”, the Treasury Department has identified the § 2704 Regulations as falling within the category and will propose reforms to mitigate the burdens. *See* Notice 2017-38, I.R.B. 2017-30 (July 7, 2017). On October 20, 2017, the proposed regulations under § 2704 were withdrawn. *See* Withdrawal of Notice of Proposed Regulations, NPRM REG-163113-02.

Page 109: Add after 1st sentence in 1st full paragraph:

See, e.g., Estate of Koons v. Commissioner, 686 Fed. Appx. 779 (11th Cir. 2017) (discount limited to 7.5% as contrasted with a discount of 31.7% as claimed by taxpayer).

Page 110: Add as new paragraph before paragraph beginning “Discounts involving”:

In *Estate of Streightoff v. Commissioner*, T.C. Memo. 2018-178 (2018), the Tax Court first held that the decedent owned a LLP interest not an assignee interest. It then disallowed a minority discount finding that the decedent had control over of the LLP but allowed an 18% discount for lack of marketability.

Page 115: The totals should read:

<i>Date of Death</i>	<i>Six Months After Date of Death</i>
\$6,600,000	\$6,520,000

Page 123: After 1st full paragraph, add as new paragraph:

Estate of Koons v. Commissioner, 686 Fed. Appx. 779 (11th Cir., 2017), explains the rules for deducting interest under § 2053:

An estate is permitted to deduct expenses that are “actually and necessarily incurred in administration of the decedent's estate.” Treas. Reg. § 20.2053-3(a). This regulation clarifies that “[e]xpenditures not essential to the proper settlement of the estate, but incurred for the individual benefit of the heirs, legatees, or devisees, may not be taken as deductions.” *Id.* “Expenses incurred to prevent financial loss to an estate resulting from forced sales of its assets to pay estate taxes are deductible administration expenses.” *Estate of Graegin v. Comm’r*, 56 T.C.M. (CCH) 387 (1988). Conversely, interest payments are not a deductible expense if the estate would have been able to pay the debt using the liquid assets of one of its entities, but instead elected to obtain a loan that will eventually be repaid using those same liquid assets.

The interest deduction was denied in *Estate of Koons* because the borrowing was unnecessary-the Estate taxes could have been paid from liquid assets of the estate.

Page 124: Add after 1st sentence in 2d paragraph:

However, a deduction will not be allowed to the extent the estate has a claim for reimbursement. See, e.g., *Estate of Sommers v. Commissioner*, 149 T.C. No. 8 (2017).

Page 127: The Tax Court’s decision in *Estate of Saunders v. Commissioner*, was affirmed by the 9th Circuit in *Riegels v. Commissioner*, 745 F.3d 953 (9th Cir. 2014).

Page 129: The Tax Court in *Estate of Heller v. Commissioner*, 147 T.C. No. 11 (2016) allowed a deduction under § 2054 for theft losses arising from the estate’s investment in Bernie Madoff’s ponzi scheme.

Pages 137-138: Delete the paragraph beginning with “Windsor leaves” on the bottom of Page 137.

Page 138: After the sentence beginning “Issues 1 and 2”, add the following paragraph:

Because the *Windsor* decision “only” determined that, for federal purposes, same-sex marriages must be treated on an equal footing with opposite-sex marriages, two issues involving state recognition of same-sex marriages remained for decision: (1) Can a state bar same-sex marriages? and (2) Can a state refuse to recognize lawful same-sex marriages performed in another state?

On June 25, 2015, the Supreme Court in *Obergefell v. Hodges*, 2015 U.S. LEXIS 4250 (2015), a 5-4 decision, answered both questions in the negative. As Justice Kennedy, who wrote the majority opinion, stated:

The Court, in this decision, holds same-sex couples may exercise the fundamental right to marry in all States. It follows that the Court also must hold—and it now does hold—that there is no lawful basis for a State to refuse to recognize a lawful same-sex marriage performed in another State on the ground of its same-sex character.

In Notice 2017-15, 2017-6 I.R.B. 783 the Service provided that same-sex married couples can retroactively claim marital deductions and recalculate GST exemptions.

Prop. Reg. § 301.7701-18 would change the definitions for “spouse,” “husband,” and “wife” to reflect the reality that same-sex marriages and opposite-sex marriages are treated in the same way for tax purposes.

Page 163:

[b] Portability Issues

Delete the first sentence and replace it with the following sentence:

The simplicity of the portability concept is belied by its technical statutes and complex final regulations, which were issued and became effective on June 12, 2015. FN 72. *See generally* Richard S. Kinyon & Robin L. Klomparens, *Problems with Portability and Proposed Solutions*, 148 TAX NOTES 881 (2015).

Delete the text of FN 72 and add the following as the text for FN 72:

FN 72: T.D. 9725, 80 Fed. Reg. 34279-34292 (June 16, 2015). The estate tax regulations may be found under Treas. Reg. §§ 20.2001-2 and 20.2010-0 through 2010-3; the gift tax regulations may be found under Treas. Reg. § 2505-0 through 2010-2. Earlier temporary regulations, which were replaced by T.D. 9725, will apply before June 12, 2015.

Page 164:

At end of 1st full paragraph, add:

See In re Estate of Vose, 390 P.3d 238 (Okla. 2017) (decendent’s administrator ordered to file Form 706 so surviving spouse could port DSUE).

Add to FN 73:

The ported DSUE amount may be redetermined on the surviving spouse's death. *See Estate of Sower v. Commissioner*, 149 T.C. No. 11 (2017).

Add to FN 74:

Rev. Proc. 2017-34, 2017-34 I.R.B. 1282 allows an automatic extension of 2 years from the decedent's death to file the estate tax return of the deceased spouse when a return was not otherwise required to be filed and to elect portability.

References in footnotes 74, 75, 77 and 78 should be to the final 2015 regulations, *i.e.* reference should be to Reg. (not Temp. Reg.) and citations should be to regulation sections, *i.e.* the reference to "T" should be dropped.

Footnote 76 should include the following new sentence at the end:

For the most part, the final regulations adopt the rules provided in the temporary regulations. Although Rev. Proc. 2001-38 bars a QTIP deduction if unnecessary to reduce estate taxes, based on Rev. Proc. 2016-49, 2016-42 I.R.B. 1. an otherwise barred deduction will be allowed if the QTIP election is made to make a portability election.

Page 180: After sentence "Outright devises . . . lessen the estate tax.", add FN 109A as follows:

109A Although the amount of the charitable deduction for the interest passing to a qualifying charitable organization will almost always be the value of the interest that is included in the gross estate, in unusual cases the charitable deduction amount may be less. *See Estate of Dieringer. v. Commissioner*, 146 T.C. No. 8 (2016) (charitable deduction not allowed for value of majority stock interest at death when interest was redeemed after death based on valuation as a minority interest).

Page 186: Add in 1st text paragraph after "and 2032":

Where appropriate after death events will be taken into account to value the deduction. *See Dieringer. v. Commissioner*, 917 F.3d 1135 (9th Cir. 2019), following *Ithaca Tr. Co. v. United States*, 279 U.S. 151 (1929) (post-death events to be taken into account).

Page 190: Replace the **CRAT Example** with the following:

CRAT Example: Decedent created a trust that had an estate tax value of \$300,000. At the time of decedent's death, the annuitant, age 77, was entitled to receive an annuity of \$15,000 a year for life payable at the end of each year from the trust, with remainder to a qualifying charitable organization. The applicable section 7520 rate was 2.0%.⁹ The

⁹ Assume that the 2.0% rate was the most favorable § 7520 rate by comparing the rate the month that the testator died with the rate that was in force in the 2 months before the testator died. *See* Treas. Reg. § 1.7520-2.

remainder factor at 2.0% for an individual aged 77 is 0.83515. By converting the remainder factor to an annuity factor,¹⁰ the annuity factor at 2% for an individual aged 77 is 8.6643 (1.00000 minus 0.83515), divided by 0.02). The aggregate annual amount, \$15,000, is multiplied by the factor 8.6643. The present value of the annuity at the date of the decedent's death was therefore \$129,965 ($\$15,000 \times 8.6643$).

Page 191: Add as a new paragraph before the paragraph beginning “The unitrust must”:

Like the CRAT, the value of the charitable remainder interest in a CRUT must equal at least 10% on the date of contribution. *See* § 664(d)(2)(D). In *Estate of Schaefer v. Commissioner*, 115 T.C. No. 4 (July 28, 2015), the Tax Court determined that the 10% threshold was not met in a NIM-CRUT because the unitrust rate must be used for valuation purposes under § 664(e). Pursuant to the PATH Act of 2015, the unitrust rate must be used to value the charitable remainder interest for valuation even if the CRUT is in NIM-CRUT or NI-CRUT form. § 664(e).

Pages 201- 203: Replace sub-sections [4] and [5] with the following:

[4] Continuing Significance of the Repealed Section 2011 Credit for State Death Tax Purposes

Notwithstanding its repeal, § 2011 has relevance today since some states continue to impose state death taxation based on § 2011. FN 132.

FN 132: These states include Hawaii, Illinois, Maryland, and Massachusetts. New York also used the § 2011 credit as a basis for taxation for decedents dying before April 1, 2014.

Massachusetts is a good example as it imposes a state estate tax based on the § 2011 credit before it was changed beginning by ERTA. Specifically, Massachusetts Estate Tax Law imposes an estate tax on Massachusetts residents who have no out-of-state property as follows: “A tax is hereby imposed upon the transfer of the estate of each person dying on or after January 1, 1997 who, at the time of death, was a resident of the commonwealth. The amount of the tax shall be the sum equal to the amount by which the credit for state death taxes that would have been allowable to a decedent's estate as computed under Code section 2011, as in effect on December 31, 2000. FN 133.

FN 133: Mass. Stat, ch. 65C § 2A.

In effect, Massachusetts imposes a tax equal to the maximum credit that was allowable under § 2011 when § 2011 was in full force and effect as a credit for federal estate tax purposes. FN 134

FN 134: States vary as to the threshold amount after which tax will be imposed. While Massachusetts provides a \$1 Million threshold, Hawaii's tracks the federal exemption level. Some states, including Maine, New York, Oregon and Washington have separate estate tax systems, i.e.,

¹⁰ *See* Treas. Reg. § 20.2031-7(d)(2)(iv).

the § 2011 credit is not used to determine the tax. Pennsylvania and New Jersey only have an inheritance tax.

On the other hand, well over half of the states impose a state death tax equal to the credit that is currently allowable under federal law. FN 135

FN 135: These states include California, Florida, Georgia, Michigan and Texas.

Because no credit is currently allowed under § 2011, as it was repealed for decedents dying after 2004, no state death tax is imposed by these states.

[5] Illustration of How the Repealed Section 2011 Credit Determines the Amount of State Death Tax Imposed

Massachusetts estate taxation provides a good example of how state death taxes may be payable by small and modest estates even though no federal estate tax is payable.

Example: The decedent died unmarried in 2016. She was a domiciliary of Massachusetts. The decedent's federal taxable estate was \$1.1 million; no adjusted taxable gifts were made. Although no federal estate tax is payable, Massachusetts estate of \$38,800 will be imposed.

The tax of \$38,800 is determined by applying § 2011. In turn, the lesser of two calculated amounts will control, that, is the lesser of the two calculated amounts is the credit that would have been allowed under § 2011 and is therefore the estate tax that Massachusetts imposes. The first calculation is under § 2011(b), which determines the tax based on a table that relies on "the adjusted taxable estate," which is the federal taxable estate (before the current § 2058 deduction) reduced by \$60,000. Thus, in the example, the adjusted taxable estate is \$1,040,000 and the tax thereon is \$38,800.

The second calculation may only limit the amount determined under § 2011(b). This calculation, which is found in § 2011(e), is determined by first calculating what would have been the federal estate tax imposed on the sum of the federal estate tax (before the current 2058 deduction) and adjusted taxable gifts. FN 136

FN 136: States like Massachusetts require use of an earlier tax rate schedule than is provided by the current version of 2001(c). Specifically, Massachusetts effectively requires use of the § 2001(c) schedule that was in effect at the end of 2000.

In our example, the federal estate tax on \$1.1 Million would have been \$386,800, based on the 2000 rate schedule under § 2001(c). The next step is to subtract the unified credit that would have been allowable had the exemption level been \$1 Million FN 137; that credit amount is \$345,800. The difference between \$386,800 and \$345,800 is \$41,000. Because \$41,000 is greater than the calculated § 2011(b) amount of \$38,800, the maximum credit allowable under § 2011 is the lesser amount of \$38,800.

FN 137: Massachusetts limits the credit to \$345,800 based on an exclusion amount of \$1 Million. Other states may be more generous. For example, the credit in Hawaii is based on the annually adjusted federal amount. The Illinois credit is based on a \$4 Million exclusion amount; in Connecticut and Maine the exclusion amount is \$2 Million.

Massachusetts estate tax will not be payable if the § 2011(e) calculation is zero. Consider the following example:

Example: The decedent dies unmarried in 2016. She was a domiciliary of Massachusetts. The decedent's federal taxable estate is \$1 million; no adjusted taxable gifts were made. Of course, no federal estate tax is payable. Nor will Massachusetts estate tax be payable because the amount determined under § 2011(e) would be zero (tax on \$1 Million of \$345,800, less a unified credit of \$345,800.).

The Massachusetts estate tax can be minimized or eliminated by making adjusted taxable gifts. Here's an extreme example of how Massachusetts estate tax can be eliminated.

Example: The decedent died unmarried in 2016. She was a domiciliary of New York. Absent death bed planning, the decedent's federal taxable estate would have been \$5 Million; assume no adjusted taxable gifts were made. Although no federal estate tax was payable, Massachusetts estate tax of \$391,600 would have been payable.

Shortly before death but in 2016, the decedent, or her agent under a durable power of attorney with gift making authority, made a gift of \$4,900,000 for which no § 2503(b) exclusion was allowable to the persons who would have taken under the decedent's will. Because the decedent's taxable estate has been reduced to \$100,000, no Massachusetts estate tax is payable since the § 2011(b) amount is zero. FN 138

FN 138: The § 2011(e) amount, which will be significant because adjusted taxable gifts are taken into account, is not relevant because it only serves to limit the credit determined under § 2011(b).

PROBLEM

Do you see why Massachusetts estate taxes can be eliminated by lifetime gifting? How could Massachusetts prevent such opportunistic planning? Could Massachusetts estate taxes be reduced or even eliminated by re-domiciling to a state that does not impose a death tax?

Page 207: In the **Example**, the first line should read:

The decedent, a United States citizen, died in 2014, owning real . . .

CHAPTER 4: GIFT TAXATION BASICS

Page 215: In the 3d to the last line in the last paragraph, delete “*See, e.g., 10 T.C. 916, acq. 1949-1 C.B. 1*” and insert in lieu thereof:

See, e.g., Estate of Redstone v. Commissioner, 145 T.C. No. 11 (2015) (Edward Redstone did not make gifts by transferring property in trust for his children because the transfers fell within bad business exception; source of consideration not relevant). *But cf. Redstone v. Commissioner*, T.C. Memo. 2015-237 (Sumner Redstone made gifts in 1972 by transferring property in trust for his children; unlike transfers by his brother Edward, these transfers were not made in the ordinary course of business; statute of limitations not applicable because no gift tax return was filed)

Page 235: Before sentence starting “Nonetheless,” in 1st line, add as follows:

Where a trust owns a minority interest in a corporation, a sale back by another shareholder to the corporation for below market value will be an indirect gift to the other shareholders and for the stock interest that was in trust the beneficiary is the donee, not the trust, which resulted in donee liability under § 6324(b). *United States v. Marshall*, 798 F.3d 296 (5th Cir. August 19, 2015), *withdrawing* 771 F.3d 854 (5th Cir. November 10, 2014)

Page 253

Before the paragraph beginning “A properly drafted”, add the following new paragraph:

Mikel v. Commissioner, T.C. Memo 2015-64, illustrates how *Crummey* demand powers can be used to minimize taxable gifts. Husband and Wife created a trust over which 60 beneficiaries were given the legally enforceable right to demand \$24,000 for up to 30 days; proper notification was required. The Service claimed that the demand rights were illusory because as a practical matter the beneficiaries would not contest the trustee’s wrongful refusal to distribute as a forfeiture clause would apply. The court, however, disagreed that the forfeiture provision would apply. The bottom line: each spouse was entitled to gift tax annual exclusions of \$720,000.

After the paragraph ending with “*see Pages 610-613*”, add the following:

QUESTION

Mikel v. Commissioner illustrates how effective *Crummey* demand powers can be. President Obama has proposed limiting the annual exclusion for *Crummey* demand powers to an annual amount of \$50,000. *See Supplement Page 51*. Do you agree with this proposal?

Page 260: In the 3rd line from the bottom of the page, change \$56,000 to \$42,000.

Page 261: Add as new paragraph before **PROBLEM:**

The Tax Act of 2017 expanded the definition of qualified higher education expenses to include “expenses for tuition in connection with enrollment or attendance at an elementary or

secondary public, private or religious school.” *See* § 529(c)(7). However, annual distributions for such expenses may not exceed \$10,000. *See* § 529(e)(3).

Page 262: After the 2d line, add as follows:

[d] ABLE Accounts: Section 529A

In late December 2014, Congress enacted 529A, which is entitled Qualified ABLE Programs. Patterned after § 529, § 529A is a tax-favored savings program for achieving a better life experience (ABLE) by blind or otherwise disabled individuals. Specifically, a qualified ABLE program is one created by a state to allow for the creation of a state-administered ABLE account for a designated beneficiary.¹¹ Extensive proposed regulations were issued on June 22, 2015. *See* REG 102837-15, 80 F.R. 35602.

An ABLE account is an account created by or on behalf of a designated beneficiary that meets all of the requirements of § 529A. In turn, a designated beneficiary must be an eligible individual, that is a person who is blind or otherwise disabled based on various criteria but only if the disabling condition began before the individual was 26 years old. The funds in the ABLE account can be used to pay qualifying disability expenses of the designated beneficiary.

Contributions to an ABLE account generally must be in cash. The annual amount that may be contributed to an ABLE savings account, including rollovers from a 529 plan until 2026, is generally the gift tax exclusion amount for the year. For example, in 2018 a total of \$15,000 may be contributed by the account owner or others to the ABLE savings account. However, the Tax Act of 2017 increases until 2026 the contribution amount by a designated beneficiary for all or a portion of the designated beneficiary’s compensation.

There are several tax benefits which are mostly favorable. First, gains and other income earned in the ABLE account are exempt from income tax, thus allowing a tax-free buildup of the account. Second, the cash contribution is treated as a gift of a present interest for both gift and GST-tax purposes, thus allowing the contributor to exclude the contribution under the gift or GST-tax annual exclusions.¹² Third, distributions for qualified disability expenses are not included in gross income of the qualified beneficiary. One negative tax result is that the amount in the ABLE account on the death of the designated beneficiary is included in the gross estate of the designated beneficiary. *See* Prop. Reg. § 1.529A-4(d).

ABLE accounts are designed to provide supplemental benefits for a blind or otherwise disabled eligible individual. As a result, neither ABLE accounts nor qualified distributions will be taken into account to determine a designated beneficiary’s entitlement to governmental benefits.¹³

¹¹ As a result of the PATH Act of 2015, a designated beneficiary need not be a resident of the state that offers an ABLE Account.

¹² Of course, if the designated beneficiary contributes cash to his or her ABLE account, no gift results.

¹³ ABLE accounts in excess of \$100,000 and distributions for qualified disability expenses may be taken into account for SSI, but not Medicaid, purposes.

Several states have already enacted qualified ABLE programs pursuant to 529A. A listing is provided in <http://www.thearc.org/what-we-do/public-policy/policy-issues/able-legislation-by-state>. *See, e.g.*, N.Y. MENTAL HYGIENE LAW art. 84 (effective April 1, 2016 for implementation by the State Comptroller).

Page 275: Add as new paragraph to “[b] Transfer to Political Organizations: Section 2501(a)” as follows:

The PATH Act of 2015 provides that the gift tax does not apply to the transfer of money or other property, made after December 18, 2015, to organizations tax exempt under §§ 501(c)(4), § 501(c)(5), or Code § 501(c)(6). § 2501(a)(6). No inference is to be drawn that a transfer to any such organization would have constituted a transfer for gift tax purposes. PATH Act § 408(c).

Page 287: Add after last paragraph, the following new paragraph:

In August of 2016, controversial proposed regulations under § 2704 were issued; the regulations would not be effective until finalized. *See generally* Steve R. Akers, *Section 2704 Regulations*, 51 Heckerling Inst. on Est. Plng. ¶ 100 (2017). Based on President Trump’s Executive Order that Treasury review all post-2015 regulations that impose “undue financial burden”, the Treasury Department has identified the § 2704 Regulations as falling within the category and will propose reforms to mitigate the burdens. *See* Notice 2017-38, I.R.B. 2017-30 (July 7, 2017). On October 20, 2017, the proposed regulations under § 2704 were withdrawn. *See* Withdrawal of Notice of Proposed Regulations, NPRM REG-163113-02.

Page 291: In footnote 32, add before *Wimmer* cite:

Estate of Purdue v. Commissioner, 145 T.C. Memo. 2015-249 and

Page 303: After sentence ending “revenue rulings.” And before “Alternatively”, add *See* FSA 20152201F (no adequate disclosure when method for valuation not disclosed)

[2] Portability

Footnote 43 should read: *See* § 25.2505-2(b).

PAGE 304: Replace the **PROBLEM** as follows:

Husband 1 (H1) dies in 2011, survived by Wife (W). Neither has made any taxable gifts during H1's lifetime. H1's executor elects portability of H1's deceased spousal unused exclusion (DSUE) amount. The DSUE amount of H1 as computed on the estate tax return filed on behalf of H1's estate is \$5,000,000. In 2012, W makes taxable gifts to her children valued at \$2,000,000. W reports the gifts on a timely filed gift tax return. W is considered to have applied \$2,000,000 of H1's DSUE amount to the 2012 taxable gifts, in accordance with [Treas. Reg. § 25.2505-2(b)] and, therefore, W owes no gift tax. W is considered to have an applicable exclusion amount remaining in the amount of \$8,120,000 (\$3,000,000 of H1's remaining DSUE amount plus W's own \$5,120,000 basic exclusion amount). In 2013, W marries Husband 2 (H2). H2 dies on June 30,

2016. H2's executor elects portability of H2's DSUE amount, which is properly computed on H2's estate tax return to be \$2,000,000.

What is the DSUE amount for making gifts in 2016 after June 30, 2016? *See* Treas. Reg. § 25.2505-2(c) (Example).

If W died on December 12, 2016 without making any gifts after June 30, 2016, what would be the DSUE amount for estate tax purposes? *See* Treas. Reg. § 25.2010-3(c)(2) (Example).

CHAPTER 5: GENERATION-SKIPPING TRANSFER TAX BASICS

Page 307: Immediately before § 5.02, delete the last sentence and add as follows:

The GST exemption was \$5,490,000 in 2017. In years 2018 through 2025, the GST exemption will be \$10 Million, as indexed for inflation. For 2018, the GST exemption was \$11,180,000; for 2019 it is \$11,400,00. After 2025, the GST exemption is expected to revert to \$5 million, as indexed for inflation.

Page 319: In the 5th line, add the following sentence after “in 2014.”

The GST exemption was \$5.43 Million in 2015, \$5.45 Million in 2016 and \$5.49 Million in 2017.

Replace the sentence “For subsequent years the GST exemption will be \$5 Million as adjusted for inflation.” with the following:

In the years 2018 through 2025, the GST exemption will be \$10 Million, as indexed for inflation. For 2018, the GST exemption was \$11,180,000; for 2019 it is \$11,400,00. After 2025, the GST exemption is expected to revert to \$5 million, as indexed for inflation.

Page 321: After “adjusted for inflation” in the 1st paragraph add:

, except that for the years 2018-2025, the GST exemption will be \$10 Million as adjusted for inflation.

CHAPTER 6: TRANSFERS NEAR DEATH

Page 341: Add at the end of the paragraph beginning “The effect of the potential”, the following:

In *Steinberg v. Commissioner*, 145 T.C. No. 7 (2015), the Tax Court determined the value for the consideration to pay the potential estate tax liability on the § 2035(b) gross-up and in effect allowed a net, net gift.

CHAPTER 7: RETAINED INTERESTS

Page 355: Add new sentence before paragraph beginning “In 2011”:

In *Badgley, v. United States*, 2018-1 U.S.T.C. ¶60,705 (N.D. Cal. May 17, 2018), inclusion of a GRAT under § 2036(a)(1) was upheld, as was the regulation requiring inclusion and the method to value inclusion.

Page 383: After *Estate of Magnin*, which should be italicized, add:

See also *Estate of Powell v. Commissioner*, 148 T.C. No. 18 (May 18, 2017), which suggests application of § 2043(a) in the context of § 2036(a)(1).

Page 388: Add after last paragraph:

Estate of Purdue v. Commissioner, 145 T.C. Memo. 2015-249, explains the analysis to be used.

In the context of family limited partnerships, the bona fide sale for adequate and full consideration exception is met where the record establishes the existence of a legitimate and significant nontax reason for creating the family limited partnership and the transferors received partnership interests proportional to the value of the property transferred. *Id.* at 118; see, e.g., *Estate of Mirowski v. Commissioner*, T.C. Memo. 2008–74 (applying *Estate of Bongard* [124 T.C. 94 [2005] in the context of an LLC). The objective evidence must indicate that the nontax reason was a significant factor that motivated the partnership's creation. *Estate of Bongard v. Commissioner*, 124 T.C. at 118. A significant purpose must be an actual motivation, not a theoretical justification. *Id.* A list of factors to be considered when deciding whether a nontax reason existed includes: (1) the taxpayer's standing on both sides of the transaction; (2) the taxpayer's financial dependence on distributions from the partnership; (3) the taxpayer's commingling of partnership funds with the taxpayer's own; (4) the taxpayer's actual failure to transfer the property to the partnership; (5) discounting the value of the partnership interests relative to the value of the property contributed; and (6) the taxpayer's old age or poor health when the partnership was formed. *Id.* at 118–119;

The Tax Court concluded in *Estate of Purdue v. Commissioner* that the taxpayer had objective nontax reasons, as opposed to merely theoretical reasons, to form the LLC in issue so that § 2036(a)(1) did not apply. See also *Estate of Beyer v. Commissioner*, T.C. Memo. 2016-183. But see *Estate of Holliday v. Commissioner*, T.C. Memo. 2016-51 (§ 2036(a)(1) applied because agreement implied and no bona fide sale occurred because there was no legitimate and significant nontax reason for transferring marketable securities to FLP).

Although estate tax inclusion under § 2036(a)(1) was required in *Estate of Turner v. Commissioner*, 138 T.C. 306 (2012) (*Turner II*), which affirmed *Estate of Turner v. Commissioner*, T.C. Memo. 2011-209 (2011) (*Turner I*), the marital deduction was not reduced for taxes payable

based on § 2036(a)(1) estate tax inclusion because § 2207B would allow the estate to recover these taxes so that the marital deduction would not be reduced.

Page 399: Under **GST Aspects**, add FN 17A:

17A. Although § 2642(f) would require gross estate inclusion in all GRAT cases, Treas. Reg. § 26.2632-1(c)(2)(ii) provides an exception to the rule barring early GST exemption if the “possibility the property will be included in so remote as to be negligible.” Such remoteness will occur “if it can be ascertained by actuarial standards that there is less than a 5% probability” of inclusion.

CHAPTER 8: REVOCABLE TRANSFERS

Page 434: In *Estate of Powell v. Commissioner*, 148 T.C. No. 18 (May 18, 2017), the Tax Court held that an agent without specific gift-making authority did not have the authority under California law to gift the decedent's LLP interest to a CLAT. As a result, the LLP interest was includible in her gross estate, "either because the purported gift of that interest was void (so that she held title to that interest upon her death) or because the purported gift was revocable (so that the partnership interest is includible in her gross estate by reason of section 2038(a))." As explained in footnote 11:

As noted in the text above, the California Court of Appeals in *Shields v. Shields*, 19 Cal. Rptr. 129, 131 (Ct. App. 1962), characterized as "void" a transfer purportedly made by an attorney-in-fact that exceeded the authority granted to him. It follows that any such transfer would not convey valid title, and legal ownership of the purportedly transferred property would remain with the attorney's principal. See *Bertelsen v. Bertelson*, 122 P.2d 130, 133 (Cal. Ct. App. 1942) (holding that deed executed by attorney-in-fact beyond the scope of his authority "conveyed no title"). Nonetheless, when the Court of Federal Claims addressed such a situation in *Estate of Swanson v. United States*, 46 Fed. Cl. 388, 393 (2000), *aff'd*, 10 Fed.Appx. 833 (Fed. Cir. 2001), it concluded that the impact of the gifts in issue being void was that the decedent could have "recalled" them. Thus, the court concluded: "Section 2038(a)(2) controls the result with regard to these void gifts." *Id.* If the gifts were really void, rather than merely voidable, and thus conveyed no title, it is not clear why application of sec. 2038 was necessary to include the purportedly gifted property in the decedent's estate. In any event, because of sec. 2038, the distinction between a void and voidable gift appears to be of no consequence.

CHAPTER 9: RETENTION OF POWERS OTHER THAN THE POWER TO REVOKE

Page 453: After the 4th full paragraph add as a new paragraph:

In *Estate of Powell v. Commissioner*, 148 T.C. No. 18 (May 18, 2017), the Tax Court held that § 2036(a)(2) applied where decedent retained the right to dissolve a limited partnership to which he had transferred property in return for a 99% LLP interest as the taxpayer did not dispute there was not a bona fide sale. However, the amount includible in the gross estate was reduced by the consideration received by the decedent based on § 2043(a). Salient portion of the opinion follow:

ESTATE OF POWELL V. COMMISSIONER

148 T.C. No. 18 (May 18, 2017)

HALPERN, Judge:

On August 8, 2008, cash and securities [worth \$10,000,752] were transferred from decedent's revocable trust to NHP [a limited partnership] in exchange for a 99% limited partner interest.

NHP had been formed two days earlier, on August 6, 2008 [and] NHP's limited partnership agreement gives Mr. Powell [the decedent's executor], as general partner, sole discretion to determine the amount and timing of partnership distributions. That agreement also allows for the partnership's dissolution with the written consent of all partners.

Purported Gift of Decedent's Limited Partner Interest in NHP

[On the same day,] August 8, 2008, Mr. Powell, purportedly acting on behalf of decedent under a power of attorney (POA), assigned to [a] CLAT [a charitable lead annuity trust] decedent's 99% limited partner interest in NHP

...

II. Applicability of Section 2036(a) or Section 2035(a) to Transfer to NHP

A. Respondent's Argument

Respondent argues that section 2036(a)(1) and (2) applies to decedent's transfer of cash and securities to NHP. Section 2036(a) provides:

SEC. 2036. TRANSFERS WITH RETAINED LIFE ESTATE.

(a) General Rule.—The value of the gross estate shall include the value of all property to the extent of any interest therein of which the decedent has at any time made a transfer (except in case of a bona fide sale for an adequate and full consideration in money or money's worth), * *

* under which he has retained for his life or for any period not ascertainable without reference to his death or for any period which does not in fact end before his death—

- (1) the possession or enjoyment of, or the right to the income from, the property, or
- (2) the right, either alone or in conjunction with any person, to designate the persons who shall possess or enjoy the property or the income therefrom.

Respondent argues that section 2036(a)(1) applies to the transfer in issue because it was subject to an implied agreement under which decedent retained the possession or enjoyment of the transferred property or the right to income from that property. Respondent also argues that section 2036(a)(2) applies to the transfer because of decedent's ability, acting with her sons, to dissolve NHP and thereby designate those who would possess the transferred property or the income from the property. Respondent claims that the bona fide sale exception to section 2036(a) does not apply because the estate failed to demonstrate a significant nontax purpose for the creation of NHP and because, in the light of the claimed valuation discount, the transfer was not made for full and adequate consideration. *See Estate of Bongard v. Commissioner*, 124 T.C. 95, 118 (2005) (holding that "the bona fide sale for adequate and full consideration exception" applies to a transfer to a family limited partnership only when "the record establishes the existence of a legitimate and significant nontax reason for creating the family limited partnership"). Because we agree with respondent that the transfer of cash and securities to NHP was subject to a right described in section 2036(a)(2), we need not consider respondent's argument regarding section 2036(a)(1).

B. Estate's Response

The estate does not deny that decedent's ability to dissolve NHP with the consent of her sons constituted a "right * * * in conjunction with * * * [others], to designate the persons who shall possess or enjoy the property [she transferred to the partnership] or the income therefrom", within the meaning of section 2036(a)(2). Nor does the estate challenge respondent's assertion that decedent's transfer of cash and securities to the partnership was "not a bona fide sale for an adequate and full consideration in money or money's worth". The estate's only response to respondent's section 2036(a)(2) argument is that, upon her death, decedent did not retain her interest in NHP. The estate apparently reasons that, even if decedent's interest in NHP gave her the right to designate the beneficiaries of the assets she transferred to the partnership, she did not retain that right for the remainder of her life (and the brief period for which she held the right was not ascertainable only by reference to her death). Consequently, the estate argues, section 2036(a)(2) does not apply to decedent's transfer of cash and securities to NHP.

C. Analysis

The estate's argument against the inclusion in the value of decedent's gross estate of any portion of the value of the cash and securities she transferred to NHP is unavailing for two reasons. First, the argument assumes the validity of the transfer to the CLAT of decedent's 99% limited partner interest in NHP. As explained in part IV.C. below, we conclude that, under California law, the gift was either void or revocable because Mr. Powell did not have authority under the POA to make gifts in excess of the annual Federal gift tax exclusion provided in section 2503(b). Moreover, even if the estate were correct that Mr. Powell transferred decedent's NHP interest to the CLAT, because that transfer occurred less than three years before decedent's death, it would not exclude the value

of the cash and securities transferred to the partnership from the value of decedent's gross estate. In claiming otherwise, the estate overlooks section 2035(a).

Section 2035(a) provides:

SEC. 2035. ADJUSTMENTS FOR CERTAIN GIFTS MADE WITHIN 3 YEARS OF DECEDENT'S DEATH.

(a) Inclusion of Certain Property in Gross Estate.—If—

(1) the decedent made a transfer * * * of an interest in any property, or relinquished a power with respect to any property, during the 3-year period ending on the date of the decedent's death, and

(2) the value of such property (or an interest therein) would have been included in the decedent's gross estate under section 2036, 2037, 2038, or 2042 if such transferred interest or relinquished power had been retained by the decedent on the date of his death,

the value of the gross estate shall include the value of any property (or interest therein) which would have been so included.

Assuming its validity, the transfer of decedent's NHP interest to the CLAT relinquished a power over the disposition of the cash and securities transferred to the partnership. The transfer of her NHP interest occurred less than three years before her death (indeed, only a week before). The estate does not deny that, if decedent had retained her NHP interest on the date of her death, the value of the cash and securities transferred to the partnership would have been included in the value of her gross estate under section 2036(a)(2). Thus, even if decedent's NHP interest were validly transferred to the CLAT before her death, the plain terms of section 2035(a) would require inclusion in the value of her gross estate of the value of the cash and securities that would have been included under section 2036(a)(2) in the absence of that transfer.

Our opinion in *Estate of Strangi v. Commissioner*, T.C. Memo. 2003-145, 2003 WL 21166046, aff'd, 417 F.3d 468 (5th Cir. 2005), supports the conclusion that decedent's ability to dissolve NHP with the cooperation of her sons constituted a "right * * * in conjunction with * * * [others], to designate the persons who shall possess or enjoy the property [she transferred to the partnership] or the income therefrom", within the meaning of section 2036(a)(2). *Estate of Strangi*, like the present cases, involved a decedent who could act with others to dissolve a family limited partnership to which he had transferred property in exchange for a 99% limited partner interest. The ability to dissolve the partnership carried with it the ability to direct the disposition of its assets. In fact, because the decedent was a 99% partner in the partnership, its dissolution "would likely revert in decedent himself * * * the majority of the contributed property." *Id.*, 2003 WL 21166046. Therefore, we concluded that the decedent's ability to join with others to dissolve the partnership justified the application of section 2036(a)(2) to the property he transferred in exchange for his partnership interest.

The ability of the decedent in *Estate of Strangi* to act with others to dissolve the partnership was

one of two factors that we relied on in that case to apply section 2036(a)(2). And although decedent's ability to dissolve NHP is sufficient to invoke section 2036(a)(2), the second factor we relied on in *Estate of Strangi* is also present here. In addition to noting the decedent's ability to act with others to dissolve the partnership, we concluded in *Estate of Strangi* that the decedent held the right, through his son-in-law, to determine the amount and timing of partnership distributions. The partnership agreement granted that authority to the managing general partner, a corporation owned by the decedent and other family members. The corporate general partner delegated its authority to the decedent's son-in-law in a management agreement. The son-in-law also served as the decedent's attorney-in-fact under a power of attorney. Thus, we concluded, "Decedent's attorney in fact thereby stood in a position to make distribution decisions." *Id.* In the present cases, NHP's limited partnership agreement gives Mr. Powell, as general partner, sole discretion to determine the amount and timing of partnership distributions. And, as in *Estate of Strangi*, the person with authority to determine distributions also served as decedent's attorney-in-fact.

Applying section 2036(a)(2) in *Estate of Strangi* to include in the value of the decedent's gross estate the value of assets he had transferred to the family limited partnership required us to distinguish the Supreme Court's opinion in *United States v. Byrum*, 408 U.S. 125 (1972). For the reasons explained below, we conclude that the grounds on which we distinguished *Estate of Strangi* from *Byrum* apply equally in the present cases.

In *Byrum*, the Court held that a decedent's retained right to vote shares of stock in three corporations that he had transferred to a trust for the benefit of his children did not cause the value of those shares to be included in the value of his estate under section 2036(a)(2). The Court rejected the Government's argument that, through his ability to vote the transferred shares, the decedent could affect the corporations' dividend policy and thus the trust's income. Among other things, the Court noted that the decedent, as the controlling shareholder of each corporation, owed fiduciary duties to the minority shareholders that circumscribed his influence over the corporations' dividend policies.

The executor in *Estate of Strangi* argued that any authority the decedent in that case had, through his son-in-law, over the partnership's management was subject to State law fiduciary duties and, therefore, was insufficient under *Byrum* to trigger the application of section 2036(a)(2). In response, we characterized as "illusory" any limitations imposed by fiduciary duties. *Estate of Strangi v. Commissioner*, 2003 WL 21166046. We observed that, before the son-in-law assumed his duties to the partnership, he had owed a duty to the decedent personally as the decedent's attorney-in-fact. We surmised that, in exercising his duties to the partnership, the son-in-law would not "disregard his preexisting obligation to decedent." *Id.* Because the decedent owned 99% of the partnership, any fiduciary duties that limited his authority, acting through his son-in-law, to manage the partnership were duties he owed "essentially to himself." *Id.* Moreover, the only owners of the partnership other than the decedent were members of his family. And the partnership, unlike the corporations involved in *Byrum*, did not conduct business operations. We concluded: "Intrafamily fiduciary duties within an investment vehicle simply are not equivalent in nature to the obligations created by the *United States v. Byrum* * * * scenario." *Id.* FN 3A

3A. In considering the decedent's influence over the dividend policies of the corporations, the Supreme Court in *United States v. Byrum*, 408 U.S. 125, 140, 142 (1972), emphasized the

constraints of “business and economic variables over which he had little or no control” and the prospect that minority stockholders unrelated to the decedent would have had a cause of action under State law had the decedent and the corporations’ directors violated their fiduciary duties. Because of the Court’s emphasis on the corporations’ businesses and the presence of “a substantial number of minority stockholders * * * who were unrelated to” the decedent, *id.* at 142, *Byrum* need not be read as having established a “bright-line test” under which control rights circumscribed by fiduciary duties owed to minority owners (whether related or unrelated to the holder of the rights) prevent the rights from triggering the application of sec. 2036. But see Mitchell M. Gans and Jonathan G. Blattmachr, “*Strangi: A Critical Analysis and Planning Suggestions*”, 100 Tax Notes 1153, 1156–1159 (2003).

Again, the present cases can be distinguished from *Byrum* on the same grounds. In addition to his duties as NHP’s general partner, Mr. Powell owed duties to decedent that he assumed either before he created the partnership or at about the same time. Nothing in the circumstances of the present cases suggests that Mr. Powell would have exercised his responsibility as general partner of NHP in ways that would have prejudiced decedent’s interests. Because decedent held a 99% interest in NHP, whatever fiduciary duties limited Mr. Powell’s discretion in determining partnership distributions were duties that he owed almost exclusively to decedent herself. Finally, the record provides no indication that NHP conducted meaningful business operations or was anything other than an investment vehicle for decedent and her sons. We conclude that any fiduciary duties that limited Mr. Powell’s discretion in regard to distributions by NHP were “illusory” and thus do not prevent his authority over partnership distributions from being a right that, if retained by decedent at her death, would be described in section 2036(a)(2).

D. Conclusion

For the reasons described above, we will grant respondent’s motion for summary judgment that the transfer of cash and securities to NHP was subject to a retained right “to designate the persons who shall possess or enjoy” those assets “or the income therefrom”, within the meaning of section 2036(a)(2). As noted above, the estate does not challenge respondent’s determination that that transfer was not “a bona fide sale for an adequate and full consideration”. Consequently, if decedent retained until her death her right in regard to the transferred cash and securities, the value of those assets would be includible in the value of her gross estate to the extent required by section 2036(a). If, instead, she made a valid gift of her NHP interest before her death, and thus relinquished her retained right to the cash and securities, the value of those assets would still be includible in the value of her gross estate to the extent required by section 2035(a)

Section 2043

Neither section 2036(a)(2) nor section 2035(a) justifies the inclusion in the value of decedent’s gross estate of the full date-of-death value of the cash and securities transferred to NHP in exchange for decedent’s limited partner interest. Although the terms of each section, read in isolation, would require that result, those sections must be read in conjunction with section 2043(a), which provides:

SEC. 2043. TRANSFERS FOR INSUFFICIENT CONSIDERATION

(a) In General.—If any one of the transfers, trusts, interests, rights, or powers enumerated and described in sections 2035 to 2038, inclusive * * * is made, created, exercised, or relinquished for a consideration in money or money's worth, but is not a bona fide sale for an adequate and full consideration in money or money's worth, there shall be included in the gross estate only the excess of the fair market value at the time of death of the property otherwise to be included on account of such transaction, over the value of the consideration received therefor by the decedent

B. Applicability of Section 2043(a) in the Present Cases

In the present cases, because of the limitation provided by section 2043(a), section 2036(a)(2), if applicable, would include in the value of decedent's gross estate only the excess of the fair market value at the time of her death of the cash and securities transferred to NHP over the value of the 99% limited partner interest in NHP issued in exchange for those assets. If, instead, section 2035(a) applies, it would require inclusion in the value of decedent's gross estate of the same amount—that is, the amount that would have been included in the value of decedent's gross estate under section 2036(a)(2) but for the transfer of her interest in NHP less than three years before her death. Section 2043(a) applies by its plain terms: : We have concluded that the transfer of cash and securities to NHP was a transfer “enumerated and described” in either section 2036(a)(2) or section 2035(a). That transfer was made “for a consideration in money or money's worth,” that is, a 99% limited partner interest in NHP. Because the estate does not challenge respondent's contention that Mr. Powell had no legitimate and significant nontax reason for creating NHP, the transfer of cash and securities to the partnership was “not a bona fide sale for an adequate and full consideration in money or money's worth”, regardless of the value of the limited partner interest issued in exchange for those assets. *See Estate of Bongard v. Commissioner*, 124 T.C. at 118. Therefore, section 2043(a) limits the amount includible in the value of decedent's gross estate, by reason of section 2036(a)(2) (either alone or in conjunction with section 2035(a)), to “the excess of the fair market value at the time of death of * * * [the cash and securities], over the value of the consideration received therefor by the decedent.” Put differently, section 2036(a)(2) or section 2035(a), in either case as limited by section 2043(a), includes in the value of decedent's gross estate the amount of any discounts applicable in valuing the 99% limited partner interest in NHP issued in exchange for the cash and securities (an amount that could colloquially be characterized as the “hole” in the doughnut).

D. Conclusion

For the reasons articulated above, we conclude that, when section 2036(a) (either alone or in conjunction with section 2035(a)) requires the inclusion in the value of a decedent's gross estate of the value of assets transferred to a family limited partnership in exchange for an interest in that partnership, the amount of the required inclusion must be reduced under section 2043(a) by the value of the partnership interest received by the decedent-transferor. Consequently, when applicable, section 2036(a) (or section 2035(a)) will include in the value of a decedent's gross estate only the excess of the value of the transferred assets (as of the date of the decedent's death) over the value of the partnership interest issued in return (as of the date of the transfer). *Estate of Magnin v. Commissioner*, T.C. Memo. 1996–25, 1996 WL 24745, (“[U]nder section 2043(a), the

consideration received is to be valued at the time of receipt by the decedent [.]”), rev’d on other grounds, 184 F.3d 1074 (9th Cir. 1999).

For a provocative discussion of *Powell*, see Mitchell M. Gans & Jonathan G. Blattmachr, *Family Limited Partnerships and Section 2036: Not Such a Good Fit*, 42 ACTEC L.J. 253 (2017); Mitchell M. Gans & Jonathan G. Blattmachr, *Powell and Section 2036: Our Reply*, 42 ACTEC L.J. 299 (2017) Ronald H. Jensen, *Commentary*, 42 ACTEC L. J. 293(2017).

For an extended application of *Powell and Strangi* to split dollar insurance agreements, see *Cahill v. Commissioner*, T.C. Memo 2018-84, holding that the ability to revoke the split dollar agreement (even with the consent of a third party) and access the cash surrender value of the insurance policy renders the cash surrender value includable in the decedent's estate under § 2036 and § 2038.

Page 469: Add before **ESTATE OF GOODWYN v. COMMISSIONER:**

In a series of Private Letter Rulings, the IRS has confirmed its favorable approach to Incomplete Gift Non-grantor (*Ding/Ning/Ing*) Trusts. See Private Letter Rulings 201430003 through 201430007, 201510001 through 201510008, 201550005 through 201550010, 201550012, 201613007 201614006-201614008 and 201636029. For the most recent rulings reaching basically the same results, see Private Letter Rulings 201836006 and 2019250010.

In 2014 New York responded by enacting legislation which subjects the grantor to New York income tax on the income of such trusts “[i]n the case of a taxpayer who transferred property to an incomplete gift non-grantor trust, ...to the extent such income and deductions of such trust would be taken into account in computing the taxpayer’s federal taxable income if such trust in its entirety were treated as a grantor trust for federal tax purposes. For purposes of this paragraph, an “incomplete gift non-grantor trust” means a resident trust that meets the following conditions: (i) the trust does not qualify as a grantor trust under section six hundred seventy-one through six hundred seventy-nine of the internal revenue code, and (2) the grantor's transfer of assets to the trust is treated as an incomplete gift under section twenty-five hundred eleven of the internal revenue code, and the regulations thereunder.” N.Y. Tax Law 612(b)(41). Compare Jeffrey Schoenblum, *Strange Bedfellows: The Federal Constitution, Out-Of-State Nongrantor Accumulation Trusts, And The Complete Avoidance Of State Income Taxation*, 67 VAND. L. REV. 1945 (2014)(discussing, *inter alia*, the constitutionality of the New York statute) with Alyssa A. DiRusso, *Pro And Con (Law): Considering The Irrevocable Nongrantor Trust Technique*, 67 VAND. L. REV. 1999 (2014) (responding to Professor Schoenblum).

In a related development, the North Carolina Supreme Court has held unconstitutional that state’s attempt to tax to the trust the accumulated trust income where it was conceded that the only “connection between the...Trust and North Carolina...is the residence of the beneficiaries.” *Kaestner Family Trust v. North Carolina Dept. Of Revenue*, 2015 WL 1880607 (Sup. Ct. 2015). The Supreme Court unanimously affirmed the North Carolina Supreme Court in North Carolina Department of Revenue v. Kaestner Family Trust, 139 S.Ct. 2213 (June 21, 2019), in an opinion by Justice Sotomayor, stating:

First, the beneficiaries did not receive any income from the trust during the years in question. If they had, such income would have been taxable. See *Maguire*, 253 U.S. at 17, 40 S.Ct. 417; *Guaranty Trust Co.*, 305 U.S. at 23, 59 S.Ct. 1.

Second, the beneficiaries had no right to demand trust income or otherwise control, possess, or enjoy the trust assets in the tax years at issue. The decision of when, whether, and to whom the trustee would distribute the trust's assets was left to the trustee's "absolute discretion." Art. I, § 1.2(a), App. 46–47. In fact, the Trust agreement explicitly authorized the trustee to distribute funds to one beneficiary to "the exclusion of other[s]," with the effect of cutting one or more beneficiaries out of the Trust. Art. I, § 1.4, *id.*, at 50. The agreement also authorized the trustee, not the beneficiaries, to make investment decisions regarding Trust property. Art. V, § 5.2, *id.*, at 55–60. The Trust agreement prohibited the beneficiaries from assigning to another person any right they might have to the Trust property, Art. XII, *id.*, at 70–71, thus making the beneficiaries' interest less like "a potential source of wealth [that] was property in [their] hands." *Curry*, 307 U.S. at 370–371, 59 S.Ct. 900.

Third, not only were Kaestner and her children unable to demand distributions in the tax years at issue, but they also could not count on necessarily receiving any specific amount of income from the Trust in the future. Although the Trust agreement provided for the Trust to terminate in 2009 (on Kaestner's 40th birthday) and to distribute assets to Kaestner, Art. I, § 1.2(c)(1), App. 47, New York law allowed the trustee to roll over the trust assets into a new trust rather than terminating it. N. Y. Est., Powers & Trusts § 10–6.6(b). Here, the trustee did just that. 371 N.C., at 135, 814 S.E.2d at 45 [the New York Decanting statute—ed.].

Note, on the other hand, that the New York approach is to tax the trust income (accumulated or distributed) to the grantor rather than to the trust or beneficiaries, presumably on the theory that the powers of the grantor that render the trust an incomplete gift for federal gift tax purposes are constitutionally sufficient to warrant taxing the grantor on the trust income, whether it is accumulated or distributed to the beneficiaries. Note also that state taxing authorities could, alternatively, take the position that they are not bound by the federal PLRs as to whether the trusts are grantor trusts for federal income tax purposes (a kind of state-*Bosch* approach). See the treatment of *Commissioner v. Estate of Bosch*, 387 U.S. 456 (1967) at Text Pages 25–31.

Page 473: Insert before the **PROBLEMS**, the following:

For a discussion of the impact of "trust protectors" (unrelated, but loyal, to the grantor) on the "independent" trustee exception of § 674(c), see *SEC v. Wyly*, 56 F. Supp. 3d 494 (S.D.N.Y. 2014).

CHAPTER 10: LIFE INSURANCE

Page 503: After the sentence ending “gift tax consequences”, add FN 2A as follows:

2A Gift tax consequences can arise on the payment of premiums when a person is or is treated as the owner of a policy under a split-dollar arrangement. Gift tax consequences can be determined under either an economic benefit regime or a loan regime. In *Estate of Morrisette. v. Commissioner*, 146 T.C. No. 11 (2016), the Tax Court held that a split-dollar arrangement was subject to gift taxation under the economic benefit regime provided under Treas. Reg. 1.61-22. This result was obtained because the donor was treated as the owner of life insurance policies even though the policies were not actually owned by the donor because the donees received no economic benefits other than current life insurance protection.

CHAPTER 11: ANNUITIES AND OTHER RETIREMENT ARRANGEMENTS

Page 556: In the paragraph beginning “The Pension Protection Act”, the second sentence should read:

Based on indexing for inflation, the limitation for 2019 is \$19,000, and will thereafter be adjusted for inflation in \$500 increments. FN 5

FN 5: *See* § 402(g)(2). Pursuant to § 414(v)(2)(B)(i), employees age 50 or older may be allowed to make additional annual catch-up contributions—\$25,000 in 2019—if the employer establishes catch-up contributions as a plan feature.

Page 557: Add as new sentence at the end of the first paragraph in footnote 6:

For 2019, the defined contribution limit is \$56,000.

Add as new sentence at the end of the second paragraph in footnote 6:

For 2019, the defined benefit limit is \$225,000.

Page 558: The fourth full sentence should read:

The amount in 2019 is \$6,000.

The last three sentences in the first full paragraph should read:

Based on inflation adjustments, the applicable deduction amount for 2019 is follows: The deduction will be disallowed entirely if an unmarried, active participant’s modified AGI is \$74,000 or more, and \$123,000 or more if a joint return is filed. If the individual is not an active participant but his or her spouse is, then the IRA deduction will be disallowed if the couple’s modified AGI exceeds \$203,000 or more.

Page 561: In the last paragraph on Page 561, add FN 11A after § 403(b) as follows:

FN 11A. Rollovers into SIMPLE IRAs were authorized by the he PATH Act of 2015.

Page 563: Replace the Example with the following and add footnote 13A:

Alice, who owned an IRA, turned 70½ during 2008. As a result, her first MRD was required no later than April 1, 2009. In 2019, she will mark her 81st birthday. The MRD for 2019 will be the value in the account on December 31, 2018 divided by 17.9, which is the life expectancy factor for a person age 81 under the Uniform Distribution Table. Assuming the account balance on December 31, 2013 was \$179,000, Alice must receive a MRD of \$10,000 (\$179,000/17.9) in 2019. FN 13A.

FN 13A: Instead of receiving a distribution of \$10,000, Alice could have authorized the IRA custodian to transfer \$10,000 to a qualified charity as the PATH Act of 2015 made permanent the earlier rule that up to \$100,000 may be directly transferred to a qualified charity and treated as if the IRA owner, if over 70½, received the distribution. *See* § 408(d)(8).

CHAPTER 13: CONCURRENT PROPERTY INTERESTS

Page 639: Replace *Cf.* before *Jeschke* cite with *Compare*

Replace (joint bank account) with:

(no marital deduction allowed in joint bank account) *with Estate of Eubanks*, T.C. Memo. 1967-18 (marital deduction allowed in joint bank account).

CHAPTER 14: INCOME TAXATION OF ESTATES, TRUSTS, AND BENEFICIARIES

Page 675: At end of paragraph beginning “A positive consequence”, add the following:

See analysis of relationship of deductions in respect of a decedent to § 642(g), in *Batchelor-Robjohns v. U.S.*, 788 F3d 1280 (11 Cir. 2015), discussed on Supplement Page 41.

Pages 690-692: Replace the text at the end of Page 690 beginning with “Under the proposed regulations” and the text of the proposed regulations on Pages 690-692, with the following:

Final regulations, effective on July 17, 2014 and applicable to taxable years beginning in 2015, provide as follows:

§ 1.67–4 Costs paid or incurred by estates or non-grantor trusts.

(b) “Commonly” or “Customarily” Incurred—

(1) In general. In analyzing a cost to determine whether it commonly or customarily would be incurred by a hypothetical individual owning the same property, it is the type of product or service rendered to the estate or non-grantor trust in exchange for the cost, rather than the description of the cost of that product or service, that is determinative. In addition to the types of costs described as commonly or customarily incurred by individuals in paragraphs (b)(2), (3), (4), and (5) of this section, costs that are incurred commonly or customarily by individuals also include, for example, costs incurred in defense of a claim against the estate, the decedent, or the non-grantor trust that are unrelated to the existence, validity, or administration of the estate or trust.

(2) Ownership costs. Ownership costs are costs that are chargeable to or incurred by an owner of property simply by reason of being the owner of the property. Thus, for purposes of section 67(e), ownership costs are commonly or customarily incurred by a hypothetical individual owner of such property. Such ownership costs include, but are not limited to, partnership costs deemed to be passed through to and reportable by a partner if these costs are defined as miscellaneous itemized deductions pursuant to section 67(b), condominium fees, insurance premiums, maintenance and lawn services, and automobile registration and insurance costs. Other expenses incurred merely by reason of the ownership of property may be fully deductible under other provisions of the Code, such as sections 62(a)(4), 162, or 164(a), which would not be miscellaneous itemized deductions subject to section 67(e).

(3) Tax preparation fees. Costs relating to all estate and generation-skipping transfer tax returns, fiduciary income tax returns, and the decedent’s final individual income tax returns are not subject to the 2-percent floor. The costs of preparing all other tax returns (for example, gift tax returns) are costs commonly and customarily incurred by individuals and thus are subject to the 2-percent floor.

(4) Investment advisory fees. Fees for investment advice (including any related services that would be provided to any individual investor as part of an investment advisory fee) are

incurred commonly or customarily by a hypothetical individual investor and therefore are subject to the 2-percent floor. However, certain incremental costs of investment advice beyond the amount that normally would be charged to an individual investor are not subject to the 2-percent floor. For this purpose, such an incremental cost is a special, additional charge that is added solely because the investment advice is rendered to a trust or estate rather than to an individual or attributable to an unusual investment objective or the need for a specialized balancing of the interests of various parties (beyond the usual balancing of the varying interests of current beneficiaries and remaindermen) such that a reasonable comparison with individual investors would be improper. The portion of the investment advisory fees not subject to the 2-percent floor by reason of the preceding sentence is limited to the amount of those fees, if any, that exceeds the fees normally charged to an individual investor.

(5) Appraisal fees. Appraisal fees incurred by an estate or a non-grantor trust to determine the fair market value of assets as of the decedent's date of death (or the alternate valuation date), to determine value for purposes of making distributions, or as otherwise required to properly prepare the estate's or trust's tax returns, or a generation-skipping transfer tax return, are not incurred commonly or customarily by an individual and thus are not subject to the 2-percent floor. The cost of appraisals for other purposes (for example, insurance) is commonly or customarily incurred by individuals and is subject to the 2-percent floor.

(6) Certain Fiduciary Expenses. Certain other fiduciary expenses are not commonly or customarily incurred by individuals, and thus are not subject to the 2-percent floor. Such expenses include without limitation the following: Probate court fees and costs; fiduciary bond premiums; legal publication costs of notices to creditors or heirs; the cost of certified copies of the decedent's death certificate; and costs related to fiduciary accounts.

(c) Bundled fees—

(1) In general. If an estate or a non-grantor trust pays a single fee, commission, or other expense (such as a fiduciary's commission, attorney's fee, or accountant's fee) for both costs that are subject to the 2-percent floor and costs (in more than a de minimis amount) that are not, then, except to the extent provided otherwise by guidance published in the Internal Revenue Bulletin, the single fee, commission, or other expense (bundled fee) must be allocated, for purposes of computing the adjusted gross income of the estate or non-grantor trust in compliance with section 67(e), between the costs that are subject to the 2-percent floor and those that are not.

(2) Exception. If a bundled fee is not computed on an hourly basis, only the portion of that fee that is attributable to investment advice is subject to the 2-percent floor; the remaining portion is not subject to that floor.

(3) Expenses Not Subject to Allocation. Out-of-pocket expenses billed to the estate or non-grantor trust are treated as separate from the bundled fee. In addition, payments made from the bundled fee to third parties that would have been subject to the 2-percent floor if they had been paid directly by the estate or non-grantor trust are subject to the 2-percent floor, as are any fees or expenses separately assessed by the fiduciary or other payee of the bundled fee (in addition to the usual or basic bundled fee) for services rendered to the estate or non-grantor

trust that are commonly or customarily incurred by an individual.

(4) Reasonable Method. Any reasonable method may be used to allocate a bundled fee between those costs that are subject to the 2-percent floor and those costs that are not, including without limitation the allocation of a portion of a fiduciary commission that is a bundled fee to investment advice. Facts that may be considered in determining whether an allocation is reasonable include, but are not limited to, the percentage of the value of the corpus subject to investment advice, whether a third party advisor would have charged a comparable fee for similar advisory services, and the amount of the fiduciary's attention to the trust or estate that is devoted to investment advice as compared to dealings with beneficiaries and distribution decisions and other fiduciary functions. The reasonable method standard does not apply to determine the portion of the bundled fee attributable to payments made to third parties for expenses subject to the 2-percent floor or to any other separately assessed expense commonly or customarily incurred by an individual, because those payments and expenses are readily identifiable without any discretion on the part of the fiduciary or return preparer.

Page 692: Before [2] **Depreciation**, insert the following:

The Tax Act of 2017 enacted § 67(g) which provides: “Notwithstanding subsection (a), no miscellaneous itemized deduction shall be allowed for any taxable year beginning after December 31, 2017, and before January 1, 2026.”

In Notice 2018-61, 31 I.R.B. 278 (July 30, 2018) the IRS announced the following:

SECTION 3. REGULATIONS TO BE ISSUED ADDRESSING THE EFFECT OF SECTION 67(g) ON CERTAIN ESTATE AND NON-GRANTOR TRUST EXPENSES

Commentators have suggested that new section 67(g) might be read to eliminate the ability of estates and non-grantor trusts to deduct any expenses described in section 67(e)(1) and § 1.67-4 for the taxable years during which the application of section 67(a) is suspended. The Treasury Department and the IRS do not believe that this is a correct reading of section 67(g). For the taxable years during which it is effective, section 67(g) denies a deduction for miscellaneous itemized deductions. Section 67(b) defines miscellaneous itemized deductions as itemized deductions other than those listed therein. Section 63(d) defines itemized deductions by excluding personal exemptions, section 199A deductions, and deductions used to arrive at adjusted gross income. Therefore, neither the above-the-line deductions used to arrive at adjusted gross income nor the expenses listed in section 67(b)(1) — (12) are miscellaneous itemized deductions. Section 62(a) defines adjusted gross income of an individual, and section 67(e) provides that the adjusted gross income of a trust or estate is determined in the same way as for an individual, except that expenses described in section 67(e)(1) and deductions pursuant to sections 642(b), 651, and 661 are allowable as deductions in arriving at adjusted gross income. Thus, section 67(e) removes the expenses described in section 67(e)(1) from the category of itemized deductions (and thus necessarily also from the subset of miscellaneous itemized deductions) and instead treats them as above-the-line deductions allowable in determining adjusted gross income under section 62(a). Therefore, the suspension of the deductibility of miscellaneous itemized deductions under section 67(a) does not affect the deductibility of payments described in section 67(e)(1). However, an

expense that commonly or customarily would be incurred by an individual (including the appropriate portion of a bundled fee) is affected by section 67(g) and thus is not deductible to the estate or non-grantor trust during the suspension of section 67(a). Nothing in section 67(g) impacts the determination of what expenses are described in section 67(e)(1).

Additionally, nothing in section 67(g) affects the ability of the estate or trust to take a deduction listed under section 67(b). These deductions remain outside of the definition of “miscellaneous itemized deduction.” For example, section 691(c) deductions (relating to the deduction for estate tax on income in respect of the decedent), which are identified in section 67(b)(7), remain unaffected by the enactment of section 67(g)).

The Treasury Department and the IRS intend to issue regulations clarifying that estates and non-grantor trusts may continue to deduct expenses described in section 67(e)(1) and amounts allowable as deductions under section 642(b), 651 or 661, including the appropriate portion of a bundled fee, in determining the estate or non-grantor trust’s adjusted gross income during taxable years, for which the application of section 67(a) is suspended pursuant to section 67(g). Additionally, the regulations will clarify that deductions enumerated in section 67(b) and (e) continue to remain outside the definition of “miscellaneous itemized deductions” and thus are unaffected by section 67(g).

Page 696: Immediately before the sentence beginning “Besides permitting”, add as follows:

In *Green v. United States*, 880 F.3d 519 (10th Cir. 2018), a trust had purchased property with funds constituting part of its gross income. After the value of the property appreciated, the trust, as authorized by the trust agreement, donated it to charity. The 10th Circuit held (1) that the trust was eligible for a § 642(c)(1) deduction since the property had been purchased with the trust’s gross income (i.e., even though it did not itself constitute gross income of the trust), but (2) that the trust could only deduct its basis in the property (i.e., basically what the trust paid for it), and not its fair market value. The Court noted that, unlike an individual who is permitted to deduct the value of appreciated property even though the individual has not realized the appreciation, a trust’s deduction is limited to “any amount of the gross income [of the trust] paid” to charity.

After the sentence beginning “Besides permitting”, add as follows:

In *Estate of Belmont v. Commissioner*, 144 T.C. No. 6 (Feb. 19, 2015) and *Estate of DiMarco v. Commissioner*, T.C. Memo 2015-184, a charitable deduction was denied because under the facts there was more than a negligible chance that the amount set aside for charity would not be so devoted, thus violating Treas. Reg. § 1.642(c)-2(d).

After 1st full paragraph, add:

“F. Ladson Boyle and Jonathan G. Blattmachr analyze problems concerning income in respect of a decedent (IRD) when an estate has charitable beneficiaries in *IRD and Charities: The Separate Share Regulations and the Economic Effect Requirement*, 52 Real Prop. Tr. & Est. L.J. 369 (2018). The authors then suggest “possible solutions to assure that the income tax charitable deduction is available for an estate when it pays over the proceeds from items of IRD to a charity.”

Before [4] **Double Deducting . . . Tax Return** insert the following:

[3A] New Section 199A

Under the Tax Cut and Jobs Act (TCJA) of 2017, the maximum corporate tax rate was lowered to 21 percent. However, the 21% rate only applies only to income taxable under Subchapter C of the Internal Revenue Code. New Section 199A was enacted by TCJA in order to provides similar type of relief to the business income of non-corporate taxpayers. Under the General Explanation contained in the Blue Book for the 2017 Tax Act, *“The provision reflects Congress’s belief that a reduction in the corporate income tax rate does not completely address the Federal income tax burden on businesses. While the corporate tax is a tax on capital income, the tax on income from noncorporate businesses may fall on both labor income and capital income. Treating corporate and noncorporate business income more similarly to each other under the Federal income tax requires distinguishing labor income from capital income in a noncorporate business.”*

Under new section 199A, for taxable years beginning after 2017 and before 2026, an individual taxpayer generally may deduct 20 percent of the “qualified business income” with respect to a partnership, S-corporation, or sole proprietorship. Eligible taxpayers also generally include fiduciaries and beneficiaries of trusts and estates which have qualified business income. The 20 percent Section 199A deduction is subject to certain restrictions if the taxpayer has taxable income over a certain threshold (\$160,700 for 2019 but \$321,400 for joint filers). Taxpayers with taxable income at or below the threshold amount, therefore, are eligible for a deduction for each qualified trade or business equal to 20 percent of the business income with respect to that trade or business. Final Regulations have been issued under 199A, *see* T.D. 9847, 84 FR 2952-3014(Feb. 8, 2019), including, significantly from a planning perspective, a provision allowing a trust or estate to keep its taxable income within the threshold amount by permissible distributions reflected in the trust or estate distribution deduction. For an extended discussion of the application of the new section and its regulations to trusts, estates and beneficiaries, *see* Akers, "Section 199A Final Regulations Summary", available at <https://www.bessemertrust.com/incites/section-199a-final-regulations-summary>.

Page 697: At end of first paragraph (ending with “final return.”), add as new paragraphs the following:

In *Batchelor-Robjohns v. U.S.*, 788 F3d 1280 (11 Cir. 2015) the taxpayer sold stock in a corporation for a substantial capital gain which he reported on his 1999 income tax return. Thereafter the taxpayer was sued for repayment of some of the purchase price of the stock on various grounds. Before the repayment suits were completed, the taxpayer died. After his death his estate settled the repayment cases and, in 2005, paid back some of the proceeds of the capital gain that had been reported previously by the taxpayer on his 1999 income tax return. The estate deducted the settlement payments as a debt on the Form 706 for estate tax purposes under § 2053. Thereafter the estate attempted to use § 1341 to reduce its 2005 income tax. That section provides relief for a taxpayer who has, under a claim of right (but erroneously as it turns out), included in income amounts received in an earlier year, and then, in a later year, repays such amounts. It

applies, however, only if there would be a “deduction...allowable” in the later year for the amounts repaid.

In *Batchelor-Robjohns* the Eleventh Circuit Court of Appeals held that § 642(g) prevented the estate from using § 1341 because it had deducted the payments on the estate tax under § 2053, which thus precluded a “deduction” from being “allowable” in 2005. The Court also held that the § 642(g) exception for § 691(b) deductions in respect of a decedent did not apply because § 691(b) lists as deductions in respect of a decedent only those deductions allowable under §§ 162, 153, 164, 212, and 611, whereas the repayments by the estate in 2005 were properly characterized as (capital) losses (§ 165).

Page 724: Insert at the end of footnote 33:

But see Frank Aragona Trust v. Commissioner, 142 T.C. 165 (2014) (holding that even if (contrary to *Mattie Carter*) the activities of non-trustee employees should be disregarded, which the Court did not decide, the activities of trustee employees cannot be disregarded.) *See generally*, Mark Berkowitz and Jessica Duran, *100 is the New 500-Planning for the NII Tax*, 146 TAX NOTES 1625 (2015).

In the text after the “PROBLEM”, replace (\$11,950.00 in 2013) with (\$12,500 in 2016).

Add thereafter:

Final regulations under § 1411 were issued in December of 2013. *See T.D. 9644*, 78 Fed. Reg. 72394-72449.

Page 766: At the end of the fourth line (immediately before Revenue Ruling 57-31) insert the following:

The Tax Act of 2017 enacted § 67(g) which provides: “Notwithstanding subsection (a), no miscellaneous itemized deduction shall be allowed for any taxable year beginning after December 31, 2017, and before January 1, 2026.”

In Notice 2018-61, 31 I.R.B. 278 (July 30, 2018) the IRS announced the following:

SECTION 4. REQUEST FOR COMMENTS CONCERNING A BENEFICIARY’S ABILITY TO CLAIM EXCESS DEDUCTIONS PURSUANT TO SECTION 642(h)

The Treasury Department and the IRS are aware of some concerns that the enactment of section 67(g) will affect a beneficiary’s ability to deduct section 67(e) expenses upon the termination of the trust or estate as provided in section 642(h).

Section 642(h) provides that if, on the termination of an estate or trust, the trust or estate has: (1) a net operating loss carryover under section 172 or a capital loss carryover under section 1212, or (2) for the last taxable year of the estate or trust, deductions (other than the deductions allowed under section 642(b) (relating to personal exemption) or section 642(c) (relating to charitable

contributions)) in excess of gross income for such year, then such carryover or such excess shall be allowed as a deduction, in accordance with the regulations prescribed by the Secretary, to the beneficiaries succeeding to the property of the estate or trust.

Section 1.642(h)—1(b) provides, in part, that net operating loss carryovers and capital loss carryovers are taken into account when determining adjusted gross income. Therefore, they are above-the-line deductions and thus are not miscellaneous itemized deductions on the returns of beneficiaries. Conversely, § 1.642(h)—2(a) provides that if, on the termination of an estate or trust, the estate or trust has for its last taxable year deductions (other than the deductions allowed under section 642(b) (relating to personal exemption) or section 642(c) (relating to charitable contributions) in excess of gross income, the excess is allowed under section 642(h)(2) as a deduction (section 642(h)(2) excess deduction) to the beneficiaries. However, the section 642(h)(2) excess deduction is allowed only in computing the taxable income of the beneficiaries and must be taken into account in computing the items of tax preference of the beneficiaries. Therefore, a section 642(h)(2) excess deduction is not used in computing the beneficiaries' adjusted gross income and is treated as a miscellaneous itemized deduction of the beneficiaries. *See* sections 63(d) and 67(b).

The section 642(h)(2) excess deduction may include expenses described in section 67(e). As previously discussed, prior to enactment of section 67(g), miscellaneous itemized deductions were allowed subject to the restrictions contained in section 67(a). For the years in which section 67(g) is effective, miscellaneous itemized deductions are not permitted, and that appears to include the section 642(h)(2) excess deduction. The Treasury Department and the IRS are studying whether section 67(e) deductions, as well as other deductions that would not be subject to the limitations imposed by sections 67(a) and (g) in the hands of the trust or estate, should continue to be treated as miscellaneous itemized deductions when they are included as a section 642(h)(2) excess deduction. Taxpayers should note that section 67(e) provides that appropriate adjustments shall be made in the application of part I of subchapter J of chapter 1 of the Code to take into account the provisions of section 67.

The Treasury Department and the IRS intend to issue regulations in this area and request comments regarding the effect of section 67(g) on the ability of the beneficiary to deduct amounts comprising the section 642(h)(2) excess deduction upon the termination of a trust or estate in light of sections 642(h) and 1.642(h)—2(a). In particular, the Treasury Department and the IRS request comments concerning whether the separate amounts comprising the section 642(h)(2) excess deduction, such as any amounts that are section 67(e) deductions, should be separately analyzed when applying section 67.

Page 780: Add before **PROBLEM:**

Final regulations in the form of § 1.643(f)-1, designed to prevent abuse of the § 199A deduction, which is discussed on Supplement Page 41, were issued and provide as follows:

(a) General rule. For purposes of subchapter J of chapter 1 of subtitle A of Title 26 of the United States Code, two or more trusts will be aggregated and treated as a single trust if such trusts have substantially the same grantor or grantors and substantially the same primary beneficiary or

beneficiaries, and if a principal purpose for establishing one or more of such trusts or for contributing additional cash or other property to such trusts is the avoidance of Federal income tax. For purposes of applying this rule, spouses will be treated as one person.

(b) Effective/ applicability date. The provisions of this section apply to taxable years ending after August 16, 2018.

Page 781: Add before paragraph beginning “When the income”, the following new paragraph:

On August 12, 2015, final regulations, which adopted proposed 2014 regulations, were issued to close a loophole that had been exploited by taxpayers. Specifically, a taxpayer had been able to use a stepped-up basis to determine gain on sale or other disposition of a term interest in CRTs when the charitable interest was also sold or disposed of. Treasury Regulation Section 1.1014-5(c), which is generally applicable to sales and other dispositions of interests in CRTs occurring after January 15, 2014, closes this loophole.

CHAPTER 15: PERSPECTIVES ON THE CURRENT WEALTH TRANSFER TAX SYSTEM

Page 793: Add at the end of part IV:

Recent articles include:

David J. Herzig, *The Income Equality Case for Eliminating the Estate Tax*, 90 S. CAL. L. REV. 1143 (2017).

Karen C. Burke & Grayson M.P. McCouch, *The Moving Target of Tax Reform*, 93 N. CAROLINA L. REV. 649 (2015).

Wendy C. Gerzog, *What's Wrong with A Federal Inheritance Tax?*, 49 REAL PROP. TR. & EST. L.J. 163 (2014).

Page 794: Add after “**President Obama’s Reform Proposals**”:

On January 17, 2015, the White House, in advance of President Obama’s State of the Union Address on January 20, 2015, released a FACT SHEET, entitled “A Simpler, Fairer Tax Code That Responsibly Invests in Middle Class Families,” which provided in part as follows:

Middle class families today bear too much of the tax burden because of unfair loopholes that are only available to the wealthy and big corporations. In his State of the Union address, the President will outline his plan to simplify our complex tax code for individuals, make it fairer by eliminating some of the biggest loopholes, and use the savings to responsibly pay for the investments we need to help middle class families get ahead and grow the economy.

The President will put forward reforms that include eliminating the biggest loophole that lets the wealthiest avoid paying their fair share of taxes:

- **Close the trust fund loophole—the single largest capital gains tax loophole—to ensure the wealthiest Americans pay their fair share on inherited assets.** Hundreds of billions of dollars escape capital gains taxation each year because of the "stepped-up" basis loophole that lets the wealthy pass appreciated assets onto their heirs tax-free.
- **Raise the top capital gains and dividend rate back to the rate under President Reagan.** The President's plan would increase the total capital gains and dividends rates for high-income households to 28 percent.

The FACT SHEET further discusses the repeal of Section 1014 for beneficiaries of wealthy decedents and make death a realizable event:

Eliminating the Biggest Loopholes that let the Wealthiest Avoid Paying Their Fair Share of Taxes and Reforming Financial Sector Taxation

Reforming the Taxation of Capital Gains

Rather than make it easier for middle-class families to make ends meet, our tax system has changed over time in ways that make it easier for the wealthy to avoid paying their fair share. Though President Obama restored top tax rates on the highest income Americans to their levels under President Clinton, high-income tax rates remain historically low, especially on capital income. Capital income taxes are also much lower than tax rates on income from work, which explains how the highest-income 400 taxpayers in 2012—who obtained 68 percent of their income from capital gains—paid income tax at an effective rate of 17 percent, even though the top marginal income tax rate was 35 percent.

The problem is that the U.S. capital income tax system is too broken to address this unfairness just by raising tax rates. Current rules let substantial capital gains income escape tax altogether. Raising the capital gains rate without also addressing these loopholes would encourage wealthy individuals to take further advantage of the opportunities the current system provides to defer and avoid tax.

The largest capital gains loophole—perhaps the largest single loophole in the entire individual income tax code—is a provision known as "stepped-up basis." Stepped-up basis refers to the fact that capital gains on assets held until

death are never subject to income taxes. Not only do bequests to heirs go untaxed, but the "tax basis" of inherited assets used to compute the gain if they are later sold is immediately increased ("stepped-up") to the value at the date of death—making the capital gain income forever exempt from taxes. For example, suppose an individual leaves stock worth \$50 million to an heir, who immediately sells it. When purchased, the stock was worth \$10 million, so the capital gain is \$40 million. However, the heir's basis in the stock is "stepped up" to the \$50 million gain when he inherited it—so no income tax is due on the sale, or ever due on the \$40 million of gain. Each year, hundreds of billions in capital gains avoid tax as a result of stepped-up basis.

The President's proposal would close the stepped-up basis loophole by treating bequests and gifts other than to charitable organizations as realization events, like other cases where assets change hands. It would also increase the total top capital gains and dividend rate to 28 percent—the rate under President Reagan.¹⁰ (The top rate applies to couples with incomes over about \$500,000.) It would:

- almost exclusively impact the top 1 percent. 99 percent of the impact of the President's capital gains reform proposal (including eliminating stepped-up basis and raising the capital gains rate) would be on the top 1 percent, and more than 80 percent on the top 0.1 percent (those with incomes over \$2 million). Under the President's proposal, wealthy

¹⁰ The actual proposal made for the Fiscal Year 2016 would increase the rate to 24.2%, which would result in an overall tax of 28% based on the Medicare Tax of 3.8% under § 1411.

people would still get a preferential rate on their income from investments, but they would no longer be able to accumulate extra wealth by paying no capital gains tax whatsoever.

- Address a basic unfairness in the tax system. Most middle-class retirees spend down their assets during retirement, which means they owe income taxes on whatever capital gains they've accrued. But the wealthy can often afford to hold onto assets until death—which is what lets them use the stepped-up basis loophole to avoid ever having to pay tax on capital gains.
- Unlock capital for productive investment. By letting very wealthy investors make their capital gains disappear at death, stepped-up basis creates strong "lock-in" incentives to hold assets for generations, even when resources could be reinvested more productively elsewhere. The proposal would sharply reduce these incentives, making it a pro-growth way to raise revenue.
- Protect the middle-class and small businesses to ensure that it would impose neither tax nor compliance burdens on middle-class families, the President's proposal includes the following protections:
- For couples, no tax would be due until the death of the second spouse.
- Capital gains of up to \$200,000 per couple (\$100,000 per individual) could still be bequeathed free of tax. Note that, since capital gains generally represent only a fraction of an asset's value, this exemption would allow couples to bequeath more than \$200,000 without owing taxes. The exemption would be automatically portable between spouses.
- In addition to the basic exemption, couples would have an additional \$500,000 exemption for personal residences (\$250,000 per individual). This exemption would also be automatically portable between spouses.
- Tangible personal property other than expensive art and similar collectibles (e.g. bequests or gifts of clothing, furniture, and small family heirlooms) would be tax-exempt. In addition to avoiding any tax burden on these transfers, this exclusion would prevent families from having to value and report them.

As a result of these provisions, only a tiny minority of small businesses could possibly be affected by the repeal of stepped-up basis. However, the President's proposal also includes extra protections that ensure no small family-owned business would ever have to be sold for tax reasons:

- No tax would be due on inherited small, family-owned and operated businesses—unless and until the business was sold.
- Any closely-held business would have the option to pay tax on gains over 15 years.

The Obama Administration's actual proposal for capital gains reform for the Fiscal Year 2017 is set forth on Supplement Pages 53-54.

Page 794:

Text Pages 794-802 set out several reform proposals in for the fiscal year 2014. Many of these proposals were continued for subsequent fiscal years, including for the most recent fiscal year 2017. A few of the proposals in the text were significantly modified, including proposals relating to consistency in value (Text Pages 795-797), GRATS (Text Pages 797-798) and grantor trusts (Text Pages 799-800). These modified proposals, along with new proposals involving the gift tax annual exclusion and executors, are set forth below.

General Explanations of the Administration's Fiscal Year 2017 Revenue Proposals

Department of the Treasury

February 2016¹¹

EXPAND REQUIREMENT OF CONSISTENCY IN VALUE FOR TRANSFER AND INCOME TAX PURPOSES

Current Law

Section 1014 provides that the basis of property acquired from a decedent generally is the fair market value of the property on the decedent's date of death. Similarly, property included in the decedent's gross estate for estate tax purposes generally must be valued at its fair market value on the date of death. Although the same valuation standard applies to both provisions, until the enactment on July 31, 2015, of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (the Act), there was no requirement that the recipient's basis in that property be the same as the value reported for estate tax purposes. This Act amended section 1014 to provide generally that the recipient's initial basis in property as determined under section 1014 cannot exceed the final value of that property for estate tax purposes. This consistency requirement applies to property whose inclusion in the decedent's gross estate increases the estate's liability for federal estate tax.

Reasons for Change

Because the consistency requirement enacted in 2015 applies only to the particular items of property that generate a federal estate tax, the requirement does not apply to property transferred by gift, or to property that qualifies for the estate tax marital or charitable deduction, or to any property of an estate with a total value that does not exceed the applicable exclusion amount (\$5,450,000 for 2016). Although the exclusion of property given on death to charities (tax-exempt

¹¹ This document, which was once available online at <https://www.treasury.gov/resource-center/tax-policy/Documents/General-Explanations-FY2017.pdf>, has been removed. Several federal transfer tax proposals for fiscal year 2014, which are found in the text beginning at Page 794, are continued for fiscal year 2017 and are not reproduced in this Supplement.

organizations) has only a minimal impact for income tax purposes, there is a possible effect on the annual excise tax imposed on certain such organizations. However, the exclusion from the application of the consistency requirement of property qualifying for the estate tax marital deduction is significant because an unlimited amount of property may qualify for the estate tax marital deduction in a decedent's estate tax proceeding. Although it is true that the value of such property passing to the decedent's surviving spouse may be increased without incurring any federal estate tax, and a high estate tax value provides a high cap on the recipient's permissible basis, current law contains provisions to prevent an inaccurately high estate tax valuation. Specifically, the executor certifies to the accuracy of the information on the estate tax return under penalties of perjury, and significant underpayment penalties are imposed on the understatement of capital gains and thus income tax that would result from an overstatement of basis.

Proposal

The proposal would expand the property subject to the consistency requirement imposed under section 1014(f) to also include (1) property qualifying for the estate tax marital deduction, provided a return is required to be filed under section 6018, even though that property does not increase the estate's federal estate tax liability, and (2) property transferred by gift, provided that the gift is required to be reported on a federal gift tax return.

The proposal would be effective for transfers after the year of enactment.

MODIFY TRANSFER TAX RULES FOR GRANTOR RETAINED ANNUITY TRUSTS (GRATS) AND OTHER GRANTOR TRUSTS

Current Law

Section 2702 provides that, if an interest in a trust is transferred to a family member, any interest retained by the grantor is valued at zero for purposes of determining the transfer tax value of the gift to the family member(s). This rule does not apply if the retained interest is a "qualified interest." A fixed annuity, such as the annuity interest retained by the grantor of a GRAT, is one form of qualified interest, so the value of the gift of the remainder interest in the GRAT is determined by deducting the present value of the retained annuity during the GRAT term from the fair market value of the property contributed to the trust.

Generally, a GRAT is an irrevocable trust funded with assets expected to appreciate in value, in which the grantor retains an annuity interest for a term of years that the grantor expects to survive. At the end of that term, the assets then remaining in the trust are transferred to (or held in further trust for) the beneficiaries. The value of the grantor's retained annuity is based in part on the applicable Federal rate under section 7520 in effect for the month in which the GRAT is created. Therefore, to the extent the GRAT's assets appreciate at a rate that exceeds that statutory interest rate, that appreciation will have been transferred, free of gift tax, to the remainder beneficiary or beneficiaries of the GRAT.

If the grantor dies during the GRAT term, the trust assets (at least the portion needed to produce the retained annuity) are included in the grantor's gross estate for estate tax purposes. To this

extent, although the beneficiaries will own the remaining trust assets, the estate tax benefit of creating the GRAT (specifically, the tax-free transfer of the appreciation during the GRAT term in excess of the annuity payments) is not realized.

Another popular method of removing an asset's future appreciation from one's gross estate for estate tax purposes, while avoiding transfer and income taxes, is the sale of the asset to a grantor trust of which the seller is the deemed owner for income tax purposes. A grantor trust is a trust, whether revocable or irrevocable, of which an individual is treated as the owner for income tax purposes. Thus, for income tax purposes, a grantor trust is taxed as if the deemed owner had owned the trust assets directly, and the deemed owner and the trust are treated as the same person. This results in transactions between the trust and the deemed owner being ignored for income tax purposes; specifically, no capital gain is recognized when an appreciated asset is sold by the deemed owner to the trust. For transfer tax purposes, however, the trust and the deemed owner are separate persons and, under certain circumstances, the trust is not included in the deemed owner's gross estate for estate tax purposes at the death of the deemed owner. In this way, the post-sale appreciation has been removed from the deemed owner's estate for estate tax purposes.

Reasons for Change

GRATs and sales to grantor trusts are used for transferring wealth while minimizing the gift and income tax cost of transfers. In both cases, the greater the post-transaction appreciation, the greater the transfer tax benefit achieved. The gift tax cost of a GRAT often is essentially eliminated by minimizing the term of the GRAT (thus reducing the risk of the grantor's death during the term), and by retaining an annuity interest significant enough to reduce the gift tax value of the remainder interest to close to zero. In addition, with both GRATs and sales to grantor trusts, future capital gains taxes can be avoided by the grantor's purchase at fair market value of the appreciated asset from the trust and the subsequent inclusion of that asset in the grantor's gross estate at death. Under current law, the basis in that asset is then adjusted (in this case, "stepped up") to its fair market value at the time of the grantor's death, often at an estate tax cost that has been significantly reduced or entirely eliminated by the grantor's lifetime exclusion from estate tax.

Proposal

The proposal would require that a GRAT have a minimum term of ten years and a maximum term of the life expectancy of the annuitant plus ten years to impose some downside risk in the use of a GRAT. The proposal also would include a requirement that the remainder interest in the GRAT at the time the interest is created must have a minimum value equal to the greater of 25 percent of the value of the assets contributed to the GRAT or \$500,000 (but not more than the value of the assets contributed). In addition, the proposal would prohibit any decrease in the annuity during the GRAT term, and would prohibit the grantor from engaging in a tax-free exchange of any asset held in the trust.

If a person who is a deemed owner under the grantor trust rules of all or a portion of any other type of trust engages in a transaction with that trust that constitutes a sale, exchange, or comparable transaction that is disregarded for income tax purposes by reason of the person's treatment as a deemed owner of the trust, then the portion of the trust attributable to the property received by the

trust in that transaction (including all retained income therefrom, appreciation thereon, and reinvestments thereof, net of the amount of the consideration received by the person in that transaction) would be subject to estate tax as part of the gross estate of the deemed owner, would be subject to gift tax at any time during the deemed owner's life when his or her treatment as a deemed owner of the trust is terminated, and would be treated as a gift by the deemed owner to the extent any distribution is made to another person (except in discharge of the deemed owner's obligation to the distributee) during the life of the deemed owner. The proposal would reduce the amount subject to transfer tax by any portion of that amount that was treated as a prior taxable gift by the deemed owner. The transfer tax imposed by this proposal would be payable from the trust.

The proposal would not change the treatment of any trust that already is includable in the grantor's gross estate under existing provisions of the Code, including without limitation the following: grantor retained income trusts; grantor retained annuity trusts; personal residence trusts; and qualified personal residence trusts. Similarly, it would not apply to any trust having the exclusive purpose of paying deferred compensation under a nonqualified deferred compensation plan if the assets of such trust are available to satisfy claims of general creditors of the grantor. It also would not apply to any irrevocable trust whose only assets typically consist of one or more life insurance policies on the life of the grantor and/or the grantor's spouse.

The proposal as applicable to GRATs would apply to GRATs created after the date of enactment. The proposal as applicable to other grantor trusts would be effective with regard to trusts that engage in a described transaction on or after the date of enactment. Regulatory authority would be granted, including the ability to create exceptions to this provision.

SIMPLIFY GIFT TAX EXCLUSION FOR ANNUAL GIFTS

Current Law

The first \$14,000 of gifts made to each donee in 2016 is excluded from the donor's taxable gifts (and therefore does not use up any of the donor's applicable exclusion amount for gift and estate tax purposes). This annual gift tax exclusion is indexed for inflation and there is no limit on the number of donees to whom such excluded gifts may be made by a donor in any one year. To qualify for this exclusion, each gift must be of a present interest rather than a future interest in the donated property. For these purposes, a present interest is an unrestricted right to the immediate use, possession, or enjoyment of property or the income from property (including life estates and term interests). Generally, a contribution to a trust for the donee is a future interest.

Reasons for Change

To take advantage of this annual gift tax exclusion without having to transfer the property outright to the donee, a donor often contributes property to a trust and gives each trust beneficiary (donee) a *Crummey* power. *Crummey* powers are used particularly in irrevocable trusts to hold property for the benefit of minor children.

In order for a *Crummey* power to convert a donor's transfer into the gift of a present interest, the trustee of the recipient trust must timely notify each beneficiary of the existence and scope of his

or her right to withdraw funds from the trust. If the appropriate records cannot be produced at the time of any gift or estate tax audit of the grantor, the gift tax exclusion may be denied to the grantor, thereby causing retroactive changes in the grantor's tax liabilities and remaining applicable exclusion amount. Because of the common use of these withdrawal powers, the number of beneficiaries typically involved, and the differing terms of each such withdrawal power, the cost to taxpayers of complying with the *Crummey* rules is significant, as is the cost to IRS of enforcing the rules.

In addition, the IRS is concerned about the lack of a limit on the number of beneficiaries to whom *Crummey* powers are given. The IRS's concern has been that *Crummey* powers could be given to multiple discretionary beneficiaries, most of whom would never receive a distribution from the trust, and thereby inappropriately exclude from gift tax a large total amount of contributions to the trust. (For example, a power could be given to each beneficiary of a discretionary trust for the grantor's descendants and friendly accommodation parties in the hope that the accommodation parties will not exercise their *Crummey* powers.) The IRS has sought (unsuccessfully) to limit the number of available *Crummey* powers by requiring each powerholder to have some meaningful vested economic interest in the trust over which the power extends. See *Estate of Cristofani v. Commissioner*, 97 T.C. 74 (1991); *Kohlsaat v. Commissioner*, 73 TCM 2732 (1997).

Proposal

The proposal would eliminate the present interest requirement for gifts that qualify for the gift tax annual exclusion. Instead, the proposal would define a new category of transfers (without regard to the existence of any withdrawal or put rights), and would impose an annual limit of \$50,000 (indexed for inflation after 2017) per donor on the donor's transfers of property within this new category that will qualify for the gift tax annual exclusion. This new \$50,000 per-donor limit would not provide an exclusion in addition to the annual per-donee exclusion; rather, it would be a further limit on those amounts that otherwise would qualify for the annual per-donee exclusion. Thus, a donor's transfers in the new category in a single year in excess of a total amount of \$50,000 would be taxable, even if the total gifts to each individual donee did not exceed \$14,000. The new category would include transfers in trust (other than to a trust described in section 2642(c)(2)), transfers of interests in passthrough entities, transfers of interests subject to a prohibition on sale, and other transfers of property that, without regard to withdrawal, put, or other such rights in the donee, cannot immediately be liquidated by the donee.

The proposal would be effective for gifts made after the year of enactment.

EXPAND APPLICABILITY OF DEFINITION OF EXECUTOR

Current Law

The Code defines "executor" for purposes of the estate tax to be the person who is appointed, qualified, and acting within the United States as executor or administrator of the decedent's estate or, if none, then "any person in actual or constructive possession of any property of the decedent." This could include, for example, the trustee of the decedent's revocable trust, an IRA or life insurance beneficiary, or a surviving joint tenant of jointly owned property.

Reasons for Change

Because the Code's definition of executor currently applies only for purposes of the estate tax, no one (including the decedent's surviving spouse who filed a joint income tax return) has the authority to act on behalf of the decedent with regard to a tax liability that arose prior to the decedent's death. Thus, there is no one with authority to extend the statute of limitations, claim a refund, agree to a compromise or assessment, or pursue judicial relief in connection with the decedent's share of a tax liability. This problem has started to arise with more frequency as reporting obligations, particularly with regard to an interest in a foreign asset or account, have increased, and survivors have attempted to resolve a decedent's failure to comply.

In addition, in the absence of an appointed executor, multiple persons may meet the definition of "executor" and, on occasion, more than one of them has each filed a separate estate tax return for the decedent's estate or made conflicting tax elections.

Proposal

To empower an authorized party to act on behalf of the decedent in all matters relating to the decedent's tax liabilities (whether arising before, upon, or after death), the proposal would expressly make the tax code's definition of executor applicable for all tax purposes, and authorize such executor to do anything on behalf of the decedent in connection with the decedent's pre-death tax liabilities or obligations that the decedent could have done if still living. In addition, the proposal would grant regulatory authority to adopt rules to resolve conflicts among multiple executors authorized by this provision.

The proposal would apply upon enactment, regardless of a decedent's date of death.

Based on the FACT SHEET, set forth on Supplement Pages 44-46, President Obama's Revenue Proposals for the Fiscal Years 2016 and 2017 included proposals to reform the taxation of capital gains by increasing the rate of tax on capital gains and dividends to 24.2% AND by drastically reducing the benefits of § 1014.¹²

REFORM THE TAXATION OF CAPITAL INCOME

Current Law

Capital gains are taxable only upon the sale or other disposition of an appreciated asset. Most capital gains and dividends are taxed at graduated rates, with 20 percent generally being the highest rate. In addition, higher-income taxpayers are subject to a tax of 3.8 percent of the lesser of net

¹² General Explanations of the Administration's Fiscal Year 2016 Revenue Proposals at 156-157 (Feb. 2015). General Explanations of the Administration's Fiscal Year 2017 Revenue Proposals at 155-157 (Feb. 2016). Additional proposals were made in the income and retirement areas. These and the many other proposals contained in the Fiscal Year 2017 Revenue Proposals can be found at http://www.treasury.gov/resource-center/tax-policy/Pages/general_explanation.aspx.

investment income, including capital gains and dividends, or modified AGI in excess of \$200,000 (\$250,000 for married couples filing jointly, \$125,000 for married persons filing separately, or \$12,400 for estates and trusts).

When a donor gives an appreciated asset to a donee during life, the donee's basis in the asset is its basis in the hands of the donor; there is no realization of capital gain by the donor at the time of the gift, and there is no recognition of capital gain by the donee until the donee later disposes of that asset. When an appreciated asset is held by a decedent at death, the decedent's heir receives a basis in that asset equal to its fair market value at the date of the decedent's death. As a result, the appreciation accruing during the decedent's life on assets that are still held by the decedent at death is never subjected to income tax.

Reasons for Change

Preferential tax rates on long-term capital gains and qualified dividends disproportionately benefit high-income taxpayers and provide many high-income taxpayers with a lower tax rate than many low- and middle-income taxpayers.

Because the person who inherits an appreciated asset receives a basis in that asset equal to the asset's fair market value on the decedent's death, the appreciation that accrued during the decedent's life is never subjected to income tax. In contrast, less-wealthy individuals who must spend down their assets during retirement must pay income tax on their realized capital gains. This increases the inequity in the tax treatment of capital gains. In addition, the preferential treatment for assets held until death produces an incentive for taxpayers to inefficiently lock in portfolios of assets and hold them primarily for the purpose of avoiding capital gains tax on the appreciation, rather than reinvesting the capital in more economically productive investments.

Proposal

The proposal would increase the highest long-term capital gains and qualified dividend tax rate from 20 percent to 24.2 percent. The 3.8-percent net investment income tax would continue to apply as under current law. The maximum total capital gains and dividend tax rate including net investment income tax would thus rise to 28 percent.

Under the proposal, transfers of appreciated property generally would be treated as a sale of the property. The donor or deceased owner of an appreciated asset would realize a capital gain at the time the asset is given or bequeathed to another. The amount of the gain realized would be the excess of the asset's fair market value on the date of the transfer over the donor's basis in that asset. That gain would be taxable income to the donor in the year the transfer was made, and to the decedent either on the final individual return or on a separate capital gains return. The unlimited use of capital losses and carry-forwards would be allowed against ordinary income on the decedent's final income tax return, and the tax imposed on gains deemed realized at death would be deductible on the estate tax return of the decedent's estate (if any). Gifts or bequests to a spouse or to charity would carry the basis of the donor or decedent. Capital gain would not be realized until the spouse disposes of the asset or dies, and appreciated property donated or bequeathed to charity would be exempt from capital gains tax.

The proposal would exempt any gain on all tangible personal property such as household furnishings and personal effects (excluding collectibles). The proposal also would allow a \$100,000 per-person exclusion of other capital gains recognized by reason of death that would be indexed for inflation after 2017, and would be portable to the decedent's surviving spouse under the same rules that apply to portability for estate and gift tax purposes (making the exclusion effectively \$200,000 per couple). The \$250,000 per person exclusion under current law for capital gain on a principal residence would apply to all residences, and also would be portable to the decedent's surviving spouse (making the exclusion effectively \$500,000 per couple).

The exclusion under current law for capital gain on certain small business stock also would apply. In addition, payment of tax on the appreciation of certain small family-owned and family-operated businesses would not be due until the business is sold or ceases to be family-owned and operated. The proposal would further allow a 15-year fixed-rate payment plan for the tax on appreciated assets transferred at death, other than liquid assets such as publicly traded financial assets and other than businesses for which the deferral election is made.

The proposal also would include other legislative changes designed to facilitate and implement this proposal, including without limitation: the allowance of a deduction for the full cost of appraisals of appreciated assets; the imposition of liens; the waiver of penalty for underpayment of estimated tax if the underpayment is attributable to unrealized gains at death; the grant of a right of recovery of the tax on unrealized gains; rules to determine who has the right to select the return filed; the achievement of consistency in valuation for transfer and income tax purposes; and a broad grant of regulatory authority to provide implementing rules.

To facilitate the transition to taxing gains at death and gift, the Secretary would be granted authority to issue any regulations necessary or appropriate to implement the proposal, including rules and safe harbors for determining the basis of assets in cases where complete records are unavailable.

This proposal would be effective for capital gains realized and qualified dividends received in taxable years beginning after December 31, 2016, and for gains on gifts made and of decedents dying after December 31, 2016.

APPENDIX

Rev. Proc. 2018-57, 2018-49 I.R.B. 827

SECTION 1. PURPOSE

This revenue procedure sets forth inflation-adjusted items for 2019 for various provisions of the Internal Revenue Code of 1986 (Code) as amended as of November 15, 2018. . . .

SECTION 3. 2018 ADJUSTED ITEMS AS MODIFIED AND SUPERSEDED

.01 Tax Rate Tables. For taxable years beginning in 2019, the tax rate tables under § 1 are as follows:

TABLE 1 - Section 1 (a) - Married Individuals Filing Joint Returns and Surviving Spouses

<u>If Taxable Income Is:</u>	<u>The Tax Is:</u>
Not over \$19,400	10% of the taxable income
Over \$19,400 but not over \$78,950	\$1,940 plus 12% of the excess over \$19,400
Over \$78,950 but not over \$168,400	\$9,086 plus 22% of the excess over \$78,950
Over \$168,400 but not over \$321,450	\$28,765 plus 24% of the excess over \$168,400
Over \$321,450 but not over \$408,200	\$65,497 plus 32% of the excess over \$321,450
Over \$408,200 but not over \$612,350	\$93,257 plus 35% of the excess over \$408,200
Over \$612,350	\$164,709.50 plus 37% of the excess over \$612,350

TABLE 2 - Section 1 (b) - Heads of Households

<u>If Taxable Income Is:</u>	<u>The Tax Is:</u>
Not over \$13,850	10% of the taxable income
Over \$13,850 but not over \$52,850	\$1,385 plus 12% of the excess over \$13,850
Over \$52,850 but not over \$84,200	\$6,065 plus 22% of the excess over \$52,850
Over \$84,200 but not over \$160,700	\$12,962 plus 24% of the excess over \$84,200
Over \$160,700 but not over \$204,100	\$31,322 plus 32% of the excess over \$160,700
Over \$204,100 but not over \$510,300	\$45,210 plus 35% of the excess over \$204,100
Over \$510,300	\$152,380 plus 37% of the excess over \$510,300

TABLE 3 - Section 1 (c) - Unmarried Individuals (other than Surviving Spouses and Heads of Households)

<u>If Taxable Income Is:</u>	<u>The Tax Is:</u>
Not over \$9,700	10% of the taxable income
Over \$9,700 but not over \$39,475	\$970 plus 12% of the excess over \$9,700
Over \$39,475 but	\$4,543 plus 22% of

not over \$84,200	the excess over \$39,475
Over \$84,200 but	\$14,382.50 plus 24% of
not over \$160,725	the excess over \$84,200
Over \$160,725 but	\$32,748.50 plus 32% of
not over \$204,100	the excess over \$160,725
Over \$204,100 but	\$46,628.50 plus 35% of
not over \$510,300	the excess over \$204,100
Over \$510,300	\$153,798.50 plus 37% of
	the excess over \$510,300

TABLE 4 - Section 1 (d) - Married Individuals Filing Separate Returns [Omitted]

TABLE 5 - Section 1 (e) - Estates and Trusts

<u>If Taxable Income Is:</u>	<u>The Tax Is:</u>
Not over \$2,600	10% of the taxable income
Over \$2,600 but	\$260 plus 24% of
not over \$9,300	the excess over \$2,600
Over \$9,300 but	\$1,868 plus 35% of
not over \$12,750	the excess over \$9,300
Over \$12,750	\$3,075.50 plus 37% of
	the excess over \$12,750

.02 Unearned Income of Minor Children Taxed as if Parent's Income (the "Kiddie Tax"). For taxable years beginning in 2019, the amount in § 1 (g) (4) (A) (ii) (I), which is used to reduce the net unearned income reported on the child's return that is subject to the "kiddie tax," is \$1,100. This \$1,100 amount is the same as the amount provided in § 63 (c) (5) (A), as adjusted for inflation. The same \$1,100 amount is used for purposes of § 1 (g) (7) (that is, to determine whether a parent

may elect to include a child's gross income in the parent's gross income and to calculate the "kiddie tax"). For example, one of the requirements for the parental election is that a child's gross income is more than the amount referenced in § 1 (g) (4) (A) (ii) (I) but less than 10 times that amount; thus, a child's gross income for 2019 must be more than \$1,100 but less than \$11,000.

.03 Maximum Capital Gains Rate. For taxable years beginning in 2019, the Maximum Zero Rate Amount under § 1 (h) (1) (B) (i) is \$78,750 in the case of a joint return or surviving spouse, \$52,750 in the case of an individual who is a head of household (§ 2 (b)), \$39,375 in the case of any other individual (other than an estate or trust), and \$2,650 in the case of an estate or trust. The Maximum 15-percent Rate Amount under § 1 (h) (C) (ii) (1) is \$488,850 in the case of a joint return or surviving spouse (1/2 such amount in the case of a married individual filing a separate return), \$461,700 in the case of an individual who is the head of a household (§ 2 (b)), \$434,550 in the case of any other individual (other than an estate or trust), and \$12,950 in the case of an estate or trust.

.16 Standard Deduction.

(1) In general. For taxable years beginning in 2019, the standard deduction amounts under § 63 (c) (2) are as follows:

Filing Status	Standard Deduction
Married Individuals Filing Joint Returns and Surviving Spouses (§ 1 (j) (2) (A))	\$24,400
Heads of Households (§ 1 (j) (2) (B))	\$18,350
Unmarried Individuals (other than Surviving Spouses and Heads of Households) (§ 1 (j) (2) (C))	\$12,200
Married Individuals Filing Separate Returns (§ 1 (j) (2) (D))	\$12,200

(2) Dependent. For taxable years beginning in 2019, the standard deduction amount under § 63 (c) (5) for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of (1) \$1,100, or (2) the sum of \$350 and the individual's earned income.

(3) Aged or blind. For taxable years beginning in 2019, the additional standard deduction amount under § 63 (f) for the aged or the blind is \$1,300. The additional standard deduction amount is increased to \$1,650 if the individual is also unmarried and not a surviving spouse.

.41 Unified Credit Against Estate Tax. For an estate of any decedent dying in calendar year 2019, the basic exclusion amount is \$11,400,000 for determining the amount of the unified credit against estate tax under § 2010.

.42 Valuation of Qualified Real Property in Decedent's Gross Estate. For an estate of a decedent dying in calendar year 2019, if the executor elects to use the special use valuation method under § 2032A for qualified real property, the aggregate decrease in the value of qualified real property resulting from electing to use § 2032A for purposes of the estate tax cannot exceed \$1,160,000.

.43 Annual Exclusion for Gifts.

(1) For calendar year 2019, the first \$15,000 of gifts to any person (other than gifts of future interests in property) are not included in the total amount of taxable gifts under § 2503 made during that year.

(2) For calendar year 2019, the first \$155,000 of gifts to a spouse who is not a citizen of the United States (other than gifts of future interests in property) are not included in the total amount of taxable gifts under §§ 2503 and 2523 (i) (2) made during that year.

Actuarial Tables

Section 3

Table B

Annuity, Income, and Remainder Interests for a Term Certain

1.4%				1.6%			
Interest Rates				Interest Rates			
Years	Annuity	Income Interest	Remainder	Years	Annuity	Income Interest	Remainder
1	0.9862	0.013807	0.986193	1	0.9843	0.015748	0.984252
2	1.9588	0.027423	0.972577	2	1.9530	0.031248	0.968752
3	2.9179	0.040851	0.959149	3	2.9065	0.046504	0.953496
4	3.8638	0.054094	0.945906	4	3.8450	0.061520	0.938480
5	4.7967	0.067153	0.932847	5	4.7687	0.076299	0.923701
6	5.7166	0.080033	0.919967	6	5.6778	0.090845	0.909155
7	6.6239	0.092735	0.907265	7	6.5727	0.105163	0.894837
8	7.5186	0.105261	0.894739	8	7.4534	0.119255	0.880745
9	8.4010	0.117614	0.882386	9	8.3203	0.133125	0.866875
10	9.2712	0.129797	0.870203	10	9.1735	0.146776	0.853224
11	10.1294	0.141812	0.858188	11	10.0133	0.160213	0.839787
12	10.9758	0.153661	0.846339	12	10.8399	0.173438	0.826562
13	11.8104	0.165346	0.834654	13	11.6534	0.186455	0.813545
14	12.6335	0.176870	0.823130	14	12.4541	0.199266	0.800734
15	13.4453	0.188234	0.811766	15	13.2423	0.211876	0.788124
16	14.2459	0.199442	0.800558	16	14.0180	0.224288	0.775712
17	15.0354	0.210495	0.789505	17	14.7815	0.236504	0.763496
18	15.8140	0.221396	0.778604	18	15.5330	0.248527	0.751473
19	16.5818	0.232146	0.767854	19	16.2726	0.260361	0.739639
20	17.3391	0.242747	0.757253	20	17.0006	0.272009	0.727991
21	18.0859	0.253202	0.746798	21	17.7171	0.283474	0.716526
22	18.8224	0.263513	0.736487	22	18.4223	0.294758	0.705242
23	19.5487	0.273682	0.726318	23	19.1165	0.305864	0.694136
24	20.2650	0.283710	0.716290	24	19.7997	0.316795	0.683205
25	20.9714	0.293599	0.706401	25	20.4721	0.327554	0.672446
26	21.6680	0.303352	0.696648	26	21.1340	0.338144	0.661856
27	22.3551	0.312971	0.687029	27	21.7854	0.348567	0.651433
28	23.0326	0.322456	0.677544	28	22.4266	0.358826	0.641174
29	23.7008	0.331811	0.668189	29	23.0577	0.368923	0.631077
30	24.3598	0.341037	0.658963	30	23.6788	0.378861	0.621139
31	25.0096	0.350135	0.649865	31	24.2902	0.388643	0.611357
32	25.6505	0.359107	0.640893	32	24.8919	0.398270	0.601730
33	26.2826	0.367956	0.632044	33	25.4842	0.407746	0.592254
34	26.9059	0.376682	0.623318	34	26.0671	0.417073	0.582927
35	27.5206	0.385288	0.614712	35	26.6408	0.426253	0.573747
36	28.1268	0.393775	0.606225	36	27.2055	0.435289	0.564711
37	28.7247	0.402145	0.597855	37	27.7614	0.444182	0.555818
38	29.3143	0.410400	0.589600	38	28.3084	0.452935	0.547065
39	29.8957	0.418540	0.581460	39	28.8469	0.461550	0.538450
40	30.4692	0.426568	0.573432	40	29.3768	0.470030	0.529970
41	31.0347	0.434485	0.565515	41	29.8985	0.478376	0.521624
42	31.5924	0.442293	0.557707	42	30.4119	0.486590	0.513410
43	32.1424	0.449993	0.550007	43	30.9172	0.494675	0.505325
44	32.6848	0.457587	0.542413	44	31.4146	0.502633	0.497367
45	33.2197	0.465076	0.534924	45	31.9041	0.510466	0.489534
46	33.7473	0.472462	0.527538	46	32.3859	0.518175	0.481825
47	34.2675	0.479745	0.520255	47	32.8602	0.525763	0.474237
48	34.7806	0.486928	0.513072	48	33.3269	0.533231	0.466769
49	35.2866	0.494012	0.505988	49	33.7864	0.540582	0.459418
50	35.7856	0.500998	0.499002	50	34.2385	0.547817	0.452183
51	36.2777	0.507888	0.492112	51	34.6836	0.554938	0.445062
52	36.7630	0.514682	0.485318	52	35.1217	0.561946	0.438054
53	37.2416	0.521383	0.478617	53	35.5528	0.568845	0.431155
54	37.7136	0.527991	0.472009	54	35.9772	0.575635	0.424365
55	38.1791	0.534508	0.465492	55	36.3949	0.582318	0.417682
56	38.6382	0.540935	0.459065	56	36.8060	0.588895	0.411105
57	39.0909	0.547273	0.452727	57	37.2106	0.595369	0.404631
58	39.5374	0.553523	0.446477	58	37.6089	0.601742	0.398258
59	39.9777	0.559688	0.440312	59	38.0008	0.608013	0.391987
60	40.4119	0.565767	0.434233	60	38.3867	0.614186	0.385814

Table B

Annuity, Income, and Remainder Interests for a Term Certain

1.8%				2.0%			
Interest Rates				Interest Rates			
Years	Annuity	Income Interest	Remainder	Years	Annuity	Income Interest	Remainder
1	0.9823	0.017682	0.982318	1	0.9804	0.019608	0.980392
2	1.9473	0.035051	0.964949	2	1.9416	0.038831	0.961169
3	2.8952	0.052113	0.947887	3	2.8839	0.057678	0.942322
4	3.8263	0.068873	0.931127	4	3.8077	0.076155	0.923845
5	4.7409	0.085337	0.914663	5	4.7135	0.094269	0.905731
6	5.6394	0.101510	0.898490	6	5.6014	0.112029	0.887971
7	6.5220	0.117397	0.882603	7	6.4720	0.129440	0.870560
8	7.3890	0.133003	0.866997	8	7.3255	0.146510	0.853490
9	8.2407	0.148333	0.851667	9	8.1622	0.163245	0.836755
10	9.0773	0.163392	0.836608	10	8.9826	0.179652	0.820348
11	9.8991	0.178184	0.821816	11	9.7868	0.195737	0.804263
12	10.7064	0.192715	0.807285	12	10.5753	0.211507	0.788493
13	11.4994	0.206990	0.793010	13	11.3484	0.226967	0.773033
14	12.2784	0.221011	0.778989	14	12.1062	0.242125	0.757875
15	13.0436	0.234785	0.765215	15	12.8493	0.256985	0.743015
16	13.7953	0.248316	0.751684	16	13.5777	0.271554	0.728446
17	14.5337	0.261607	0.738393	17	14.2919	0.285837	0.714163
18	15.2590	0.274663	0.725337	18	14.9920	0.299841	0.700159
19	15.9716	0.287488	0.712512	19	15.6785	0.313569	0.686431
20	16.6715	0.300086	0.699914	20	16.3514	0.327029	0.672971
21	17.3590	0.312462	0.687538	21	17.0112	0.340224	0.659776
22	18.0344	0.324619	0.675381	22	17.6580	0.353161	0.646839
23	18.6978	0.336561	0.663439	23	18.2922	0.365844	0.634156
24	19.3495	0.348292	0.651708	24	18.9139	0.378279	0.621721
25	19.9897	0.359815	0.640185	25	19.5235	0.390469	0.609531
26	20.6186	0.371134	0.628866	26	20.1210	0.402421	0.597579
27	21.2363	0.382254	0.617746	27	20.7069	0.414138	0.585862
28	21.8432	0.393177	0.606823	28	21.2813	0.425625	0.574375
29	22.4392	0.403906	0.596094	29	21.8444	0.436888	0.563112
30	23.0248	0.414446	0.585554	30	22.3965	0.447929	0.552071
31	23.6000	0.424800	0.575200	31	22.9377	0.458754	0.541246
32	24.1650	0.434971	0.565029	32	23.4683	0.469367	0.530633
33	24.7201	0.444961	0.555039	33	23.9886	0.479771	0.520229
34	25.2653	0.454775	0.545225	34	24.4986	0.489972	0.510028
35	25.8009	0.464416	0.535584	35	24.9986	0.499972	0.500028
36	26.3270	0.473886	0.526114	36	25.4888	0.509777	0.490223
37	26.8438	0.483188	0.516812	37	25.9695	0.519389	0.480611
38	27.3515	0.492327	0.507673	38	26.4406	0.528813	0.471187
39	27.8502	0.501303	0.498697	39	26.9026	0.538052	0.461948
40	28.3401	0.510121	0.489879	40	27.3555	0.547110	0.452890
41	28.8213	0.518783	0.481217	41	27.7995	0.555990	0.444010
42	29.2940	0.527292	0.472708	42	28.2348	0.564696	0.435304
43	29.7583	0.535650	0.464350	43	28.6616	0.573231	0.426769
44	30.2145	0.543860	0.456140	44	29.0800	0.581599	0.418401
45	30.6625	0.551926	0.448074	45	29.4902	0.589803	0.410197
46	31.1027	0.559848	0.440152	46	29.8923	0.597846	0.402154
47	31.5351	0.567631	0.432369	47	30.2866	0.605732	0.394268
48	31.9598	0.575276	0.424724	48	30.6731	0.613462	0.386538
49	32.3770	0.582786	0.417214	49	31.0521	0.621042	0.378958
50	32.7868	0.590163	0.409837	50	31.4236	0.628472	0.371528
51	33.1894	0.597410	0.402590	51	31.7878	0.635757	0.364243
52	33.5849	0.604528	0.395472	52	32.1449	0.642899	0.357101
53	33.9734	0.611521	0.388479	53	32.4950	0.649901	0.350099
54	34.3550	0.618390	0.381610	54	32.8383	0.656766	0.343234
55	34.7299	0.625137	0.374863	55	33.1748	0.663496	0.336504
56	35.0981	0.631766	0.368234	56	33.5047	0.670094	0.329906
57	35.4598	0.638277	0.361723	57	33.8281	0.676563	0.323437
58	35.8151	0.644672	0.355328	58	34.1452	0.682905	0.317095
59	36.1642	0.650955	0.349045	59	34.4561	0.689122	0.310878
60	36.5071	0.657127	0.342873	60	34.7609	0.695218	0.304782

Section 3

Table B

Annuity, Income, and Remainder Interests for a Term Certain

2.2%				Interest Rates				2.4%			
Years	Annuity	Income Interest	Remainder	Years	Annuity	Income Interest	Remainder	Years	Annuity	Income Interest	Remainder
1	0.9785	0.021526	0.978474	1	0.9766	0.023438	0.976563	1	0.9766	0.023438	0.976563
2	1.9359	0.042589	0.957411	2	1.9302	0.046326	0.953674	2	1.9302	0.046326	0.953674
3	2.8727	0.063199	0.936801	3	2.8616	0.068677	0.931323	3	2.8616	0.068677	0.931323
4	3.7893	0.083365	0.916635	4	3.7711	0.090505	0.909495	4	3.7711	0.090505	0.909495
5	4.6862	0.103097	0.896903	5	4.6592	0.111822	0.888178	5	4.6592	0.111822	0.888178
6	5.5638	0.122404	0.877596	6	5.5266	0.132638	0.867362	6	5.5266	0.132638	0.867362
7	6.4225	0.141296	0.858704	7	6.3736	0.152967	0.847033	7	6.3736	0.152967	0.847033
8	7.2627	0.159780	0.840220	8	7.2008	0.172819	0.827181	8	7.2008	0.172819	0.827181
9	8.0849	0.177867	0.822133	9	8.0086	0.192206	0.807794	9	8.0086	0.192206	0.807794
10	8.8893	0.195565	0.804435	10	8.7975	0.211139	0.788861	10	8.7975	0.211139	0.788861
11	9.6764	0.212881	0.787119	11	9.5678	0.229628	0.770372	11	9.5678	0.229628	0.770372
12	10.4466	0.229825	0.770175	12	10.3202	0.247684	0.752316	12	10.3202	0.247684	0.752316
13	11.2002	0.246404	0.753596	13	11.0548	0.265316	0.734684	13	11.0548	0.265316	0.734684
14	11.9376	0.262627	0.737373	14	11.7723	0.282535	0.717465	14	11.7723	0.282535	0.717465
15	12.6591	0.278500	0.721500	15	12.4729	0.299351	0.700649	15	12.4729	0.299351	0.700649
16	13.3650	0.294031	0.705969	16	13.1572	0.315772	0.684228	16	13.1572	0.315772	0.684228
17	14.0558	0.309228	0.690772	17	13.8254	0.331809	0.668191	17	13.8254	0.331809	0.668191
18	14.7317	0.324098	0.675902	18	14.4779	0.347470	0.652530	18	14.4779	0.347470	0.652530
19	15.3931	0.338648	0.661352	19	15.1151	0.362763	0.637237	19	15.1151	0.362763	0.637237
20	16.0402	0.352884	0.647116	20	15.7374	0.377698	0.622302	20	15.7374	0.377698	0.622302
21	16.6734	0.366814	0.633186	21	16.3452	0.392284	0.607716	21	16.3452	0.392284	0.607716
22	17.2929	0.380444	0.619556	22	16.9386	0.406527	0.593473	22	16.9386	0.406527	0.593473
23	17.8991	0.393781	0.606219	23	17.5182	0.420437	0.579563	23	17.5182	0.420437	0.579563
24	18.4923	0.406831	0.593169	24	18.0842	0.434020	0.565980	24	18.0842	0.434020	0.565980
25	19.0727	0.419600	0.580400	25	18.6369	0.447285	0.552715	25	18.6369	0.447285	0.552715
26	19.6406	0.432094	0.567906	26	19.1766	0.460239	0.539761	26	19.1766	0.460239	0.539761
27	20.1963	0.444319	0.555681	27	19.7038	0.472890	0.527110	27	19.7038	0.472890	0.527110
28	20.7400	0.456280	0.543720	28	20.2185	0.485244	0.514756	28	20.2185	0.485244	0.514756
29	21.2720	0.467985	0.532015	29	20.7212	0.497309	0.502691	29	20.7212	0.497309	0.502691
30	21.7926	0.479437	0.520563	30	21.2121	0.509091	0.490909	30	21.2121	0.509091	0.490909
31	22.3020	0.490643	0.509357	31	21.6915	0.520596	0.479404	31	21.6915	0.520596	0.479404
32	22.8003	0.501608	0.498392	32	22.1597	0.531832	0.468168	32	22.1597	0.531832	0.468168
33	23.2880	0.512336	0.487664	33	22.6169	0.542805	0.457195	33	22.6169	0.542805	0.457195
34	23.7652	0.522834	0.477166	34	23.0634	0.553521	0.446479	34	23.0634	0.553521	0.446479
35	24.2321	0.533106	0.466894	35	23.4994	0.563985	0.436015	35	23.4994	0.563985	0.436015
36	24.6889	0.543156	0.456844	36	23.9252	0.574204	0.425796	36	23.9252	0.574204	0.425796
37	25.1359	0.552990	0.447010	37	24.3410	0.584184	0.415816	37	24.3410	0.584184	0.415816
38	25.5733	0.562613	0.437387	38	24.7471	0.593929	0.406071	38	24.7471	0.593929	0.406071
39	26.0013	0.572028	0.427972	39	25.1436	0.603447	0.396553	39	25.1436	0.603447	0.396553
40	26.4200	0.581241	0.418759	40	25.5309	0.612741	0.387259	40	25.5309	0.612741	0.387259
41	26.8298	0.590255	0.409745	41	25.9090	0.621817	0.378183	41	25.9090	0.621817	0.378183
42	27.2307	0.599076	0.400924	42	26.2784	0.630681	0.369319	42	26.2784	0.630681	0.369319
43	27.6230	0.607706	0.392294	43	26.6390	0.639337	0.360663	43	26.6390	0.639337	0.360663
44	28.0069	0.616151	0.383849	44	26.9912	0.647790	0.352210	44	26.9912	0.647790	0.352210
45	28.3824	0.624414	0.375586	45	27.3352	0.656045	0.343955	45	27.3352	0.656045	0.343955
46	28.7499	0.632499	0.367501	46	27.6711	0.664106	0.335894	46	27.6711	0.664106	0.335894
47	29.1095	0.640410	0.359590	47	27.9991	0.671979	0.328021	47	27.9991	0.671979	0.328021
48	29.4614	0.648150	0.351850	48	28.3194	0.679667	0.320333	48	28.3194	0.679667	0.320333
49	29.8057	0.655725	0.344275	49	28.6323	0.687175	0.312825	49	28.6323	0.687175	0.312825
50	30.1425	0.663136	0.336864	50	28.9378	0.694506	0.305494	50	28.9378	0.694506	0.305494
51	30.4721	0.670387	0.329613	51	29.2361	0.701666	0.298334	51	29.2361	0.701666	0.298334
52	30.7947	0.677482	0.322518	52	29.5274	0.708659	0.291341	52	29.5274	0.708659	0.291341
53	31.1102	0.684425	0.315575	53	29.8120	0.715487	0.284513	53	29.8120	0.715487	0.284513
54	31.4190	0.691218	0.308782	54	30.0898	0.722155	0.277845	54	30.0898	0.722155	0.277845
55	31.7211	0.697865	0.302135	55	30.3611	0.728667	0.271333	55	30.3611	0.728667	0.271333
56	32.0168	0.704369	0.295631	56	30.6261	0.735027	0.264973	56	30.6261	0.735027	0.264973
57	32.3060	0.710733	0.289267	57	30.8849	0.741237	0.258763	57	30.8849	0.741237	0.258763
58	32.5891	0.716960	0.283040	58	31.1376	0.747302	0.252698	58	31.1376	0.747302	0.252698
59	32.8660	0.723053	0.276947	59	31.3843	0.753224	0.246776	59	31.3843	0.753224	0.246776
60	33.1370	0.729014	0.270986	60	31.6253	0.759008	0.240992	60	31.6253	0.759008	0.240992

Table B**Section 3**

Annuity, Income, and Remainder Interests for a Term Certain

2.6%				2.8%			
Years	Annuity	Income Interest	Remainder	Years	Annuity	Income Interest	Remainder
1	0.9747	0.025341	0.974659	1	0.9728	0.027237	0.972763
2	1.9246	0.050040	0.949960	2	1.9190	0.053733	0.946267
3	2.8505	0.074113	0.925887	3	2.8395	0.079507	0.920493
4	3.7529	0.097576	0.902424	4	3.7349	0.104578	0.895422
5	4.6325	0.120445	0.879555	5	4.6060	0.128967	0.871033
6	5.4898	0.142734	0.857266	6	5.4533	0.152692	0.847308
7	6.3253	0.164458	0.835542	7	6.2775	0.175770	0.824230
8	7.1397	0.185631	0.814369	8	7.0793	0.198220	0.801780
9	7.9334	0.206268	0.793732	9	7.8592	0.220059	0.779941
10	8.7070	0.226382	0.773618	10	8.6179	0.241302	0.758698
11	9.4610	0.245987	0.754013	11	9.3560	0.261967	0.738033
12	10.1959	0.265094	0.734906	12	10.0739	0.282069	0.717931
13	10.9122	0.283718	0.716282	13	10.7723	0.301624	0.698376
14	11.6103	0.301869	0.698131	14	11.4516	0.320646	0.679354
15	12.2908	0.319560	0.680440	15	12.1125	0.339149	0.660851
16	12.9540	0.336803	0.663197	16	12.7553	0.357149	0.642851
17	13.6004	0.353610	0.646390	17	13.3807	0.374659	0.625341
18	14.2304	0.369990	0.630010	18	13.9890	0.391691	0.608309
19	14.8444	0.385955	0.614045	19	14.5807	0.408260	0.591740
20	15.4429	0.401516	0.598484	20	15.1563	0.424378	0.575622
21	16.0262	0.416682	0.583318	21	15.7163	0.440056	0.559944
22	16.5948	0.431464	0.568536	22	16.2610	0.455307	0.544693
23	17.1489	0.445871	0.554129	23	16.7908	0.470143	0.529857
24	17.6890	0.459913	0.540087	24	17.3063	0.484575	0.515425
25	18.2154	0.473600	0.526400	25	17.8076	0.498614	0.501386
26	18.7284	0.486939	0.513061	26	18.2954	0.512271	0.487729
27	19.2285	0.499941	0.500059	27	18.7698	0.525555	0.474445
28	19.7159	0.512613	0.487387	28	19.2313	0.538478	0.461522
29	20.1909	0.524964	0.475036	29	19.6803	0.551048	0.448952
30	20.6539	0.537002	0.462998	30	20.1170	0.563277	0.436723
31	21.1052	0.548735	0.451265	31	20.5418	0.575172	0.424828
32	21.5450	0.560170	0.439830	32	20.9551	0.586743	0.413257
33	21.9737	0.571316	0.428684	33	21.3571	0.597999	0.402001
34	22.3915	0.582180	0.417820	34	21.7482	0.608948	0.391052
35	22.7988	0.592768	0.407232	35	22.1286	0.619600	0.380400
36	23.1957	0.603087	0.396913	36	22.4986	0.629961	0.370039
37	23.5825	0.613146	0.386854	37	22.8586	0.640040	0.359960
38	23.9596	0.622949	0.377051	38	23.2087	0.649844	0.350156
39	24.3271	0.632504	0.367496	39	23.5493	0.659381	0.340619
40	24.6853	0.641817	0.358183	40	23.8807	0.668659	0.331341
41	25.0344	0.650893	0.349107	41	24.2030	0.677684	0.322316
42	25.3746	0.659740	0.340260	42	24.5165	0.686463	0.313537
43	25.7063	0.668363	0.331637	43	24.8215	0.695003	0.304997
44	26.0295	0.676767	0.323233	44	25.1182	0.703310	0.296690
45	26.3445	0.684958	0.315042	45	25.4068	0.711391	0.288609
46	26.6516	0.692941	0.307059	46	25.6876	0.719252	0.280748
47	26.9509	0.700723	0.299277	47	25.9607	0.726899	0.273101
48	27.2426	0.708307	0.291693	48	26.2263	0.734337	0.265663
49	27.5269	0.715698	0.284302	49	26.4848	0.741573	0.258427
50	27.8040	0.722903	0.277097	50	26.7361	0.748612	0.251388
51	28.0740	0.729925	0.270075	51	26.9807	0.755459	0.244541
52	28.3373	0.736769	0.263231	52	27.2186	0.762120	0.237880
53	28.5938	0.743439	0.256561	53	27.4500	0.768599	0.231401
54	28.8439	0.749941	0.250059	54	27.6751	0.774902	0.225098
55	29.0876	0.756278	0.243722	55	27.8940	0.781033	0.218967
56	29.3252	0.762454	0.237546	56	28.1070	0.786997	0.213003
57	29.5567	0.768474	0.231526	57	28.3142	0.792799	0.207201
58	29.7823	0.774341	0.225659	58	28.5158	0.798442	0.201558
59	30.0023	0.780059	0.219941	59	28.7119	0.803932	0.196068
60	30.2166	0.785633	0.214367	60	28.9026	0.809273	0.190727

Section 3

Table B

Annuity, Income, and Remainder Interests for a Term Certain

3.0%				Interest Rates				3.2%			
Years	Annuity	Income Interest	Remainder	Years	Annuity	Income Interest	Remainder	Years	Annuity	Income Interest	Remainder
1	0.9709	0.029126	0.970874	1	0.9890	0.031008	0.988992	1	0.9890	0.031008	0.988992
2	1.9135	0.057404	0.942596	2	1.9079	0.061054	0.938946	2	1.9079	0.061054	0.938946
3	2.8286	0.084858	0.915142	3	2.8178	0.090169	0.909831	3	2.8178	0.090169	0.909831
4	3.7171	0.111513	0.888487	4	3.6994	0.118380	0.881620	4	3.6994	0.118380	0.881620
5	4.5797	0.137391	0.862609	5	4.5537	0.145717	0.854283	5	4.5537	0.145717	0.854283
6	5.4172	0.162516	0.837484	6	5.3815	0.172207	0.827793	6	5.3815	0.172207	0.827793
7	6.2303	0.186908	0.813092	7	6.1836	0.197875	0.802125	7	6.1836	0.197875	0.802125
8	7.0197	0.210591	0.789409	8	6.9608	0.222747	0.777253	8	6.9608	0.222747	0.777253
9	7.7861	0.233583	0.766417	9	7.7140	0.246848	0.753152	9	7.7140	0.246848	0.753152
10	8.5302	0.255906	0.744094	10	8.4438	0.270201	0.729799	10	8.4438	0.270201	0.729799
11	9.2526	0.277579	0.722421	11	9.1510	0.292831	0.707169	11	9.1510	0.292831	0.707169
12	9.9540	0.298620	0.701380	12	9.8362	0.314759	0.685241	12	9.8362	0.314759	0.685241
13	10.6350	0.319049	0.680951	13	10.5002	0.336006	0.663994	13	10.5002	0.336006	0.663994
14	11.2961	0.338882	0.661118	14	11.1436	0.356595	0.643405	14	11.1436	0.356595	0.643405
15	11.9379	0.358138	0.641862	15	11.7671	0.376546	0.623454	15	11.7671	0.376546	0.623454
16	12.5611	0.376833	0.623167	16	12.3712	0.395878	0.604122	16	12.3712	0.395878	0.604122
17	13.1661	0.394984	0.605016	17	12.9566	0.414610	0.585390	17	12.9566	0.414610	0.585390
18	13.7535	0.412605	0.587395	18	13.5238	0.432762	0.567238	18	13.5238	0.432762	0.567238
19	14.3238	0.429714	0.570286	19	14.0735	0.450351	0.549649	19	14.0735	0.450351	0.549649
20	14.8775	0.446324	0.553676	20	14.6061	0.467394	0.532606	20	14.6061	0.467394	0.532606
21	15.4150	0.462451	0.537549	21	15.1222	0.483909	0.516091	21	15.1222	0.483909	0.516091
22	15.9369	0.478107	0.521893	22	15.6222	0.499912	0.500088	22	15.6222	0.499912	0.500088
23	16.4436	0.493308	0.506692	23	16.1068	0.515418	0.484582	23	16.1068	0.515418	0.484582
24	16.9355	0.508066	0.491934	24	16.5764	0.530444	0.469556	24	16.5764	0.530444	0.469556
25	17.4131	0.522394	0.477606	25	17.0314	0.545004	0.454996	25	17.0314	0.545004	0.454996
26	17.8768	0.536305	0.463695	26	17.4723	0.559112	0.440888	26	17.4723	0.559112	0.440888
27	18.3270	0.549811	0.450189	27	17.8995	0.572783	0.427217	27	17.8995	0.572783	0.427217
28	18.7641	0.562923	0.437077	28	18.3134	0.586030	0.413970	28	18.3134	0.586030	0.413970
29	19.1885	0.575654	0.424346	29	18.7146	0.598867	0.401133	29	18.7146	0.598867	0.401133
30	19.6004	0.588013	0.411987	30	19.1033	0.611305	0.388695	30	19.1033	0.611305	0.388695
31	20.0004	0.600013	0.399987	31	19.4799	0.623357	0.376643	31	19.4799	0.623357	0.376643
32	20.3888	0.611663	0.388337	32	19.8449	0.635036	0.364964	32	19.8449	0.635036	0.364964
33	20.7658	0.622974	0.377026	33	20.1985	0.646353	0.353647	33	20.1985	0.646353	0.353647
34	21.1318	0.633955	0.366045	34	20.5412	0.657319	0.342681	34	20.5412	0.657319	0.342681
35	21.4872	0.644617	0.355383	35	20.8733	0.667945	0.332055	35	20.8733	0.667945	0.332055
36	21.8323	0.654968	0.345032	36	21.1950	0.678241	0.321759	36	21.1950	0.678241	0.321759
37	22.1672	0.665017	0.334983	37	21.5068	0.688218	0.311782	37	21.5068	0.688218	0.311782
38	22.4925	0.674774	0.325226	38	21.8089	0.697886	0.302114	38	21.8089	0.697886	0.302114
39	22.8082	0.684246	0.315754	39	22.1017	0.707253	0.292747	39	22.1017	0.707253	0.292747
40	23.1148	0.693443	0.306557	40	22.3853	0.716331	0.283669	40	22.3853	0.716331	0.283669
41	23.4124	0.702372	0.297628	41	22.6602	0.725127	0.274873	41	22.6602	0.725127	0.274873
42	23.7014	0.711041	0.288959	42	22.9266	0.733650	0.266350	42	22.9266	0.733650	0.266350
43	23.9819	0.719457	0.280543	43	23.1847	0.741909	0.258091	43	23.1847	0.741909	0.258091
44	24.2543	0.727628	0.272372	44	23.4347	0.749912	0.250088	44	23.4347	0.749912	0.250088
45	24.5187	0.735561	0.264439	45	23.6771	0.757666	0.242334	45	23.6771	0.757666	0.242334
46	24.7754	0.743263	0.256737	46	23.9119	0.765181	0.234819	46	23.9119	0.765181	0.234819
47	25.0247	0.750741	0.249259	47	24.1394	0.772462	0.227538	47	24.1394	0.772462	0.227538
48	25.2667	0.758001	0.241999	48	24.3599	0.779517	0.220483	48	24.3599	0.779517	0.220483
49	25.5017	0.765050	0.234950	49	24.5736	0.786354	0.213646	49	24.5736	0.786354	0.213646
50	25.7298	0.771893	0.228107	50	24.7806	0.792979	0.207021	50	24.7806	0.792979	0.207021
51	25.9512	0.778537	0.221463	51	24.9812	0.799398	0.200602	51	24.9812	0.799398	0.200602
52	26.1662	0.784987	0.215013	52	25.1756	0.805618	0.194382	52	25.1756	0.805618	0.194382
53	26.3750	0.791250	0.208750	53	25.3639	0.811645	0.188355	53	25.3639	0.811645	0.188355
54	26.5777	0.797330	0.202670	54	25.5464	0.817486	0.182514	54	25.5464	0.817486	0.182514
55	26.7744	0.803233	0.196767	55	25.7233	0.823145	0.176855	55	25.7233	0.823145	0.176855
56	26.9655	0.808964	0.191036	56	25.8947	0.828629	0.171371	56	25.8947	0.828629	0.171371
57	27.1509	0.814528	0.185472	57	26.0607	0.833943	0.166057	57	26.0607	0.833943	0.166057
58	27.3310	0.819930	0.180070	58	26.2216	0.839092	0.160908	58	26.2216	0.839092	0.160908
59	27.5058	0.825175	0.174825	59	26.3775	0.844081	0.155919	59	26.3775	0.844081	0.155919
60	27.6756	0.830267	0.169733	60	26.5286	0.848916	0.151084	60	26.5286	0.848916	0.151084

Table S - Based on Life Table 2000CM

Section 1

Interest at 1.4 Percent

Age	Annuity	Life Estate	Remainder	Age	Annuity	Life Estate	Remainder
0	46.1313	0.64584	0.35416	55	20.8206	0.29149	0.70851
1	46.1010	0.64541	0.35459	56	20.2495	0.28349	0.71651
2	45.7697	0.64078	0.35922	57	19.6800	0.27552	0.72448
3	45.4258	0.63596	0.36404	58	19.1129	0.26758	0.73242
4	45.0732	0.63102	0.36898	59	18.5479	0.25967	0.74033
5	44.7138	0.62599	0.37401	60	17.9844	0.25178	0.74822
6	44.3479	0.62087	0.37913	61	17.4232	0.24392	0.75608
7	43.9769	0.61568	0.38432	62	16.8654	0.23612	0.76388
8	43.5997	0.61040	0.38960	63	16.3116	0.22836	0.77164
9	43.2162	0.60503	0.39497	64	15.7620	0.22067	0.77933
10	42.8269	0.59958	0.40042	65	15.2163	0.21303	0.78697
11	42.4317	0.59404	0.40596	66	14.6707	0.20539	0.79461
12	42.0309	0.58843	0.41157	67	14.1266	0.19777	0.80223
13	41.6262	0.58277	0.41723	68	13.5858	0.19020	0.80980
14	41.2190	0.57707	0.42293	69	13.0496	0.18269	0.81731
15	40.8107	0.57135	0.42865	70	12.5189	0.17527	0.82473
16	40.4019	0.56563	0.43437	71	11.9937	0.16791	0.83209
17	39.9916	0.55988	0.44012	72	11.4748	0.16065	0.83935
18	39.5795	0.55411	0.44589	73	10.9637	0.15349	0.84651
19	39.1645	0.54830	0.45170	74	10.4623	0.14647	0.85353
20	38.7450	0.54243	0.45757	75	9.9722	0.13961	0.86039
21	38.3217	0.53650	0.46350	76	9.4942	0.13292	0.86708
22	37.8940	0.53052	0.46948	77	9.0284	0.12640	0.87360
23	37.4611	0.52446	0.47554	78	8.5752	0.12005	0.87995
24	37.0218	0.51831	0.48169	79	8.1349	0.11389	0.88611
25	36.5752	0.51205	0.48795	80	7.7083	0.10792	0.89208
26	36.1212	0.50570	0.49430	81	7.2956	0.10214	0.89786
27	35.6597	0.49924	0.50076	82	6.8970	0.09656	0.90344
28	35.1910	0.49267	0.50733	83	6.5130	0.09118	0.90882
29	34.7160	0.48602	0.51398	84	6.1436	0.08601	0.91399
30	34.2354	0.47930	0.52070	85	5.7891	0.08105	0.91895
31	33.7490	0.47249	0.52751	86	5.4496	0.07629	0.92371
32	33.2571	0.46560	0.53440	87	5.1252	0.07175	0.92825
33	32.7595	0.45863	0.54137	88	4.8155	0.06742	0.93258
34	32.2575	0.45161	0.54839	89	4.5209	0.06329	0.93671
35	31.7505	0.44451	0.55549	90	4.2411	0.05938	0.94062
36	31.2388	0.43734	0.56266	91	3.9757	0.05566	0.94434
37	30.7225	0.43011	0.56989	92	3.7247	0.05215	0.94785
38	30.2014	0.42282	0.57718	93	3.4880	0.04883	0.95117
39	29.6763	0.41547	0.58453	94	3.2648	0.04571	0.95429
40	29.1473	0.40806	0.59194	95	3.0545	0.04276	0.95724
41	28.6145	0.40060	0.59940	96	2.8577	0.04001	0.95999
42	28.0784	0.39310	0.60690	97	2.6732	0.03742	0.96258
43	27.5381	0.38553	0.61447	98	2.5003	0.03500	0.96500
44	26.9945	0.37792	0.62208	99	2.3381	0.03273	0.96727
45	26.4477	0.37027	0.62973	100	2.1878	0.03063	0.96937
46	25.8975	0.36257	0.63743	101	2.0458	0.02864	0.97136
47	25.3447	0.35483	0.64517	102	1.9149	0.02681	0.97319
48	24.7890	0.34705	0.65295	103	1.7857	0.02500	0.97500
49	24.2305	0.33923	0.66077	104	1.6668	0.02334	0.97666
50	23.6684	0.33136	0.66864	105	1.5497	0.02170	0.97830
51	23.1035	0.32345	0.67655	106	1.4047	0.01967	0.98033
52	22.5354	0.31550	0.68450	107	1.2413	0.01738	0.98262
53	21.9650	0.30751	0.69249	108	0.9828	0.01376	0.98624
54	21.3931	0.29950	0.70050	109	0.4931	0.00690	0.99310

Section 1

Table S - Based on Life Table 2000CM

Interest at 1.6 Percent

Age	Annuity	Life Estate	Remainder	Age	Annuity	Life Estate	Remainder
0	43.2834	0.69253	0.30747	55	20.2512	0.32402	0.67598
1	43.2802	0.69248	0.30752	56	19.7091	0.31535	0.68465
2	42.9946	0.68791	0.31209	57	19.1677	0.30668	0.69332
3	42.6968	0.68315	0.31685	58	18.6279	0.29805	0.70195
4	42.3908	0.67825	0.32175	59	18.0893	0.28943	0.71057
5	42.0780	0.67325	0.32675	60	17.5514	0.28082	0.71918
6	41.7590	0.66814	0.33186	61	17.0150	0.27224	0.72776
7	41.4347	0.66296	0.33704	62	16.4812	0.26370	0.73630
8	41.1044	0.65767	0.34233	63	15.9505	0.25521	0.74479
9	40.7679	0.65229	0.34771	64	15.4230	0.24677	0.75323
10	40.4255	0.64681	0.35319	65	14.8987	0.23838	0.76162
11	40.0773	0.64124	0.35876	66	14.3737	0.22998	0.77002
12	39.7234	0.63557	0.36443	67	13.8495	0.22159	0.77841
13	39.3654	0.62985	0.37015	68	13.3277	0.21324	0.78676
14	39.0048	0.62408	0.37592	69	12.8097	0.20496	0.79504
15	38.6427	0.61828	0.38172	70	12.2964	0.19674	0.80326
16	38.2798	0.61248	0.38752	71	11.7877	0.18860	0.81140
17	37.9152	0.60664	0.39336	72	11.2845	0.18055	0.81945
18	37.5484	0.60077	0.39923	73	10.7884	0.17261	0.82739
19	37.1785	0.59486	0.40514	74	10.3010	0.16482	0.83518
20	36.8040	0.58886	0.41114	75	9.8241	0.15719	0.84281
21	36.4254	0.58281	0.41719	76	9.3585	0.14974	0.85026
22	36.0423	0.57668	0.42332	77	8.9043	0.14247	0.85753
23	35.6538	0.57046	0.42954	78	8.4618	0.13539	0.86461
24	35.2588	0.56414	0.43586	79	8.0316	0.12851	0.87149
25	34.8564	0.55770	0.44230	80	7.6144	0.12183	0.87817
26	34.4465	0.55114	0.44886	81	7.2104	0.11537	0.88463
27	34.0290	0.54446	0.45554	82	6.8198	0.10912	0.89088
28	33.6041	0.53767	0.46233	83	6.4432	0.10309	0.89691
29	33.1727	0.53076	0.46924	84	6.0806	0.09729	0.90271
30	32.7354	0.52377	0.47623	85	5.7323	0.09172	0.90828
31	32.2920	0.51667	0.48333	86	5.3985	0.08638	0.91362
32	31.8428	0.50948	0.49052	87	5.0793	0.08127	0.91873
33	31.3876	0.50220	0.49780	88	4.7744	0.07639	0.92361
34	30.9275	0.49484	0.50516	89	4.4840	0.07174	0.92826
35	30.4621	0.48739	0.51261	90	4.2081	0.06733	0.93267
36	29.9916	0.47986	0.52014	91	3.9462	0.06314	0.93686
37	29.5160	0.47226	0.52774	92	3.6983	0.05917	0.94083
38	29.0351	0.46456	0.53544	93	3.4645	0.05543	0.94457
39	28.5498	0.45680	0.54320	94	3.2438	0.05190	0.94810
40	28.0601	0.44896	0.55104	95	3.0358	0.04857	0.95143
41	27.5662	0.44106	0.55894	96	2.8410	0.04546	0.95454
42	27.0682	0.43309	0.56691	97	2.6583	0.04253	0.95747
43	26.5656	0.42505	0.57495	98	2.4870	0.03979	0.96021
44	26.0591	0.41695	0.58305	99	2.3263	0.03722	0.96278
45	25.5489	0.40878	0.59122	100	2.1773	0.03484	0.96516
46	25.0346	0.40055	0.59945	101	2.0364	0.03258	0.96742
47	24.5171	0.39227	0.60773	102	1.9066	0.03050	0.96950
48	23.9960	0.38394	0.61606	103	1.7783	0.02845	0.97155
49	23.4714	0.37554	0.62446	104	1.6603	0.02656	0.97344
50	22.9428	0.36708	0.63292	105	1.5441	0.02470	0.97530
51	22.4105	0.35857	0.64143	106	1.4000	0.02240	0.97760
52	21.8744	0.34999	0.65001	107	1.2376	0.01980	0.98020
53	21.3353	0.34137	0.65863	108	0.9804	0.01569	0.98431
54	20.7939	0.33270	0.66730	109	0.4921	0.00787	0.99213

Table S - Based on Life Table 2000CM

Section 1

Interest at 1.8 Percent

Age	Annuity	Life Estate	Remainder	Age	Annuity	Life Estate	Remainder
0	40.6971	0.73255	0.26745	55	19.7056	0.35470	0.64530
1	40.7161	0.73289	0.26711	56	19.1907	0.34543	0.65457
2	40.4696	0.72845	0.27155	57	18.6758	0.33616	0.66384
3	40.2116	0.72381	0.27619	58	18.1618	0.32691	0.67309
4	39.9456	0.71902	0.28098	59	17.6482	0.31767	0.68233
5	39.6731	0.71412	0.28588	60	17.1345	0.30842	0.69158
6	39.3944	0.70910	0.29090	61	16.6216	0.29919	0.70081
7	39.1107	0.70399	0.29601	62	16.1105	0.28999	0.71001
8	38.8211	0.69878	0.30122	63	15.6017	0.28083	0.71917
9	38.5254	0.69346	0.30654	64	15.0954	0.27172	0.72828
10	38.2239	0.68803	0.31197	65	14.5915	0.26265	0.73735
11	37.9166	0.68250	0.31750	66	14.0862	0.25355	0.74645
12	37.6037	0.67687	0.32313	67	13.5810	0.24446	0.75554
13	37.2867	0.67116	0.32884	68	13.0774	0.23539	0.76461
14	36.9669	0.66540	0.33460	69	12.5768	0.22638	0.77362
15	36.6454	0.65962	0.34038	70	12.0802	0.21744	0.78256
16	36.3229	0.65381	0.34619	71	11.5874	0.20857	0.79143
17	35.9985	0.64797	0.35203	72	11.0993	0.19979	0.80021
18	35.6717	0.64209	0.35791	73	10.6175	0.19112	0.80888
19	35.3417	0.63615	0.36385	74	10.1437	0.18259	0.81741
20	35.0070	0.63013	0.36987	75	9.6796	0.17423	0.82577
21	34.6681	0.62403	0.37597	76	9.2259	0.16607	0.83393
22	34.3247	0.61784	0.38216	77	8.7829	0.15809	0.84191
23	33.9758	0.61156	0.38844	78	8.3510	0.15032	0.84968
24	33.6203	0.60516	0.39484	79	7.9306	0.14275	0.85725
25	33.2574	0.59863	0.40137	80	7.5225	0.13540	0.86460
26	32.8869	0.59196	0.40804	81	7.1269	0.12828	0.87172
27	32.5088	0.58516	0.41484	82	6.7441	0.12139	0.87861
28	32.1233	0.57822	0.42178	83	6.3746	0.11474	0.88526
29	31.7311	0.57116	0.42884	84	6.0187	0.10834	0.89166
30	31.3329	0.56399	0.43601	85	5.6765	0.10218	0.89782
31	30.9284	0.55671	0.44329	86	5.3482	0.09627	0.90373
32	30.5178	0.54932	0.45068	87	5.0341	0.09061	0.90939
33	30.1010	0.54182	0.45818	88	4.7338	0.08521	0.91479
34	29.6791	0.53422	0.46578	89	4.4476	0.08006	0.91994
35	29.2515	0.52653	0.47347	90	4.1755	0.07516	0.92484
36	28.8184	0.51873	0.48127	91	3.9171	0.07051	0.92949
37	28.3800	0.51084	0.48916	92	3.6723	0.06610	0.93390
38	27.9360	0.50285	0.49715	93	3.4412	0.06194	0.93806
39	27.4872	0.49477	0.50523	94	3.2230	0.05801	0.94199
40	27.0335	0.48660	0.51340	95	3.0173	0.05431	0.94569
41	26.5752	0.47835	0.52165	96	2.8244	0.05084	0.94916
42	26.1124	0.47002	0.52998	97	2.6436	0.04758	0.95242
43	25.6446	0.46160	0.53840	98	2.4739	0.04453	0.95547
44	25.1724	0.45310	0.54690	99	2.3146	0.04166	0.95834
45	24.6959	0.44453	0.55547	100	2.1668	0.03900	0.96100
46	24.2149	0.43587	0.56413	101	2.0271	0.03649	0.96351
47	23.7301	0.42714	0.57286	102	1.8983	0.03417	0.96583
48	23.2412	0.41834	0.58166	103	1.7709	0.03188	0.96812
49	22.7483	0.40947	0.59053	104	1.6539	0.02977	0.97023
50	22.2507	0.40051	0.59949	105	1.5385	0.02769	0.97231
51	21.7489	0.39148	0.60852	106	1.3954	0.02512	0.97488
52	21.2429	0.38237	0.61763	107	1.2340	0.02221	0.97779
53	20.7331	0.37320	0.62680	108	0.9780	0.01760	0.98240
54	20.2203	0.36397	0.63603	109	0.4912	0.00884	0.99116

Actuarial Tables

Table S - Based on Life Table 2000CM

Interest at 2.0 Percent							
Age	Annuity	Life Estate	Remainder	Age	Annuity	Life Estate	Remainder
0	38.3436	0.76687	0.23313	55	19.1825	0.38365	0.61635
1	38.3807	0.76761	0.23239	56	18.6933	0.37387	0.62613
2	38.1678	0.76336	0.23664	57	18.2034	0.36407	0.63593
3	37.9440	0.75888	0.24112	58	17.7136	0.35427	0.64573
4	37.7125	0.75425	0.24575	59	17.2236	0.34447	0.65553
5	37.4748	0.74950	0.25050	60	16.7330	0.33466	0.66534
6	37.2311	0.74462	0.25538	61	16.2423	0.32485	0.67515
7	36.9825	0.73965	0.26035	62	15.7528	0.31506	0.68494
8	36.7282	0.73456	0.26544	63	15.2649	0.30530	0.69470
9	36.4680	0.72936	0.27064	64	14.7787	0.29557	0.70443
10	36.2021	0.72404	0.27596	65	14.2943	0.28589	0.71411
11	35.9306	0.71861	0.28139	66	13.8077	0.27615	0.72385
12	35.6536	0.71307	0.28693	67	13.3206	0.26641	0.73359
13	35.3724	0.70745	0.29255	68	12.8345	0.25669	0.74331
14	35.0885	0.70177	0.29823	69	12.3507	0.24701	0.75299
15	34.8028	0.69606	0.30394	70	11.8701	0.23740	0.76260
16	34.5158	0.69032	0.30968	71	11.3926	0.22785	0.77215
17	34.2268	0.68454	0.31546	72	10.9190	0.21838	0.78162
18	33.9354	0.67871	0.32129	73	10.4510	0.20902	0.79098
19	33.6407	0.67281	0.32719	74	9.9903	0.19981	0.80019
20	33.3413	0.66683	0.33317	75	9.5385	0.19077	0.80923
21	33.0377	0.66075	0.33925	76	9.0964	0.18193	0.81807
22	32.7294	0.65459	0.34541	77	8.6643	0.17329	0.82671
23	32.4158	0.64832	0.35168	78	8.2425	0.16485	0.83515
24	32.0956	0.64191	0.35809	79	7.8316	0.15663	0.84337
25	31.7680	0.63536	0.36464	80	7.4324	0.14865	0.85135
26	31.4330	0.62866	0.37134	81	7.0450	0.14090	0.85910
27	31.0903	0.62181	0.37819	82	6.6698	0.13340	0.86660
28	30.7401	0.61480	0.38520	83	6.3073	0.12615	0.87385
29	30.3833	0.60767	0.39233	84	5.9579	0.11916	0.88084
30	30.0203	0.60041	0.39959	85	5.6216	0.11243	0.88757
31	29.6509	0.59302	0.40698	86	5.2988	0.10598	0.89402
32	29.2753	0.58551	0.41449	87	4.9896	0.09979	0.90021
33	28.8934	0.57787	0.42213	88	4.6938	0.09388	0.90612
34	28.5061	0.57012	0.42988	89	4.4118	0.08824	0.91176
35	28.1130	0.56226	0.43774	90	4.1434	0.08287	0.91713
36	27.7141	0.55428	0.44572	91	3.8884	0.07777	0.92223
37	27.3097	0.54619	0.45381	92	3.6466	0.07293	0.92707
38	26.8994	0.53799	0.46201	93	3.4183	0.06837	0.93163
39	26.4839	0.52968	0.47032	94	3.2025	0.06405	0.93595
40	26.0634	0.52127	0.47873	95	2.9990	0.05998	0.94002
41	25.6378	0.51276	0.48724	96	2.8081	0.05616	0.94384
42	25.2075	0.50415	0.49585	97	2.6290	0.05258	0.94742
43	24.7716	0.49543	0.50457	98	2.4609	0.04922	0.95078
44	24.3311	0.48662	0.51338	99	2.3029	0.04606	0.95394
45	23.8859	0.47772	0.52228	100	2.1565	0.04313	0.95687
46	23.4357	0.46871	0.53129	101	2.0179	0.04036	0.95964
47	22.9813	0.45963	0.54037	102	1.8901	0.03780	0.96220
48	22.5224	0.45045	0.54955	103	1.7637	0.03527	0.96473
49	22.0589	0.44118	0.55882	104	1.6474	0.03295	0.96705
50	21.5904	0.43181	0.56819	105	1.5329	0.03066	0.96934
51	21.1171	0.42234	0.57766	106	1.3908	0.02782	0.97218
52	20.6390	0.41278	0.58722	107	1.2303	0.02461	0.97539
53	20.1567	0.40313	0.59687	108	0.9756	0.01951	0.98049
54	19.6709	0.39342	0.60658	109	0.4902	0.00980	0.99020

Table S - Based on Life Table 2000CM

Section 1

Interest at 2.2 Percent

Age	Annuity	Life Estate	Remainder	Age	Annuity	Life Estate	Remainder
0	36.1979	0.79635	0.20365	55	18.6808	0.41098	0.58902
1	36.2496	0.79749	0.20251	56	18.2157	0.40074	0.59926
2	36.0655	0.79344	0.20656	57	17.7494	0.39049	0.60951
3	35.8711	0.78916	0.21084	58	17.2826	0.38022	0.61978
4	35.6693	0.78473	0.21527	59	16.8149	0.36993	0.63007
5	35.4617	0.78016	0.21984	60	16.3460	0.35961	0.64039
6	35.2483	0.77546	0.22454	61	15.8765	0.34928	0.65072
7	35.0302	0.77067	0.22933	62	15.4075	0.33896	0.66104
8	34.8066	0.76575	0.23425	63	14.9394	0.32867	0.67133
9	34.5773	0.76070	0.23930	64	14.4724	0.31839	0.68161
10	34.3426	0.75554	0.24446	65	14.0065	0.30814	0.69186
11	34.1023	0.75025	0.24975	66	13.5380	0.29784	0.70216
12	33.8567	0.74485	0.25515	67	13.0682	0.28750	0.71250
13	33.6071	0.73936	0.26064	68	12.5988	0.27717	0.72283
14	33.3546	0.73380	0.26620	69	12.1310	0.26688	0.73312
15	33.1003	0.72821	0.27179	70	11.6658	0.25665	0.74335
16	32.8447	0.72258	0.27742	71	11.2030	0.24647	0.75353
17	32.5870	0.71691	0.28309	72	10.7435	0.23636	0.76364
18	32.3268	0.71119	0.28881	73	10.2888	0.22635	0.77365
19	32.0634	0.70539	0.29461	74	9.8407	0.21650	0.78350
20	31.7953	0.69950	0.30050	75	9.4008	0.20682	0.79318
21	31.5230	0.69351	0.30649	76	8.9699	0.19734	0.80266
22	31.2461	0.68741	0.31259	77	8.5483	0.18806	0.81194
23	30.9639	0.68121	0.31879	78	8.1364	0.17900	0.82100
24	30.6752	0.67485	0.32515	79	7.7347	0.17016	0.82984
25	30.3793	0.66834	0.33166	80	7.3440	0.16157	0.83843
26	30.0759	0.66167	0.33833	81	6.9646	0.15322	0.84678
27	29.7651	0.65483	0.34517	82	6.5968	0.14513	0.85487
28	29.4468	0.64783	0.35217	83	6.2413	0.13731	0.86269
29	29.1218	0.64068	0.35932	84	5.8981	0.12976	0.87024
30	28.7907	0.63339	0.36661	85	5.5676	0.12249	0.87751
31	28.4531	0.62597	0.37403	86	5.2501	0.11550	0.88450
32	28.1092	0.61840	0.38160	87	4.9458	0.10881	0.89119
33	27.7589	0.61070	0.38930	88	4.6545	0.10240	0.89760
34	27.4031	0.60287	0.39713	89	4.3765	0.09628	0.90372
35	27.0414	0.59491	0.40509	90	4.1117	0.09046	0.90954
36	26.6737	0.58682	0.41318	91	3.8600	0.08492	0.91508
37	26.3003	0.57861	0.42139	92	3.6212	0.07967	0.92033
38	25.9209	0.57026	0.42974	93	3.3956	0.07470	0.92530
39	25.5361	0.56179	0.43821	94	3.1822	0.07001	0.92999
40	25.1459	0.55321	0.44679	95	2.9809	0.06558	0.93442
41	24.7505	0.54451	0.45549	96	2.7919	0.06142	0.93858
42	24.3500	0.53570	0.46430	97	2.6146	0.05752	0.94248
43	23.9437	0.52676	0.47324	98	2.4480	0.05386	0.94614
44	23.5325	0.51771	0.48229	99	2.2915	0.05041	0.94959
45	23.1162	0.50856	0.49144	100	2.1462	0.04722	0.95278
46	22.6946	0.49928	0.50072	101	2.0087	0.04419	0.95581
47	22.2685	0.48991	0.51009	102	1.8819	0.04140	0.95860
48	21.8374	0.48042	0.51958	103	1.7564	0.03864	0.96136
49	21.4014	0.47083	0.52917	104	1.6411	0.03610	0.96390
50	20.9599	0.46112	0.53888	105	1.5274	0.03360	0.96640
51	20.5133	0.45129	0.54871	106	1.3862	0.03050	0.96950
52	20.0615	0.44135	0.55865	107	1.2267	0.02699	0.97301
53	19.6049	0.43131	0.56869	108	0.9732	0.02141	0.97859
54	19.1444	0.42118	0.57882	109	0.4892	0.01076	0.98924

Section 1

Table S - Based on Life Table 2000CM

Interest at 2.4 Percent

Age	Annuity	Life Estate	Remainder	Age	Annuity	Life Estate	Remainder
0	34.2376	0.82170	0.17830	55	18.1993	0.43678	0.56322
1	34.3011	0.82323	0.17677	56	17.7570	0.42617	0.57383
2	34.1418	0.81940	0.18060	57	17.3129	0.41551	0.58449
3	33.9727	0.81534	0.18466	58	16.8678	0.40483	0.59517
4	33.7967	0.81112	0.18888	59	16.4213	0.39411	0.60589
5	33.6150	0.80676	0.19324	60	15.9730	0.38335	0.61665
6	33.4279	0.80227	0.19773	61	15.5236	0.37257	0.62743
7	33.2363	0.79767	0.20233	62	15.0740	0.36178	0.63822
8	33.0394	0.79295	0.20705	63	14.6248	0.35100	0.64900
9	32.8370	0.78809	0.21191	64	14.1761	0.34023	0.65977
10	32.6295	0.78311	0.21689	65	13.7279	0.32947	0.67053
11	32.4166	0.77800	0.22200	66	13.2765	0.31864	0.68136
12	32.1985	0.77276	0.22724	67	12.8234	0.30776	0.69224
13	31.9765	0.76744	0.23256	68	12.3700	0.29688	0.70312
14	31.7518	0.76204	0.23796	69	11.9176	0.28602	0.71398
15	31.5252	0.75660	0.24340	70	11.4671	0.27521	0.72479
16	31.2972	0.75113	0.24887	71	11.0185	0.26444	0.73556
17	31.0671	0.74561	0.25439	72	10.5725	0.25374	0.74626
18	30.8346	0.74003	0.25997	73	10.1307	0.24314	0.75686
19	30.5989	0.73437	0.26563	74	9.6947	0.23267	0.76733
20	30.3586	0.72861	0.27139	75	9.2663	0.22239	0.77761
21	30.1142	0.72274	0.27726	76	8.8463	0.21231	0.78769
22	29.8652	0.71677	0.28323	77	8.4349	0.20244	0.79756
23	29.6110	0.71066	0.28934	78	8.0326	0.19278	0.80722
24	29.3505	0.70441	0.29559	79	7.6398	0.18336	0.81664
25	29.0829	0.69799	0.30201	80	7.2575	0.17418	0.82582
26	28.8081	0.69139	0.30861	81	6.8859	0.16526	0.83474
27	28.5258	0.68462	0.31538	82	6.5253	0.15661	0.84339
28	28.2362	0.67767	0.32233	83	6.1764	0.14823	0.85177
29	27.9400	0.67056	0.32944	84	5.8394	0.14014	0.85986
30	27.6376	0.66330	0.33670	85	5.5146	0.13235	0.86765
31	27.3288	0.65589	0.34411	86	5.2022	0.12485	0.87515
32	27.0137	0.64833	0.35167	87	4.9027	0.11766	0.88234
33	26.6922	0.64061	0.35939	88	4.6157	0.11078	0.88922
34	26.3650	0.63276	0.36724	89	4.3416	0.10420	0.89580
35	26.0319	0.62477	0.37523	90	4.0805	0.09793	0.90207
36	25.6928	0.61663	0.38337	91	3.8320	0.09197	0.90803
37	25.3477	0.60835	0.39165	92	3.5962	0.08631	0.91369
38	24.9966	0.59992	0.40008	93	3.3731	0.08096	0.91904
39	24.6399	0.59136	0.40864	94	3.1622	0.07589	0.92411
40	24.2777	0.58266	0.41734	95	2.9630	0.07111	0.92889
41	23.9100	0.57384	0.42616	96	2.7759	0.06662	0.93338
42	23.5370	0.56489	0.43511	97	2.6003	0.06241	0.93759
43	23.1581	0.55579	0.44421	98	2.4352	0.05845	0.94155
44	22.7739	0.54657	0.45343	99	2.2801	0.05472	0.94528
45	22.3844	0.53723	0.46277	100	2.1360	0.05126	0.94874
46	21.9894	0.52775	0.47225	101	1.9996	0.04799	0.95201
47	21.5895	0.51815	0.48185	102	1.8738	0.04497	0.95503
48	21.1843	0.50842	0.49158	103	1.7493	0.04198	0.95802
49	20.7740	0.49857	0.50143	104	1.6348	0.03923	0.96077
50	20.3578	0.48859	0.51141	105	1.5219	0.03653	0.96347
51	19.9361	0.47847	0.52153	106	1.3816	0.03316	0.96684
52	19.5088	0.46821	0.53179	107	1.2232	0.02936	0.97064
53	19.0765	0.45783	0.54217	108	0.9708	0.02330	0.97670
54	18.6397	0.44735	0.55265	109	0.4883	0.01172	0.98828

Table S - Based on Life Table 2000CM

Section 1

Interest at 2.6 Percent

Age	Annuity	Life Estate	Remainder	Age	Annuity	Life Estate	Remainder
0	32.4432	0.84352	0.15648	55	17.7371	0.46116	0.53884
1	32.5162	0.84542	0.15458	56	17.3162	0.45022	0.54978
2	32.3782	0.84183	0.15817	57	16.8932	0.43922	0.56078
3	32.2309	0.83800	0.16200	58	16.4686	0.42818	0.57182
4	32.0771	0.83400	0.16600	59	16.0421	0.41710	0.58290
5	31.9180	0.82987	0.17013	60	15.6134	0.40595	0.59405
6	31.7537	0.82560	0.17440	61	15.1829	0.39476	0.60524
7	31.5851	0.82121	0.17879	62	14.7519	0.38355	0.61645
8	31.4115	0.81670	0.18330	63	14.3207	0.37234	0.62766
9	31.2326	0.81205	0.18795	64	13.8894	0.36113	0.63887
10	31.0488	0.80727	0.19273	65	13.4581	0.34991	0.65009
11	30.8599	0.80236	0.19764	66	13.0231	0.33860	0.66140
12	30.6660	0.79732	0.20268	67	12.5859	0.32723	0.67277
13	30.4683	0.79218	0.20782	68	12.1478	0.31584	0.68416
14	30.2680	0.78697	0.21303	69	11.7102	0.30447	0.69553
15	30.0657	0.78171	0.21829	70	11.2739	0.29312	0.70688
16	29.8622	0.77642	0.22358	71	10.8389	0.28181	0.71819
17	29.6566	0.77107	0.22893	72	10.4059	0.27055	0.72945
18	29.4485	0.76566	0.23434	73	9.9765	0.25939	0.74061
19	29.2374	0.76017	0.23983	74	9.5523	0.24836	0.75164
20	29.0218	0.75457	0.24543	75	9.1350	0.23751	0.76249
21	28.8022	0.74886	0.25114	76	8.7255	0.22686	0.77314
22	28.5782	0.74303	0.25697	77	8.3240	0.21642	0.78358
23	28.3490	0.73707	0.26293	78	7.9310	0.20620	0.79380
24	28.1137	0.73096	0.26904	79	7.5469	0.19622	0.80378
25	27.8715	0.72466	0.27534	80	7.1727	0.18649	0.81351
26	27.6222	0.71818	0.28182	81	6.8086	0.17702	0.82298
27	27.3657	0.71151	0.28849	82	6.4550	0.16783	0.83217
28	27.1020	0.70465	0.29535	83	6.1126	0.15893	0.84107
29	26.8318	0.69763	0.30237	84	5.7816	0.15032	0.84968
30	26.5554	0.69044	0.30956	85	5.4624	0.14202	0.85798
31	26.2727	0.68309	0.31691	86	5.1551	0.13403	0.86597
32	25.9837	0.67558	0.32442	87	4.8602	0.12637	0.87363
33	25.6882	0.66789	0.33211	88	4.5775	0.11901	0.88099
34	25.3872	0.66007	0.33993	89	4.3073	0.11199	0.88801
35	25.0801	0.65208	0.34792	90	4.0496	0.10529	0.89471
36	24.7671	0.64394	0.35606	91	3.8044	0.09891	0.90109
37	24.4480	0.63565	0.36435	92	3.5714	0.09286	0.90714
38	24.1228	0.62719	0.37281	93	3.3510	0.08713	0.91287
39	23.7919	0.61859	0.38141	94	3.1424	0.08170	0.91830
40	23.4554	0.60984	0.39016	95	2.9453	0.07658	0.92342
41	23.1132	0.60094	0.39906	96	2.7601	0.07176	0.92824
42	22.7657	0.59191	0.40809	97	2.5861	0.06724	0.93276
43	22.4120	0.58271	0.41729	98	2.4226	0.06299	0.93701
44	22.0529	0.57337	0.42663	99	2.2688	0.05899	0.94101
45	21.6882	0.56389	0.43611	100	2.1259	0.05527	0.94473
46	21.3179	0.55426	0.44574	101	1.9906	0.05176	0.94824
47	20.9423	0.54450	0.45550	102	1.8658	0.04851	0.95149
48	20.5614	0.53460	0.46540	103	1.7422	0.04530	0.95470
49	20.1749	0.52455	0.47545	104	1.6285	0.04234	0.95766
50	19.7823	0.51434	0.48566	105	1.5164	0.03943	0.96057
51	19.3839	0.50398	0.49602	106	1.3771	0.03580	0.96420
52	18.9797	0.49347	0.50653	107	1.2196	0.03171	0.96829
53	18.5700	0.48282	0.51718	108	0.9685	0.02518	0.97482
54	18.1555	0.47204	0.52796	109	0.4873	0.01267	0.98733

Section 1

Table S - Based on Life Table 2000CM

Interest at 2.8 Percent

Age	Annuity	Life Estate	Remainder	Age	Annuity	Life Estate	Remainder
0	30.7976	0.86233	0.13767	55	17.2932	0.48421	0.51579
1	30.8780	0.86458	0.13542	56	16.8926	0.47299	0.52701
2	30.7583	0.86123	0.13877	57	16.4893	0.46170	0.53830
3	30.6299	0.85764	0.14236	58	16.0842	0.45036	0.54964
4	30.4953	0.85387	0.14613	59	15.6767	0.43895	0.56105
5	30.3557	0.84996	0.15004	60	15.2664	0.42746	0.57254
6	30.2113	0.84592	0.15408	61	14.8541	0.41591	0.58409
7	30.0627	0.84176	0.15824	62	14.4407	0.40434	0.59566
8	29.9094	0.83746	0.16254	63	14.0266	0.39274	0.60726
9	29.7511	0.83303	0.16697	64	13.6119	0.38113	0.61887
10	29.5881	0.82847	0.17153	65	13.1967	0.36951	0.63049
11	29.4202	0.82377	0.17623	66	12.7774	0.35777	0.64223
12	29.2476	0.81893	0.18107	67	12.3554	0.34595	0.65405
13	29.0713	0.81400	0.18600	68	11.9321	0.33410	0.66590
14	28.8924	0.80899	0.19101	69	11.5086	0.32224	0.67776
15	28.7117	0.80393	0.19607	70	11.0860	0.31041	0.68959
16	28.5297	0.79883	0.20117	71	10.6640	0.29859	0.70141
17	28.3457	0.79368	0.20632	72	10.2436	0.28682	0.71318
18	28.1594	0.78846	0.21154	73	9.8261	0.27513	0.72487
19	27.9700	0.78316	0.21684	74	9.4133	0.26357	0.73643
20	27.7764	0.77774	0.22226	75	9.0068	0.25219	0.74781
21	27.5789	0.77221	0.22779	76	8.6074	0.24101	0.75899
22	27.3771	0.76656	0.23344	77	8.2155	0.23003	0.76997
23	27.1704	0.76077	0.23923	78	7.8315	0.21928	0.78072
24	26.9577	0.75481	0.24519	79	7.4558	0.20876	0.79124
25	26.7382	0.74867	0.25133	80	7.0895	0.19851	0.80149
26	26.5119	0.74233	0.25767	81	6.7328	0.18852	0.81148
27	26.2786	0.73580	0.26420	82	6.3861	0.17881	0.82119
28	26.0382	0.72907	0.27093	83	6.0500	0.16940	0.83060
29	25.7914	0.72216	0.27784	84	5.7249	0.16030	0.83970
30	25.5386	0.71508	0.28492	85	5.4110	0.15151	0.84849
31	25.2795	0.70783	0.29217	86	5.1087	0.14304	0.85696
32	25.0143	0.70040	0.29960	87	4.8184	0.13492	0.86508
33	24.7426	0.69279	0.30721	88	4.5398	0.12711	0.87289
34	24.4654	0.68503	0.31497	89	4.2734	0.11966	0.88034
35	24.1821	0.67710	0.32290	90	4.0192	0.11254	0.88746
36	23.8928	0.66900	0.33100	91	3.7771	0.10576	0.89424
37	23.5976	0.66073	0.33927	92	3.5470	0.09932	0.90068
38	23.2961	0.65229	0.34771	93	3.3291	0.09322	0.90678
39	22.9890	0.64369	0.35631	94	3.1228	0.08744	0.91256
40	22.6761	0.63493	0.36507	95	2.9277	0.08198	0.91802
41	22.3575	0.62601	0.37399	96	2.7445	0.07684	0.92316
42	22.0334	0.61693	0.38307	97	2.5721	0.07202	0.92798
43	21.7030	0.60768	0.39232	98	2.4101	0.06748	0.93252
44	21.3671	0.59828	0.40172	99	2.2576	0.06321	0.93679
45	21.0255	0.58872	0.41128	100	2.1160	0.05925	0.94075
46	20.6781	0.57899	0.42101	101	1.9817	0.05549	0.94451
47	20.3252	0.56911	0.43089	102	1.8578	0.05202	0.94798
48	19.9668	0.55907	0.44093	103	1.7351	0.04858	0.95142
49	19.6025	0.54887	0.45113	104	1.6223	0.04542	0.95458
50	19.2320	0.53850	0.46150	105	1.5110	0.04231	0.95769
51	18.8555	0.52796	0.47204	106	1.3726	0.03843	0.96157
52	18.4729	0.51724	0.48276	107	1.2161	0.03405	0.96595
53	18.0845	0.50637	0.49363	108	0.9661	0.02705	0.97295
54	17.6910	0.49535	0.50465	109	0.4864	0.01362	0.98638

Table S - Based on Life Table 2000CM

Section 1

Interest at 3.0 Percent

Age	Annuity	Life Estate	Remainder	Age	Annuity	Life Estate	Remainder
0	29.2854	0.87856	0.12144	55	16.8667	0.50600	0.49400
1	29.3716	0.88115	0.11885	56	16.4852	0.49456	0.50544
2	29.2677	0.87803	0.12197	57	16.1007	0.48302	0.51698
3	29.1556	0.87467	0.12533	58	15.7139	0.47142	0.52858
4	29.0377	0.87113	0.12887	59	15.3243	0.45973	0.54027
5	28.9151	0.86745	0.13255	60	14.9317	0.44795	0.55205
6	28.7879	0.86364	0.13636	61	14.5365	0.43610	0.56390
7	28.6568	0.85970	0.14030	62	14.1398	0.42419	0.57581
8	28.5212	0.85564	0.14436	63	13.7420	0.41226	0.58774
9	28.3809	0.85143	0.14857	64	13.3432	0.40030	0.59970
10	28.2361	0.84708	0.15292	65	12.9434	0.38830	0.61170
11	28.0866	0.84260	0.15740	66	12.5391	0.37617	0.62383
12	27.9327	0.83798	0.16202	67	12.1317	0.36395	0.63605
13	27.7752	0.83326	0.16674	68	11.7225	0.35167	0.64833
14	27.6153	0.82846	0.17154	69	11.3126	0.33938	0.66062
15	27.4536	0.82361	0.17639	70	10.9031	0.32709	0.67291
16	27.2907	0.81872	0.18128	71	10.4937	0.31481	0.68519
17	27.1259	0.81378	0.18622	72	10.0854	0.30256	0.69744
18	26.9589	0.80877	0.19123	73	9.6795	0.29038	0.70962
19	26.7889	0.80367	0.19633	74	9.2777	0.27833	0.72167
20	26.6148	0.79844	0.20156	75	8.8816	0.26645	0.73355
21	26.4370	0.79311	0.20689	76	8.4920	0.25476	0.74524
22	26.2551	0.78765	0.21235	77	8.1094	0.24328	0.75672
23	26.0684	0.78205	0.21795	78	7.7341	0.23202	0.76798
24	25.8759	0.77628	0.22372	79	7.3666	0.22100	0.77900
25	25.6769	0.77031	0.22969	80	7.0080	0.21024	0.78976
26	25.4713	0.76414	0.23586	81	6.6584	0.19975	0.80025
27	25.2588	0.75776	0.24224	82	6.3184	0.18955	0.81045
28	25.0395	0.75118	0.24882	83	5.9885	0.17965	0.82035
29	24.8139	0.74442	0.25558	84	5.6691	0.17007	0.82993
30	24.5825	0.73747	0.26253	85	5.3605	0.16081	0.83919
31	24.3448	0.73035	0.26965	86	5.0631	0.15189	0.84811
32	24.1011	0.72303	0.27697	87	4.7772	0.14332	0.85668
33	23.8511	0.71553	0.28447	88	4.5027	0.13508	0.86492
34	23.5956	0.70787	0.29213	89	4.2400	0.12720	0.87280
35	23.3341	0.70002	0.29998	90	3.9892	0.11968	0.88032
36	23.0666	0.69200	0.30800	91	3.7502	0.11250	0.88750
37	22.7931	0.68379	0.31621	92	3.5228	0.10568	0.89432
38	22.5135	0.67540	0.32460	93	3.3075	0.09922	0.90078
39	22.2281	0.66684	0.33316	94	3.1034	0.09310	0.90690
40	21.9370	0.65811	0.34189	95	2.9104	0.08731	0.91269
41	21.6401	0.64920	0.35080	96	2.7290	0.08187	0.91813
42	21.3377	0.64013	0.35987	97	2.5583	0.07675	0.92325
43	21.0289	0.63087	0.36913	98	2.3977	0.07193	0.92807
44	20.7145	0.62143	0.37857	99	2.2485	0.06740	0.93260
45	20.3943	0.61183	0.38817	100	2.1060	0.06318	0.93682
46	20.0681	0.60204	0.39796	101	1.9729	0.05919	0.94081
47	19.7364	0.59209	0.40791	102	1.8499	0.05550	0.94450
48	19.3989	0.58197	0.41803	103	1.7281	0.05184	0.94816
49	19.0555	0.57167	0.42833	104	1.6161	0.04848	0.95152
50	18.7057	0.56117	0.43883	105	1.5056	0.04517	0.95483
51	18.3496	0.55049	0.44951	106	1.3981	0.04104	0.95896
52	17.9872	0.53962	0.46038	107	1.2925	0.03638	0.96362
53	17.6188	0.52857	0.47143	108	0.9638	0.02891	0.97109
54	17.2451	0.51735	0.48265	109	0.4854	0.01456	0.98544