

NEW JERSEY TRANSFER INHERITANCE TAX

GUIDE FOR COMPUTATION OF THE COMPROMISE TAX



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Introduction

When the tax on a transfer of property cannot be definitely determined until the occurrence of contingencies, the tax liability may be immediately adjusted by the payment of a compromise tax. The compromise tax is the amount of tax that the Branch will accept in satisfaction of a tax liability which, if not settled in this manner, will be held in abeyance for an indefinite period. The compromise tax is determined after a consideration of the tax that may become due upon the occurrence of various contingencies, the present value of the tax, and the probability of the various contingencies occurring.

The settlement of tax on the contingent portion of an estate (that portion subject to the occurrence of contingencies before the tax may be definitely determined) prior to the occurrence of the contingencies is advantageous to both the Branch and the estate representatives.

The Branch prefers an immediate, fair and equitable settlement of the tax. In most cases it eliminates the need to maintain active files for an indefinite period, it eliminates the necessity of making multiple assessments of tax in the same estate, and it provides for the immediate receipt of tax revenue. The representatives of estates usually prefer the immediate settlement of the transfer inheritance tax liability because it results in a more expeditious completion of the inheritance tax proceeding and because it eliminates the requirement that a bond be filed in twice the highest amount of tax that may become due until the contingencies have occurred and the resulting tax liability has been satisfied.

A compromise tax on the contingent portion of an estate may be computed by the estate representative and reported on the inheritance tax return. When a compromise tax is reported on the return, a rider should be attached setting forth the computations and basis for the amount of compromise tax reported. If, upon review of the computations by the Branch, it is determined that the compromise tax is acceptable, and, if none of the contingencies have occurred prior to the completion of the assessment of tax by the Branch, the assessment will be completed on the basis of the amount of compromise tax reported on the return.

If the compromise tax reported on the inheritance tax return is not acceptable, or, if the representative of an estate does not wish to compute a compromise tax for the Branch's review, the Branch will propose a compromise tax on the contingent portion of the estate. If the compromise tax proposed by the Branch is both accepted by the executor, administrator, trustee, or other proper representative of the estate and paid prior to the occurrence of the contingencies, payment of the compromise tax will result in a final adjustment of the tax on the contingent portion of the estate. In most cases the tax on the contingent portion of an estate is settled by the payment of a compromise tax.

Procedure for Computing the Compromise Tax

The following steps are necessary in the computation of a compromise tax:

- 1) Determine the value, for inheritance tax purposes, of the contingent portion of the estate. The contingent portion is that portion of the estate upon which the tax cannot be definitely determined until the occurrence of contingencies. The contingent portion of the estate is reported on line 8 of the recital page of the inheritance tax return.
- 2) Determine the amount of contingent tax (tax on the contingent portion of an estate) that will become due upon the occurrence of the various contingencies. In some cases the tax will not vary and there will be only one possible contingent tax; however, in most cases there will be several possible contingent taxes that may result from the occurrence of various contingencies. When several contingent tax possibilities exist, the computation of the compromise tax should be based upon a minimum of three possible contingent taxes. The three possible contingent taxes which should be considered are the contingent tax that will become due upon the occurrence of the most probable contingencies, the highest possible contingent tax, and the lowest possible contingent tax (may be zero if the occurrence of the contingencies could result in no contingent tax liability). If, however, a large amount of contingent tax is involved, a sufficient number of contingent tax possibilities should be considered in order to provide a basis for the proper determination of the compromise tax.
- 3) Determine the present value of each of the possible contingent taxes calculated in step 2. It is necessary to determine the value, in present dollars, of the contingent tax that will become due upon the occurrence of the various contingencies. Therefore, for each possible contingent tax, it must be estimated when the contingencies will occur. The period of time that will pass between the immediate settlement of the potential tax liability by the payment of a compromise tax and the payment of a contingent tax upon the occurrence of contingencies is used for the purpose of determining the present values of the contingent taxes. The present value of the contingent tax is then determined by multiplying the contingent tax by the factor for this period of time from a table for the present value of \$1.00 at an interest rate of 6% compounded annually.
- 4) Determine the probability of the various contingencies and resulting contingent taxes occurring. This step involves the assignment of a relative probability of occurrence to each of the contingent taxes computed in step 2.

- 5) Determine the compromise tax. After a review of the relative probabilities of the various contingent taxes, the next step is to determine the compromise tax. Since this step is based on judgment, there is no set procedure or specific formula used exclusively in the computation of the compromise tax. Three possible methods of completing the computation of the compromise tax are set forth below:
- a) Start with the present value of the most probable contingent tax and then adjust this value upward or downward on the basis of the present values of the other contingent tax possibilities. For example, if the most probable contingent tax is much lower than most of the other less probable contingent taxes, the present value of the contingent tax with the highest probability of occurrence would be adjusted upward to allow for the possibility of the higher contingent taxes;
 - b) A second method is the assignment of weights to the contingent tax possibilities on the basis of their relative probability of occurrence. For example, if three contingent taxes were computed in step 2, the most probable might be assigned a weight of 3, the highest possible contingent tax, which is the second most probable contingent tax, might be assigned a weight of 2 and the lowest possible contingent tax, also the tax with the lowest probability of occurrence, might be assigned a weight of 1. Then the present value of the most probable contingent tax would be multiplied by 3, the present value of the highest possible contingent tax would be multiplied by 2 and the present value of the lowest contingent tax would be multiplied by 1. The compromise tax is then determined by adding the products and dividing the result by 6;
 - c) A third method is to assign a percentage of probability to each contingent tax determined in step 2 and, also to the probability, if one exists, that the occurrence of contingencies may result in no contingent tax liability. The total of the percentages assigned would equal 100%. The assigned percentages would then be multiplied by the present value of each contingent tax determined in step 3. The compromise tax is then determined by adding the products.

Examples of the Computation of a Compromise Tax

The computations are based upon the rates of tax and exemptions for use in estates of decedent's dying on or after July 1, 1988.

Factors used in the computations were taken from the Transfer Inheritance Tax Tables for Use in Estates of Decedent's Dying on or after August 5, 2008 as follows:

Annuities Life Estates and Remainder Interests – Life Estate Table, Single Life, Female, 6% and Life Estate Table, Single Life, Male, 6%

Life Expectancies – Expectancy of Life Table, Life Table for Females: United States 1999 – 2001 and Expectancy of Life Table, Life Table for Males: United States 1999 – 2001

Temporary Annuities and Estates for a Term of Years – Table for Computing Temporary Annuities and Estates for a Term of Years, Female Lives, 6% and Table for Computing Temporary Annuities and Estates for a Term of Years, Male Lives, 6%

Present Values – Discount Table, Present value of \$1.00 at 6% compound interest for anytime from 1 to 100 years

Note – In estates of decedent's dying on or after July 1, 1988, Class "C" beneficiaries are brothers, sisters, wife or widow of a son/surviving civil union partner (after 02/19/2007), husband or widower of a daughter/surviving civil union partner (after 02/19/2007) have a \$25,000 exemption. Some of the Class "C" beneficiaries in the examples, however, were not given the \$25,000 exemption in the computation of the possible contingent taxes that would result from the occurrence of contingencies. These Class "C" beneficiaries have received life estates or other interests in the estate and the \$25,000 exemption would have been used in the computation of the direct tax (tax due and payable immediately on that portion of the estate which was not subject to the occurrence of contingencies).

1) Life estate in residue and the remainder is contingent

The decedent's wife/female domestic partner (after 07/10/2004)/female civil union partner (after 02/19/2007) has a life estate in the residue of his estate and the remainder passes to the decedent's brother, if he survives the wife/female domestic partner (after 07/10/2004)/female civil union partner (after 02/19/2007), or, if he does not survive, to two nephews of the decedent, per stirpes.

Value of the residue for inheritance tax purposes – \$100,000

The wife/female domestic partner (after 07/10/2004)/female civil union partner (after 02/19/2007), brother and nephews all survived the decedent

Age of wife/female domestic partner (after 07/10/2004)/female civil union partner (after 02/19/2007) on decedent's date of death – 60 years

Age of brother on decedent's date of death – 62 years

Ages of nephews – 32 years and 35 years

Life estate factor for a female, aged 60 – .69179

Wife's/female domestic partner (after 07/10/2004)/female civil union partner (after 02/19/2007) life expectancy as of the decedent's date of death – 23.09 years

Brother's life expectancy as of the decedent's date of death – 18.23 years

Value of residue	\$100,000
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x Life estate factor female, 60 years of age	<u>x .69179</u>
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Value of wife's/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) life estate (subject to tax immediately upon the decedent's death)	\$69,179
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Present value of the contingent tax if the contingent remainder passes to the decedent's brother –
 $\$640.31 \times .261797 = \167.63

Present value of the contingent tax if the contingent remainder passes to the decedent's nephews or their issue –
 $\$4,623.15 \times .261797 = \$1,210.33$

The wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) has a longer life expectancy than the brother and, therefore, the contingent tax payable in the event that the contingent portion of the estate passes to nephews, or their issue, has the highest probability of occurrence. It is determined that the probability of the contingent tax payable in the event that the decedent's brother survives the wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) is 20% and the probability of the contingent tax payable in the event that the brother does not survive the wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007), and the contingent portion of the estate passes to nephews, or their issue, is 80% The proposed compromise tax would be \$1,001.79 determined as follows:

\$167.63 (P.V. of contingent tax, all to brother) x 20% =	\$33.53
\$1,210.33 (P.V. of contingent tax, all to nephews or their issue) x 80% =	<u>x 968.26</u>
	\$1,001.79

- 2) Life estate in trust, the life tenant has a right to limited withdrawals of principal, additional principal distributions may be made to the life tenant by the trustee and the life tenant has a general power of appointment

The decedent's brother has a life estate in a trust and he has the power to invade the principal; however, annual distributions of principal shall not exceed \$5,000.00 or 5% of the value of the trust principal on the last day of the year, whichever is larger. The power to invade principal is not cumulative and will lapse on the last day of each year the power is held. The trustee has a right to distribute, in addition to the amounts that may be requested by the decedent's brother, such amounts of principal as he may deem necessary for the brother's health, maintenance and welfare. The decedent's brother has a general power of appointment with respect to the principal of the trust which he may exercise at his death by will. If he does not exercise his power of appointment, the principal balance of the trust will pass upon the brother's death to the decedent's sister, if living, or, if she does not survive the brother, to two nephews of the decedent, per stirpes.

Value of trust for inheritance tax purposes – \$300,000

Age of brother – 73 years

Living relatives of the brother – a sister, age 67, and two nephews,
ages 40 and 45

Life estate factor for a male, age 73 – .43441

Life expectancy of a male, age 73 – 11 years

Life expectancy of a female, age 67 – 17.60 years

Annual income of the brother – \$20,000

Health of brother – good

The contingent portion of the trust is determined by subtracting the brother's life estate from the value of the trust.

Value of trust	\$300,000
x Life estate factor, male, age 73	<u>.43441</u>
Value of life estate	\$130,323
Value of trust	\$300,000
Less: Value of life estate	<u>- 130,323</u>
Value of the contingent portion of the trust (amount to be reported on line 8 of the inheritance tax return)	\$169,677

There are numerous contingent tax possibilities in this estate. The most probable and highest and lowest possible contingent taxes will be determined.

Most probable contingent tax

If \$10,000 per annum in principal from the trust is distributed to the decedent's brother, and, if upon his death, the principal in the trust passes to the decedent's sister, the contingent tax will be \$15,914.47.

Brother –	\$10,000 (annual use of trust principal)
	x <u>11.00</u> (life expectancy)
	\$110,000 Total value of principal distributions

Total value of principal distributions \$110,000

*Less: Value of a life estate to the decedent's brother in the amount of the principal distributions \$110,000

x Life estate factor, male age 73 Contingent portion of the estate to the decedent's brother x .43441 47,785.10
\$62,214.90

*Note: If a life tenant receives principal distributions from a trust which are contingent in character, the principal distributions are reduced by the amount of the life tenant's vested life estate value.

Value of the contingent portion of the estate	\$169,677.00
Less: Value of contingent portion to brother	<u>– 62,214.90</u>
Value of the contingent portion to sister	<u>\$107,462.10</u>

Contingent tax on property to brother	
\$62,214.90 x 11% =	\$6,843.64

Contingent tax on property to sister	
\$82,462.10 (\$107,462.10–25,000) x 11%	<u>+ 9,070.83</u>
Most probable contingent tax	\$15,914.47

Highest possible contingent tax

If no principal of the trust is distributed to the decedent's brother during his lifetime, and, if the brother exercises his power of appointment and devises the principal to his nephews upon his death, the contingent tax will be \$25,451.55

[$\$169,677 \text{ (contingent portion of the estate)} \times 15\% = \$25,451.55$]

Lowest possible contingent tax

If no principal of the trust is distributed to the decedent's brother during his lifetime, and, if the brother exercises his power of appointment in favor of a charity, there will be no contingent tax payable on the contingent portion of the estate.

In the determination of the present value of the contingent taxes, it should be noted that the contingent tax payable on that portion of the principal of the trust distributed to the decedent's brother during his lifetime is present valued by using one-half of the brother's life expectancy. It is assumed that annual distributions of principal from the trust will be made to the brother during his lifetime, and, since a contingent tax will become payable on each principal distribution, the average present value of the contingent tax payable on these distributions will approximate one-half the brother's life expectancy.

Present value – most probable contingent tax

\$6,843.64 (contingent tax on property to brother) x .704961 (factor for the P.V. of \$1.00 at 6% compound interest for 6 years – ½ life expectancy of brother, rounded to nearest year) =	\$4,824.50
\$9,070.83 (contingent tax on property to sister) x.526788 (factor for P.V. of \$1.00 at 6% compound interest for life expectancy of brother, rounded to 11 years) =	<u>+ 4,778.40</u> \$9,602.90

Present value – highest possible contingent tax

\$25,451.55 x .526788(factor for P.V. of \$1.00 at 6% compound interest for life expectancy of brother	\$13,407.57
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Present value – lowest possible contingent tax

– 0 –

In this case it is determined that the present value of the most probable contingent tax should be adjusted upward in calculating the compromise tax. There is a greater probability that the brother will exercise his power of appointment in favor of nephews than in favor of a charitable organization. Another reason for the upward adjustment of the present value of the most probable contingent tax is that if the brother does not exercise his power of appointment, and, if he is not survived by his sister, the principal balance of the trust will pass to nephews upon his death. The proposed compromise tax would be around \$11,100.

- 3) Life estate in Trust A, principal distributions may be made to the life tenant at the discretion of the trustee and the life tenant has a general power of appointment; income and principal distributions from Trust B at discretion of trustee, balance of Trust B to charity upon death of income and principal beneficiary

The decedent's last will and testament provides for the creation of two trusts. Trust A is funded with the least amount of principal needed to reduce the federal estate tax to the lowest possible amount and Trust B is funded with the residue of the estate.

The decedent's husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007) is to receive all income from Trust A during his lifetime, payable annually, principal distributions may be made from the trust for his health, support, and maintenance at the discretion of the trustee, and he has a general power of appointment over the principal of the trust which he may exercise by will at his death. If he does not exercise his power of appointment, the principal balance of Trust A will, upon his death, pass to Trust B.

The trustee of Trust B shall distribute to the decedent's brother as much of the income and principal of the trust as, in his discretion, he believes desirable for the brother's health, support and maintenance. Upon the brother's death, the remaining principal and undistributed income will pass to charity.

Value of Trust A for inheritance tax purposes – \$500,000

Value of Trust B for inheritance tax purposes – \$600,000

Age of husband/male domestic partner (after 07/10/2004)/male civil union partner
after 02/19/2007) – 80 years

Age of brother – 67 years

Relatives of husband/male domestic partner (after 07/10/2004)/civil union partner
male (after 02/19/2007) – a sister, age 90 and a nephew age 65

Life estate factor for a male, age 80 – .32436

Life expectancy of husband/male domestic partner (after 07/10/2004)/civil union
partner male (after 02/19/2007), age 80 – 7.44 years

Life expectancy of brother, age 67 – 14.74 years

Life expectancy of husband's/male domestic partner (after 07/10/2004)/civil union
partner male (after 02/19/2007) sister, age 90 – 4.71 years

The decedent's husband/male domestic partner (after 07/10/2004)/civil union
partner male (after 02/19/2007) has annual income of over \$200,000 and is in
good health

The decedent's brother has an annual income of \$10,000 and is handicapped,
requiring constant medical care; his handicap, however, is not expected to
shorten his normal life expectancy

The decedent's husband/male domestic partner (after 07/10/2004)/civil union
partner male (after 02/19/2007) currently has a last will and testament providing
for the exercise of his power of appointment, upon his death, in favor of his
nephew

Note – In this estate it was necessary to hold the assessment of tax in abeyance pending final determinations in the federal estate tax proceeding. For this reason the compromise tax is being computed two years after the decedent's date of death. In determining the present values of the possible contingent taxes, the life expectancy factors will be adjusted to reflect the current ages of beneficiaries. Also, \$50,000 in income and principal of Trust B has been distributed to the decedent's brother. This distribution occurred prior to the offer, acceptance and payment of a compromise tax and, therefore, will be subject to a contingent tax assessment.

Contingent portion of the estate

Value of Trust A x Life estate factor male, age 80	\$500,000
	x <u>.32436</u>
Value of life estate to husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007)	\$162,180
Value of Trust A	\$500,000
Less: Life estate	<u>– 162,180</u>
Contingent portion of Trust A	\$337,820
Value of Trust B	\$600,000
Less: Prior distributions to decedent's brother	<u>– 50,000</u>
Contingent portion of Trust B	550,000
Contingent portion of estate be reported on line 8 of the inheritance tax return)	\$887,820

Possible contingent taxes

There are numerous contingent tax possibilities in this estate. The contingent tax on the distribution of principal from Trust A will range from zero, if all principal is distributed to the decedent's husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007), to \$50,673 if all principal passes to one Class D beneficiary. The contingent tax on the distribution of income and principal from Trust B will range from zero, if all income and principal passes to charity to \$60,500 if all income and principal is distributed to the decedent's brother.

In view of the large amount of possible contingent tax in this estate, several possible contingent taxes will be calculated.

The decedent's husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007) has an annual income of over \$200,000 and, in addition, a life estate in a \$500,000 trust; therefore, it will be assumed that the trustee of Trust A will distribute very little, if any, of the principal of this trust for his benefit.

If it is assumed that no principal will be distributed to the decedent's husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007) from Trust A, some of the possible contingent taxes resulting from the distribution of principal from this trust are:

	<u>Contingent tax</u>
All principal to charity	– 0 –
\$100,000 devise to a Class D beneficiary; remainder to charity	\$15,000
One-half to decedent's brother; one-half to charity	\$18,580.10
All to decedent's sister-in-law	\$50,673
All to nephew of husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007)	\$50,673

*May result from decedent's husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007) exercising his power of appointment or the passage of principal from Trust A to Trust B upon the husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007)'s death.

In a determination of possible contingent taxes that may become payable upon the distribution of the contingent portion of Trust B, consideration should be given to the brother's low annual income, his medical status, and the fact that he has received an average of \$25,000 per annum in income and/or principal from the trust during the two year period subsequent to the decedent's death. Any interest and principal of this trust which is not distributed to the decedent's brother will pass to charity and be exempt from tax. Some possible contingent taxes that may result from the distribution of income and principal from this trust are:

	<u>Contingent tax</u>
Distribution of \$25,000 per annum from the trust to the decedent's brother	
Annual distribution x \$25,000	
Current life expectancy x 13.43	
(based upon the brother's current age of 69) \$335,750 x 11%	
	\$36,932.50
Distribution of trust income (assume 6% annual income) to brother during his lifetime	

Contingent portion of trust	\$550,000	
	x .06	
Annual income	33,000	
Current life expectancy	x 13.43	
	\$443,190 x 11%	
		\$48,750.90

Distribution of an average of \$50,000 per annum from the trust to the decedent's brother (on an assumption that cost of living and medical care will increase and the current annual distribution of \$25,000 will be increased by approximately \$5,000 per year)

Annual distribution	\$50,000	
Current life expectancy	x 13.43	
	\$671,500 x 11%	
		\$73,865.00

Present values of possible contingent taxes

Trust A	<u>Contingent tax</u>	<u>P.V. Contingent tax</u>
All principal to charity	– 0 –	– 0 –
\$100,000 devise to Class D beneficiary; remainder to charity. Present value based upon current life expectancy of husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007) (current age 82) – 6.6 years – round to 7 years – factor 7 years – .665057	\$15,000	\$9,975.86
One-half to decedent's brother; one-half to charity Present value factor – .665057	\$18,580.10	\$12,356.83
All to decedent's sister-in-law Present value factor – .665057	\$50,673	\$33,700.43
All to nephew of decedent's husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007) Present value factor – .665057	\$50,673	\$33,700.43

<u>Trust B</u>	<u>Contingent tax</u>	<u>P.V. Contingent tax</u>
Distribution of \$25,000 per annum from the trust Present value based upon ½ current life expectancy of brother since equal annual payments are assumed and since the contingent tax will become payable as payments are made – Current life expectancy (current age 69) – 13.43 years – ½ rounded to 7 years – .665057	\$36,932.50	\$24,562.22
Distribution of trust income (assumed @ 6% per annum) to brother for lifetime; Present value factor – .665057	\$48,750.90	32,422.13
Distribution of an average of \$50,000 per annum to brother; Present value based upon the fact that the brother will be receiving larger annual distributions each year (see comments in contingent tax computation) and since a larger amount of contingent tax will become payable in each succeeding year, the P.V. in this situation will be based upon ¾ of the brother's current life expectancy 10.07 (13.43 x .75) – rounded to 10 years – .558395	\$73,865	\$41,245.85

Probability of the various contingent taxes and computation of the compromise tax

In the proposal of a compromise tax in this estate, particular attention must be given to the following factors:

- 1) The decedent's husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007) has substantial annual income; therefore the probability that principal from Trust A will be distributed to him is very low;

- 2) The decedent's husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007) has a last will and testament in which he exercises his power of appointment over the principal of Trust A in favor of his nephew; therefore, the probability that the principal of Trust A will be distributed to the husband's/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007) nephew is very high;
- 3) The decedent's brother has a low annual income, medical expenses which will continue during his lifetime, and a history of receiving income and principal from the trust (\$50,000 in two years); therefore, there is a high probability that he will receive a substantial portion, if not all, of the income and principal from Trust B.

The most probable contingent tax will result from a distribution of the principal of Trust A to a nephew of the decedent's husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007) (P.V. of contingent tax is \$33,700.43) and a distribution of the contingent portion of Trust B to the decedent's brother equal to the average of the distribution of trust income (assuming 6% annual income) (P.V. of contingent tax is \$32,422.13) and the distribution of an average of \$50,000 per annum (PV. of contingent tax is \$41,245.85).

	P.V. of Contingent Tax
Distribution of principal of Trust A to nephew of the decedent	\$33,700.43
Distribution of Trust B income to brother for life time	\$32,422.13
Distribution of an average of \$50,000 per annum to brother from Trust B	\$41,245.85

P.V. value of total contingent tax on Trust B is $\$32,422.13 + \$41,245.85 = \$73,667.98$. If $\frac{1}{2}$ of Trust B was distributed to the brother, P.V. of contingent tax will be $\$36,833.99$. The present value of most probable contingent tax is $\$36,833.99 + \$33,700.43 = \$70,534.42$.

There are many other possible contingent taxes, however, and it should be noted that the present values of several of the other possible contingent taxes are lower than the most probable. Therefore, some downward adjustment in the present value of the most probable contingent tax is necessary in order to determine a proper compromise tax offer.

After reviewing the present values of the probable contingent taxes and considering that the most probable contingent tax would be lower if the decedent's husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007) receives principal from Trust A, if the decedent's husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007) changes his will and exercises his power of appointment over the principal in Trust A in favor of a charity, if the decedent's husband/male domestic partner (after 07/10/2004)/male civil union partner (after 02/19/2007) does not exercise his power of appointment and the principal balance of Trust A at the time of his death passes through Trust B to the decedent's brother and/or a charity, and, if the decedent's brother does not receive a substantial portion of the income and principal from Trust B, the compromise tax proposal would be around \$70,000.

- 4) Life estates to wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007), subsequent life estate to sister and remainder to nephew

The decedent devises the residue of his estate to a trust in which his wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) receives the income during her lifetime, upon her death the income is payable to the decedent's sister for the remainder of her life, and, upon the death of both the decedent's wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) and sister, the principal of the trust passes to the decedent's nephew.

Value of the residuary portion of the estate – \$300,000

The wife/female domestic partner (after 07/10/2004)/female civil union partner (after 02/19/2007), brother and nephew all survived the decedent

Age of wife/female domestic partner (after 07/10/2004)/female civil union partner (after 02/19/2007) – 68 years

Age of sister – 55 years

Life estate factor for a female, age 68 – .58017

Life estate factor for a female, age 55 – .75050

Life expectancy of wife/female domestic partner (after 07/10/2004)/civil union partner female (after 02/19/2007) – 16.86 years

Life expectancy of sister – 27.31 years

Contingent portion of the estate

The tax on the life estate of the decedent's wife/female domestic partner (after 07/10/2004)/female civil union partner (after 02/19/2007) and the remainder interest of the decedent's nephew is immediately due and payable. The subsequent life estate of the decedent's sister-in-law is contingent, however, because she must survive the decedent's wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) in order to receive income from the trust.

In order to determine the value of the contingent portion of the estate, it is necessary to calculate the values of life estates in the residue based upon the life estate factors for the wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) and the sister, The value of the wife's/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) life estate is then subtracted from the value of the sister's life estate and the difference in value between the two life estates represents the contingent portion of the estate. It should be noted that if the subsequent life tenant's life estate is equal to or less than the original life tenant, the subsequent life estate has no value for inheritance tax purposes. The calculations are as follows:

Residue x Life estate factor for wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007), female age 68 Value of life estate to wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007)	\$300,000 <u>x .58017</u>
	\$174,051
Residue x Life estate factor for sister, female age 55	\$300,000 <u>x .75050</u>
Value of life estate to sister	\$225,150
Value of sister's subsequent life estate equals –	
Value of life estate to sister	\$225,150
Less: Value of life estate to wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007)	<u>– 174,051</u>
Contingent portion of the estate (amount to be reported on page 8 of the inheritance tax return)	\$51,099

Possible contingent taxes

In this estate there are only two possible contingent taxes. If the decedent's sister survives his wife/female domestic partner (after 07/10/2004)/female civil union partner (after 02/19/2007), she will obtain her interest in the income from the trust and upon the death of the decedent's wife/female domestic partner (after 07/10/2004)/female civil union partner (after 02/19/2007), a contingent tax will become payable on the value of the sister's subsequent life estate. If the decedent's sister does not survive his wife/female domestic partner (after 07/10/2004)/female civil union partner (after 02/19/2007), however, the contingent portion of the estate will pass to the decedent's nephew. If the decedent's sister survives his wife/female domestic partner (after 07/10/2004)/female civil union partner (after 02/19/2007), the contingent tax will be \$2,870.89 [\$26,099 (\$51,099 – \$25,000) x 11%] and, if the decedent's sister does not survive the wife/female domestic partner (after 07/10/2004)/female civil union partner (after 02/19/2007), the contingent tax will be \$7,664.85 (\$51,099 x 15%)

Present values of possible contingent taxes

	<u>Contingent tax</u>	<u>P.V. Contingent tax</u>
Decedent's sister survives his wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) and receives a subsequent life estate Present value factor – .371364 (17 years) (Based upon the life expectancy of the decedent's wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007); upon her death the decedent's sister will acquire her subsequent life estate in the trust and a contingent tax would become payable – life expectancy of wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) – 16.86 years rounded to 17)	\$2,870.89	\$1,066.15
Decedent's wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) survives the decedent's sister and the contingent portion of the estate passes to the decedent's nephew Present value factor (same as above) – .371364	7,664.85	2,846.45

Probability of possible contingent taxes and computation of compromise tax

The life expectancy of the decedent's sister is approximately 10 years longer than the decedent's wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) and, for this reason, the most probable contingent tax will result from the decedent's sister surviving his wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) and receiving a subsequent life estate in the residuary trust. After considering the relative probabilities of the two possible contingent taxes, it is determined that the contingent tax resulting from the sister surviving the wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) should have a weight of 6 and the contingent tax resulting from the sister predeceasing the wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) should have a weight of 1.

The compromise tax proposal would be in the amount of \$1,320.48, determined as follows:

(P.V. of contingent tax, sister survives wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) \$1,066.15 x 6 =	\$6,396.90
(P.V. of contingent tax, wife/female domestic partner(after 07/10/2004)/female civil union partner (after 02/19/2007) survives sister) \$2,846.45 x 1 =	<u>+ 2,846.45</u>
	\$9,243.35
	\$9,243.35 ÷ 7 = \$1,320.48

- 5) Income from trust to two sisters, in equal shares, and to the survivor; upon the death of both sisters, the remainder passes to a charity.

The decedent devises the residue of his estate to a trust in which his two sisters receive the income, in equal shares, during their lifetimes. Upon the death of one life tenant, the income is payable to the survivor. Upon the death of both life tenants, the remainder passes to a charity.

Value of residue – \$900,000
Both life tenants survived the decedent
Age of sister A – 70
Age of sister B – 65
Life estate factor, sister A – .54838
Life estate factor, sister B – .62489
Life expectancy of sister A – 15.40 years
Life expectancy of sister B – 19.12 years

Contingent portion of the estate

The tax on each life tenant's right to $\frac{1}{2}$ of the income from the trust during her lifetime is immediately due and payable. The remainder interest in the trust will pass to charity and be exempt from tax.

The subsequent life estate that will be received by the life tenant with the longer life expectancy if she survives the life tenant with the shorter life expectancy is contingent, however, and the value of the possible subsequent life estate is the contingent portion of the estate.

The value of the life estates and possible subsequent life estate equals the value of a life estate in the entire trust to the life tenant with the longest life expectancy. Therefore, by subtracting the life estate of each life tenant in $\frac{1}{2}$ of the trust from a life estate in the full value of the trust determined by using the life estate factor for the life tenant (sister B) with the longest life expectancy, the value of the contingent portion of the estate may be determined. The calculations are as follows:

Value of Trust		\$900,000
x Life estate factor, female, age 65		<u>x .62489</u>
Value of a life estate in the trust to the life tenant with the longest life expectancy		\$562,401
Less: \$450,000 ($\frac{1}{2}$ trust) x .54838) L.E. factor, female, age 70) =	246,771.00	
\$450,000 x .62489 (L.E. factor, female, age 65) =	281,200.50	527,971.50
Value of the contingent portion of the estate (amount to be reported on line 8 of the inheritance tax return)		\$34,429.50

Possible contingent taxes

There is only one possible contingent tax that may become due in this estate. If sister B survives sister A she will receive a subsequent life estate in a $\frac{1}{2}$ share of the income from the trust and the contingent tax will be \$3,787.25 (\$34,429.50 x 11%). If, however, sister A survives sister B, the contingent portion of the estate will pass to a charity, as part of the remainder, and be exempt from tax. Sister A would not acquire a subsequent life estate in the trust because she has a shorter life expectancy than sister B.

Present value of contingent tax

The present value of the contingent tax (\$3,787.25) that will become due and payable if sister B survives sister A is determined by multiplying the tax by the factor for the P.V. of \$1.00 at 6% compound interest for 15 years (sister A's life expectancy, 15.40 years rounded to 15). The computation is as follows:

$$\$3,787.25 \times .417265 = \$1,580.29$$

Probability of contingencies occurring

The contingency that has the highest probability of occurrence is that sister B will survive sister A and receive a subsequent life estate in $\frac{1}{2}$ of the income from the trust. Some consideration, however, must also be given to the probability that sister A will survive sister B and that the contingent portion of the estate will be exempt from tax. It should be noted that sister A's life expectancy is approximately $3\frac{1}{2}$ years shorter than sister B's. Therefore, although this contingency is not the most probable, it does have a good chance of occurrence.

Computation of the compromise tax

After giving consideration to the relative probabilities of the two possible contingencies occurring (sister A survives sister B or sister B survives sister A) it was determined that the probability of sister B surviving sister A (P.V. of contingent tax \$1,580.29) has a 70% chance of occurrence and the probability of sister A surviving sister B has a 30% chance of occurrence. The proposed compromise tax would be \$1,106.20 determined as follows:

(P.V. of contingent tax if sister B survives sister A)	
\$1,580.29 x 70% =	\$1,106.20
(Contingent tax if sister A survives sister B)	
0 x 30% =	<u>—0—</u>
	\$1,106.20

6) Estate for a term of years and the remainder is contingent

The decedent devises the residue of this estate to a trust. The trustee is to pay or apply the income from the trust to or for the benefit of the decedent's grandniece until she attains the age of 25 years. The trustee may also distribute to or for the benefit of the grandniece so much of the principal of the trust as he deems necessary for the grandniece's support, maintenance and education. When the grandniece has attained the age of 25 years, the trustee shall pay to the grandniece the remaining principal of the trust. If the grandniece does not survive to age 25, the trustee shall, upon her death, pay the remaining principal of the trust to the decedent's niece.

Value of trust principal – \$300,000

The grandniece and niece both survived the decedent

Age of grandniece – 17 years

Age of niece – 47 years

Life expectancy of grandniece – 63.19 years

Life expectancy of niece – 34.47 years

Contingent portion of the estate

The tax on the grandniece's right to receive income from the trust until age 25 is immediately due and payable. The remainder interest in the estate, however, is contingent. Therefore, the contingent portion of the estate is determined by subtracting the value of the grandniece's estate for a term of years from the value of the principal of the trust.

Valuation of the grandniece's estate for a term of years (based upon data from the Table for Computing Temporary Annuities and Estates for a Term of Years, Female Lives, 6%)

$$\begin{array}{r} 588031.62454 \quad (\text{Nx} - 18 \text{ years}) \\ - 360052.63244 \quad (\text{Nx} - 26 \text{ years}) \\ \hline 227978.99210 \end{array}$$

$$\begin{array}{r} \div 227978.99210 = 6.20 \\ 36781.50319 \quad (\text{Dx} - 17 \text{ years}) \end{array}$$

Trust principal	\$300,000
	x .06
Annual income (at the statutory rate of 6%)	\$18,000
	x 6.20
Value of grandniece's estate for a term of years	\$111,600
Trust Principal	\$300,000
Less: Value of estate for a term of years	<u>– 111,600</u>
Value of contingent portion of the estate (amount to be reported on line 8 of the inheritance tax return)	\$188,400

The contingent tax in this estate will be \$28,260 ($\$188,400 \times 15\%$) except in the unlikely event that the decedent's niece receives a portion of the contingent remainder of the estate and this portion of the estate has a value of less than \$500. Since that unlikely event would lower the contingent tax by less than \$75 ($\$500 \times 15\%$), it will be disregarded in the determination of the compromise tax.

Present value of the contingent tax

The present value of the contingent tax will be determined upon the basis of three possible distributions of the remainder interest in the trust.

A possible distribution will be based upon the grandniece receiving \$5,000 per annum in principal from the trust for each of the 8 years until she attains the age of 25, and, at that time she will receive the remaining principal of the trust. The present value of the contingent tax in this event will be \$18,351.18 (\$2,984.61 + \$15,366.57), determined as follows:

Annual principal distributions	\$5,000
	<u>x 8</u> years
Total value of annual distributions	\$40,000
*Less: Estate for a term of years in this portion of the trust	\$40,000
	<u>x .06</u>
	\$2,400
	<u>x 6.20</u> years
	\$14,880
Contingent portion of annual distributions	\$25,120
	<u>x 15%</u>
Contingent tax on annual distributions	\$3,768
Present value – based upon $\frac{1}{2}$ the total period during which payments will be made – since a portion of the contingent tax will become due each year – $\frac{1}{2}$ the total period equals the average time in which the contingent tax will become payable on the annual distributions factor 4 years – .792094	<u>x .792094</u>
Present value of contingent tax on annual distributions	\$2,984.61

*Since the beneficiary of the annual principal distributions has received an estate for a term of years in the principal of the trust which was immediately vested and subject to direct tax, the distributions must be reduced by the value of the beneficiary's estate for a term of years in that portion of the trust.

Contingent portion of estate	\$188,400.00
Less: Contingent portion of annual principal distributions	<u>– 25,120.00</u>
	163,280.00
	<u>x .15</u>
Contingent tax on principal distributed to the grandniece when she attains 25 years of age	\$24,492.00
Present value – based upon the 8 year period until the distribution will be made and the contingent tax will become payable – factor 8 years – .627412	<u>x .627412</u>
Present value of contingent tax on principal distribution to grandniece when she attains 25 years of age	\$15,366.57

If the grandniece does not receive any distributions of principal from the trust prior to attaining 25 years of age, the present value of the contingent tax will be \$17,730.66, determined as follows:

Principal distribution at age 25 – the entire contingent portion of estate	\$188,400.00
	<u>x .15</u>
Contingent tax	\$28,260.00
Present Value – based upon the 8 year period until the principal is distributed and the contingent tax becomes payable – factor 8 years – .627412	<u>x .627412</u>
	\$17,730.66

If the grandniece receives \$5,000 per annum for 4 years, is deceased at age 21, and is survived by the decedent's niece, the present value of the contingent tax will be \$22,569.02 (\$1,676.75 + \$20,892.27) determined as follows:

Annual principal distributions	\$5,000
	<u>x 4 years</u>
Total value of annual distributions	\$20,000
Less: Estate for a term of years in this portion of the trust	\$20,000
	<u>x .06</u>
	\$1,200
	<u>x 6.20 years</u>
	<u>– 7,440</u>
Contingent portion of annual distributions	\$12,560
Contingent portion of annual distributions	\$12,560

	<u>x 15%</u>
Contingent tax on annual distributions Present value – based upon $\frac{1}{2}$ the total period during which payments will be made – 2 years – factor 2 years – .889996	\$1,884.00
	<u>x .889996</u>
Present value of contingent tax on annual distributions	\$1,676.75
Contingent portion of estate	\$188,400
Less: Contingent portion of annual principal distributions	<u>– 12,560</u> \$175,840
	<u>x .15</u>
Contingent tax on distribution to niece in 4 years	\$26,376
Present Value – based upon the 4 year period until the distribution will be made – factor 4 years – .792094	<u>x .792094</u> \$20,892.27
Present value of contingent tax on distribution to niece in 4 years	

Determination of compromise tax

If the grandniece dies within a short period of time after the decedent, the contingent tax would become payable and not subject to present value consideration. The amounts to be considered in the computation of the compromise tax range from a high of \$28,260, which represents the total contingent tax with no present value consideration, to a low of \$17,730.66 which would represent the present value of the contingent tax if the entire contingent portion of the estate passes to the decedent's grandniece when she attains 25 years of age.

The most probable present value of the contingent tax will fall between the present value of the contingent tax in the event that the grandniece receives the entire contingent remainder at the age 25 (\$17,730.66) and the present value of the contingent tax if the grandniece uses \$5,000 per annum from the trust in principal distributions and the remainder at the age of 25 (\$18,351.18).

After giving consideration to the various possibilities for the amounts and dates of distribution of the contingent portion of the estate and the present values of the resulting contingent tax, the proposed compromise tax would be around \$18,040.

7) Estates for a term of years and the remainder is contingent

The decedent devises the residue of his estate to a trust. The trustee is to pay or apply the income from the trust to the decedent's daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07). When the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) attains 28 years of age the trustee shall distribute to her $\frac{1}{4}$ of the principal of the trust as it shall then exist. When the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) attains 35 years of age, the trustee shall distribute to her $\frac{1}{3}$ of the principal of the trust as it shall then exist. When the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) attains 40 years of age, the trustee shall distribute to her the remaining principal of the trust and the trust shall terminate; If the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) dies before receiving all of the principal distributions, any principal of the trust remaining on the date of her death is to be distributed to a nephew of the decedent.

Value of trust – \$400,000, Age of daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) – 21 years

Contingent portion of the estate

The decedent's daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) has three estates for a term of years (temporary annuities) in the trust and the tax on these three estates is immediately due and payable. The remainder interest in the trust, however, is contingent.

The value of the three estates for a term of years is determined by calculating the value of an estate for a term of 7 years (female, age 21 to 28) in $\frac{1}{4}$ of the trust principal, the value of an estate for a term of 14 years (female, age 21 to 35) in $\frac{1}{4}$ of the trust principal ($\frac{1}{3}$ of the remaining $\frac{3}{4}$), and the value of an estate for a term of 19 years (female, age 21 to 40) in $\frac{1}{2}$ of the trust principal (the principal remaining after the distribution at age 35). Factors from the Table for computing Temporary Annuities and Estates for a Term of Years, Female Lives, 6% were used in the calculations.

Valuation of an estate for 7 years (female, age 21 to 28) in \$100,000 (¼ of trust principal)

$$\begin{array}{r} 460713.72144 \quad (\text{Nx} - 22 \text{ years}) \\ - 298653.57835 \quad (\text{Nx} - 29 \text{ years}) \\ \hline 162060.14309 \end{array}$$

$$\begin{array}{r} \div 162060.14309 = 5.57 \\ 29083.21898 \quad (\text{Dx} - 21 \text{ years}) \end{array}$$

Trust principal	\$100,000
	x .06
Annual income (at the statutory rate of 6%)	6,000
	x <u>5.57</u>

Value of an estate for 7 years (female, age 21 to 28) in trust principal of \$100,000 \$33,420

Valuation of an estate for 14 years (female, age 21 to 35) in \$100,000 (¼ of trust principal)

$$\begin{array}{r} 460713.72144 \quad (\text{Nx} - 22 \text{ years}) \\ - 191308.15443 \quad (\text{Nx} - 36 \text{ years}) \\ \hline 269405.56701 \end{array}$$

$$\begin{array}{r} \div 269405.56701 = 9.26 \\ 29083.21898 \quad (\text{Dx} - 21 \text{ years}) \end{array}$$

Trust principal	\$100,000
	x .06
Annual income (at the statutory rate of 6%)	6,000
	x <u>9.26</u>

Value of an estate for 14 years (female, age 21 to 35) in trust principal of \$100,000 \$55,560

Valuation of an estate for 19 years (female, age 21 to 40) in \$200,000 (½ of trust principal)

$$\begin{array}{r} 460713.72144 \quad (\text{Nx} - 22 \text{ years}) \\ - 137737.31891 \quad (\text{Nx} - 41 \text{ years}) \\ \hline 322976.40253 \end{array}$$

$$\begin{array}{r} \div 322976.40253 = 11.11 \\ 29083.21898 \quad (\text{Dx} - 21 \text{ years}) \end{array}$$

Trust principal	\$200,000
	x .06
Annual income (at the statutory rate of 6%)	12,000
	x <u>11.11</u>

Value of an estate for 19 years (female age 21 to 40) in trust principal of \$200,000 \$133,320

Total value of trust principal	\$400,000
Less: Estate for 7 years in \$100,000	33,420
Estate for 14 years in \$100,000	55,560
Estate for 19 years in \$200,000	133,320
	<u>222,300</u>
Value of the remainder interest in the trust – the contingent portion of the estate (amount to be reported on line 8 of the inheritance tax return)	<u>\$177,700</u>

Possible contingent taxes

There are four possible contingent taxes that may become payable in this estate.

If the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) dies before attaining 28 years of age, the entire contingent portion of the estate will pass to the decedent's nephew and the contingent tax will be \$26,655 (\$177,700 x 15%)

If the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) dies between the ages of 28 and 35, she will receive a distribution of \$100,000 in trust principal. The remainder interest (portion subject to contingent tax) in this distribution is \$66,580 [\$100,000 – \$33,420 (valuation of the estate for 7 years)] and this amount will be taxable to the decedent's daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07). The remainder of the contingent portion of the estate will pass to the decedent's nephew. The contingent tax in this event will be \$23,991.80, determined as follows:

(portion of contingent remainder to daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) \$66,580 x 11% =	\$7,323.80
portion of the contingent remainder to nephew) \$111,120 x 15% =	<u>16,668.00</u>
	<u>\$23,991.80</u>

If daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) dies between the ages of 35 and 40, she will receive two distributions of trust principal, a distribution in the amount of \$100,000 at age 28 and a distribution in the amount of \$100,000 at age 35. The remainder interest in the distribution at age 28 is \$66,580 as determined above and the remainder interest in the distribution at age 35 is \$44,440 [\$100,000 – \$55,560 (valuation of the estate for 14 years)]. The contingent tax, in this event, will be \$22,214.20 determined as follows:

Daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07)

Remainder interest in principal distribution at age 28	\$66,580
Remainder interest in principal distribution at age 35	<u>44,440</u>
	\$111,020 x 11% = \$12,212.20

Nephew

Remainder of the contingent portion of the estate (\$177,700 – \$111,020)	\$66,680 x 15% = <u>10,002.00</u>
	\$22,214.20

If the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) survives to age 40 and receives all three principal distributions from the trust, the contingent tax will be \$19,547 (\$177,700 x 11%).

Present value of possible contingent taxes

	Contingent tax	P.V. Contingent tax
Daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) dies before attaining 28 years of age Present value – the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) may die at any time between 21 and 28 years of age – use $\frac{1}{2}$ the 7 year period – 3.5 years – rounded to 4 –factor 4 years .792094	<u>\$26,655</u>	<u>\$21,113.27</u>
Daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) dies between the ages 28 and 35 years Present value – two present value determinations are necessary – for the contingent tax that will become payable when the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) attains 28 years of age – P.V. factor for 7 years (21 to 28) – factor .665057	23,991.80	13,651.24
Contingent tax (\$66,580 @ 11%)	\$7,323.80	
	<u>x .665057</u>	
	<u>\$4,870.74</u>	

Contingent tax P.V. Contingent tax

for the contingent tax that will become payable upon the death of the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) between 28 and 35 years of age – based upon mid-point between the ages – 31.5 – rounded to 32 – current age 21 – 32 minus 21 = 11 years – factor 11 years – .526788

$$\begin{array}{r} \text{Contingent tax ($111,120 @ 15%)} \quad \$16,668 \\ \times .526788 \\ \hline \$8,780.50 \end{array}$$

Daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) dies between the ages of 35 and 40 Present value – three present value determinations are necessary – for the contingent tax that will become payable when the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) attains 28 years of age – P.V. for 7 years – as determined above \$4,870.74 for the contingent tax that will become payable when the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) attains 35 years of age – factor 14 years (21 to 35) – .442301

$$\begin{array}{r} \text{Contingent tax ($44,440 @ 11%)} \quad \$4,888.40 \\ \times .442301 \\ \hline \$2,162.14 \end{array}$$

for the contingent tax that will become payable upon the date of death of the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) may occur at any time between 35 and 40 years of age – based upon the midpoint between the ages – 37.5 – rounded to 38 – 21 (current age) to 38 – 17 years – factor 17 years – .371364. Remainder of the contingent portion of the estate to decedent's nephew –

$$\begin{array}{r} \text{Contingent tax ($66,680 @ 15%)} \quad \$10,002.00 \\ \times .371364 \\ \hline \$3,714.38 \end{array}$$

	<u>Contingent tax</u>	<u>P.V. Contingent tax</u>
Daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) survives to age 40 Present value – three present value determinations are necessary – for the contingent tax that will become payable when the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) attains 28 years of age – factor 7 years. .665057 – as determined above – <u>\$4,870.74</u> for the contingent tax that will become payable when the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) attains 35 years of age – factor 14 years – .442301 –as determined above — <u>\$2,162.14</u> for the contingent tax that will become payable when the daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) attains 40 years of age – current age 21 – factor 19 years (21 to 40) – .330513. Remainder interest passing in final distribution –	\$19,547	\$9,457.13

[$\$66,680 (\$200,000 - \$133,320) @ 11\%]$ $\$7,334.80$
 $\times .330513$
 $\underline{\$2,424.25}$

Probability of the various contingent taxes

The most probable contingent tax is \$19,547 (P.V. \$9,457.13). This is the amount of tax that will become due if the decedent's daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) survives to 40 years of age. The other three possible contingent taxes have low probabilities of occurrence.

Computation of the compromise tax

The compromise tax offered in this estate will be determined by assigning a percentage chance of probability to the present value to each possible contingent tax. The proposed compromise tax would be \$9,727.95, determined as follows:

	<u>Present value of contingent tax</u>	<u>Percentage probability of occurrence</u>	
Daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) dies before attaining 28 years of age	\$21,113.27	x 1.5%	\$316.70
Daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) dies between the ages of 28 and 35	13,651.24	x 1.75%	238.90
Daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) dies between the ages of 35 and 40	10,747.26	x 1.75%	188.08
Daughter-in-law/female domestic partner of a son (after 7/10/04)/female civil union partner of a son (after 2/19/07) survives to the age of 40	\$9,457.13	x 95%	<u>8,984.27</u>
			\$9,727.95

8) Devise of real property to husband and wife/domestic partner (after 07/10/2004)/civil union partner (after 02/19/2007) as tenants by the entirety

The decedent devises a parcel of real property to his son and daughter-in-law/ female domestic partner of a son (after 07/10/2004)/female civil union partner of a son (after 02/19/2007) as tenants by the entirety.

Value of real property – \$300,000

Age of son –50 years

Age of daughter-in-law/female domestic partner of a son (after 07/10/2004)/female civil union partner of a son (after 02/19/2007)–45 years

Life estate factor for a male, age 50– .75227

Life estate factor for a female, age 45 – .84206

Life expectancy of son – 27.79 years

Life expectancy daughter-in-law/female domestic partner of a son (after 07/10/2004)/female civil union partner of a son (after 02/19/2007) – 36.31 years

Contingent portion of the devise

The contingent portion of the devise of real property to a husband and wife/domestic partner (after 07/10/2004)/civil union partner (after 02/19/2007) as tenants by the entirety is determined in accordance with the provisions of N.J.A.C. 18:26–8.12. A life estate in the real property is computed on the basis of the devisee with the lesser life expectancy and the value of the life estate is vested in the husband and wife/domestic partner (after 07/10/2004)/civil union partner (after 02/19/2007) in equal shares. The tax on this portion of the real property is immediately due and payable. The contingent portion of the devise is then determined by subtracting the life estate from the value of the property.

Value of real property	\$300,000
x Life estate factor for the decedent's son; the devisee with the lesser life expectancy	<u>.75227</u>
Value of a life estate to a male, age 50	\$225,681
Value of real property	\$300,00
Less: Value of life estate to a male, age 50	<u>– 225,681</u>
Value of the contingent portion of the devise (amount to be reported on line 8 of the inheritance tax return)	\$74,319

Possible contingent taxes

If the decedent's son survives the daughter-in-law/female domestic partner of a son (after 07/10/2004)/female civil union partner of a son (after 02/19/2007) and acquires the remainder interest (the contingent portion of the devise) in the property, there will be no contingent tax payable on the contingent portion of the estate.

If the decedent's daughter-in-law/female domestic partner of a son (after 07/10/2004)/female civil union partner of a son (after 02/19/2007) survives the son and acquires the remainder interest in the property, the contingent tax will be \$8,175.09 ($\$74,319 \times 11\%$).

If the remainder interest in the property is shared equally by the decedent's son and daughter-in-law/female domestic partner of a son (after 07/10/2004)/female civil union partner of a son (after 02/19/2007) as a result of a sale of the property during their joint lifetimes or the entry of a judgment of divorce, the contingent tax will be \$4,087.55 [$(\$74,319 \div 2) \times 11\%$].

Present value of possible contingent taxes

	<u>Contingent tax</u>	<u>P.V. Contingent tax</u>
Son survives the daughter-in-law/female domestic partner of a son (after 07/10/2004)/female civil union partner of a son (after 02/19/2007) and acquires the remainder interest in the property	– 0 –	– 0 –
Daughter-in-law/female domestic partner of a son (after 07/10/2004)/female civil union partner of a son (after 02/19/2007) survives the son and acquires the remainder interest in the property Present value – based upon the life expectancy of the decedent's son – 28 years – factor 28 years – .195630	\$8,175.09	\$1,599.29
Remainder interest in the property shared equally by son and daughter-in-law/female domestic partner of a son (after 07/10/2004)/female civil union partner of a son (after 02/19/2007) Present value – based upon a sale of the property or a divorce – assume sale or divorce in 10 years – factor 10 years – .558395	\$4,087.55	\$2,282.47

Probability of possible contingent taxes

The most probable contingent tax (\$4,087.55) will result from the passage of the remainder interest in the property to the decedent's son and daughter-in-law/female domestic partner of a son (after 07/10/2004)/female civil union partner of a son (after 02/19/2007) in equal shares as a result of a sale or divorce. The contingent tax (\$8,175.09) resulting from the decedent's daughter-in-law/female domestic partner of a son (after 07/10/2004)/female civil union partner of a son (after 02/19/2007) surviving the son and acquiring the remainder interest in the property also has a relatively high probability of occurrence. The probability of the decedent's son surviving the daughter-in-law/female domestic partner of a son (after 07/10/2004)/female civil union partner of a son (after 02/19/2007) and acquiring the remainder interest in the property, which would result in no contingent tax liability, is, however, very low.

Computation of the compromise tax

The compromise tax offer in this situation will be determined by assigning a percentage chance of probability to the present value of the contingent tax resulting from each possible distribution of the remainder interest in the real property. The proposed compromise tax would be \$1,895.08 determined as follows:

	<u>Present value of contingent tax</u>	<u>Percentage probability of occurrence</u>	
Son survives the daughter-in-law/female domestic partner of a son (after 07/10/2004)/female civil union partner of a son (after 02/19/2007) and acquires the remainder interest in the property	– 0 –	x 5%	– 0 –
Daughter-in-law/female domestic partner of a son (after 07/10/2004)/female civil union partner of a son (after 02/19/2007) survives the son and acquires the remainder interest in the property	1,599.29	x 40%	639.72
Remainder interest in property shared equally by son and daughter-in-law/female domestic partner of a son (after 07/10/2004)/female civil union partner of a son (after 02/19/2007)	\$2,282.47	x 55%	1,255.36
			\$1,895.08

Points to Remember

- 1) If distributions, at the discretion of a trustee, may be made from a trust for the education, health and/or support of a beneficiary, the estate representative should, to the extent possible, advise the Branch of the status of the beneficiary's education, health and/or financial condition.
- 2) If the probability of a tax becoming payable on the contingent portion of an estate is remote, the Branch may determine that the probability of tax is too remote to compromise and exempt the contingent portion of the estate from tax.
- 3) If the amount of contingent tax that will become payable upon the occurrence of contingencies is known (for example, all potential beneficiaries are Class D and will receive at least \$500 but less than \$700,000 each), a compromise tax offer may be made on the basis of the present value of the tax. Situations of this nature are contingent because, although the amount of the tax liability is known, the date upon which it will become payable, the beneficiaries, and the amount to be received by each beneficiary is dependent upon the occurrence of contingencies.
- 4) A beneficiary's unrestricted power to invade the principal of a trust subjects the principal of the trust to the immediate assessment of tax. *Laffey Estate v Taxation Division Director*, 8 N.J. Tax 100.
- 5) The right of a beneficiary to request that a limited sum be paid to him or her annually, but with no right to terminate the trust, is a contingent interest for inheritance tax purposes. N.J.A.C.18:–8.21(b).
- 6) When real property is devised or transferred to a husband and wife/domestic partner (after 07/10/2004)/civil union partner (after 02/19/2007) as tenants by the entirety, a life estate computed on the basis of the devisee or grantee with the lesser life expectancy is vested, in equal shares, and subject to the immediate assessment of tax. The remainder is contingent in nature and may be settled by the agreement to and payment of a compromise tax. N.J.A.C. 18:26–8.12.
- 7) A subsequent life estate (life estate taking effect upon the death of a prior life tenant) is always a contingent interest. It is contingent because the subsequent life tenant must survive the original life tenant in order to acquire his or her subsequent life estate. The value of a subsequent life estate is determined by subtracting the value of the life estate of the original life tenant from the value of the life estate of the subsequent life tenant. If the subsequent life tenant has a life estate factor equal to or less than the original life tenant, his or her subsequent life estate has no value for inheritance tax purposes. The present value of the contingent tax that may become payable on a subsequent life estate is based upon the life expectancy of the original life tenant.

- 8) Interests in an estate which are subject to a power of appointment are usually contingent in nature and the tax on these interests does not become due and payable until the power is exercised. If, however, a general power of appointment may be exercised during the lifetime of the holder of the power in favor of himself, his estate, his creditors, or the creditors of his estate, the tax is immediately due and payable. N.J.S.A. 54:36–4, N.J.A.C. 18:26–5.12 and N.J.A.C. 18:26–8.24.
- 9) If a possible contingent tax is based upon equal annual distributions from a trust to a beneficiary during his or her lifetime, the Branch uses one-half of the beneficiary's life expectancy in the determination of the present value of the tax. If, however, the beneficiary of a trust acquires a right to a distribution only upon the death of a life tenant, the full life expectancy of the life tenant is used in the determination of the present value of the tax.
- 10) If two or more years have elapsed since the decedent's date of death, the current ages of life tenants and beneficiaries should be used in calculating the present value of the tax that may become due upon the occurrence of contingencies.
- 11) If tax on the contingent portion of an estate is not settled by the payment of a compromise tax, the administrator, executor, trustee, or other proper representative of an estate must file a bond, subject to the approval of the Director, Division of Taxation, in twice the highest amount of tax that may become payable upon the occurrence of the contingencies. N.J.S.A. 54:36–6 and N.J.A.C. 18:26–9.16(c).

Statutory and Administrative Code Provisions

Statutes

- N.J.S.A. 54:34 –1(d) Transfers Taxable
- 54:36 – 1 Vested remainders after estate for life or years
 - 54:36 – 2 Valuation of estates for life or years
 - 54:36 – 3 Executory devises or contingent or defeasible estates in expectancy
 - 54:36 – 4 Estates subject to a power of appointment
 - 54:36 – 5 Taxes on executory devises, contingent future estates, estates subject to a power of appointment; when payable
 - 54:36 – 6 Composition of taxes in certain estates; bond in lieu of present payment

Administrative Code

- N.J.A.C. 18:26 – 2.14 Composition of taxes on certain transfers
- 18:26 – 2.15 Bond in lieu of payment
 - 18:26 – 5.12 Powers of appointment; estates in expectancy
 - 18:26 – 8.12 Life estate in realty held by the entirety
 - 18:26 – 8.21 Contingent or d defeasible estates
 - 18:26 – 8.22 Estates for life, estates for a term of years and annuities
 - 18:26 – 8.23 Vested remainders after estate for life, estate for a turn of years and annuity
 - 18:26 – 8.24 Estates subject to power of appointment
 - 18:26 – 9.9 Payment
 - 18:26 – 9.14 Payment on executory devise or transfer subject to a contingency or power of appointment
 - 18:26 – 9.16 Composition of taxes, bond

Other Sources of Information

Books

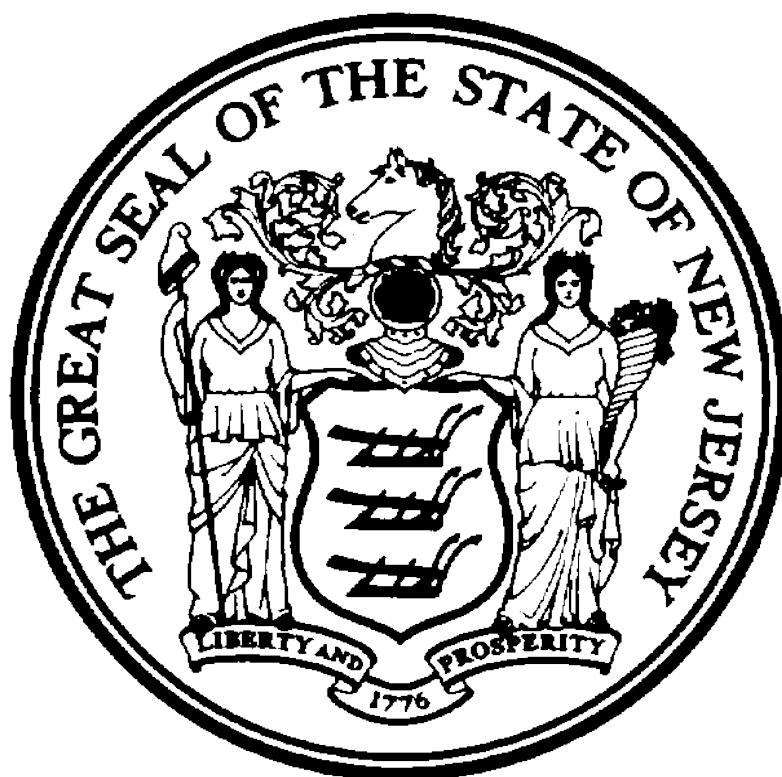
- 1) New Jersey Inheritance and Estate Taxes
Author: David Beck, Esq.
Publisher: Gann Law Books, Newark, N.J.
Copyright 1993
- 2) New Jersey Transfer Inheritance Tax Manual
Author: Walter S. Kane, Esq.
Publisher: K. Hansen and Co., Morristown, N. J.
Copyright 1991

Inheritance Tax Branch

Taxpayer Information Section, 6th Floor, Taxation Building,
3 John Fitch Way, Trenton, N.J.
Telephone number : (609) 292-5033

**STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY**

DIVISION OF TAXATION



TRANSFER INHERITANCE TAX TABLES

**For use in Estates of Decedents
Dying On or After August 5, 2008**

These tables are based upon the mortality data set forth in the U.S. Decennial Life Tables for 1999 – 2001 (Life Tables for Males: United States and Life Tables for Females: United States).

EXPECTANCY OF LIFE TABLE
Life Table for Females: United States, 1999-2001

Age	Expectation of life in years	Age	Expectation of life in years	Age	Expectation of life in years
0	79.45	38	42.87	76	11.36
1	78.95	39	41.92	77	10.75
2	77.99	40	40.98	78	10.16
3	77.01	41	40.04	79	9.59
4	76.03	42	39.10	80	9.05
5	75.04	43	38.17	81	8.52
6	74.06	44	37.24	82	8.01
7	73.07	45	36.31	83	7.53
8	72.08	46	35.39	84	7.06
9	71.09	47	34.47	85	6.62
10	70.09	48	33.56	86	6.20
11	69.10	49	32.65	87	5.80
12	68.11	50	31.74	88	5.41
13	67.12	51	30.85	89	5.05
14	66.13	52	29.95	90	4.71
15	65.15	53	29.06	91	4.39
16	64.17	54	28.18	92	4.09
17	63.19	55	27.31	93	3.81
18	62.22	56	26.45	94	3.54
19	61.24	57	25.59	95	3.29
20	60.27	58	24.75	96	3.06
21	59.30	59	23.91	97	2.85
22	58.33	60	23.09	98	2.65
23	57.35	61	22.27	99	2.46
24	56.38	62	21.47	100	2.29
25	55.41	63	20.67	101	2.13
26	54.44	64	19.89	102	1.99
27	53.46	65	19.12	103	1.85
28	52.49	66	18.36	104	1.73
29	51.52	67	17.60	105	1.62
30	50.55	68	16.86	106	1.51
31	49.58	69	16.12	107	1.42
32	48.61	70	15.40	108	1.33
33	47.65	71	14.68	109	1.25
34	46.69	72	13.99		
35	45.73	73	13.30		
36	44.77	74	12.64		
37	43.82	75	11.99		

EXPECTANCY OF LIFE TABLE
Life Table for Males: United States, 1999-2001

Age	Expectation of life in years	Age	Expectation of life in years	Age	Expectation of life in years
0	74.10	38	38.41	76	9.36
1	73.66	39	37.49	77	8.85
2	72.70	40	36.58	78	8.36
3	71.73	41	35.67	79	7.89
4	70.75	42	34.77	80	7.44
5	69.77	43	33.88	81	7.01
6	68.78	44	32.99	82	6.60
7	67.79	45	32.10	83	6.20
8	66.81	46	31.23	84	5.83
9	65.82	47	30.36	85	5.47
10	64.83	48	29.50	86	5.13
11	63.83	49	28.64	87	4.81
12	62.84	50	27.79	88	4.50
13	61.85	51	26.94	89	4.22
14	60.87	52	26.10	90	3.95
15	59.90	53	25.27	91	3.69
16	58.94	54	24.44	92	3.45
17	57.99	55	23.62	93	3.23
18	57.04	56	22.81	94	3.02
19	56.10	57	22.02	95	2.82
20	55.17	58	21.24	96	2.64
21	54.24	59	20.47	97	2.47
22	53.31	60	19.71	98	2.31
23	52.39	61	18.96	99	2.16
24	51.46	62	18.23	100	2.03
25	50.54	63	17.51	101	1.90
26	49.60	64	16.80	102	1.78
27	48.67	65	16.11	103	1.68
28	47.73	66	15.42	104	1.58
29	46.79	67	14.74	105	1.48
30	45.85	68	14.08	106	1.40
31	44.91	69	13.43	107	1.32
32	43.97	70	12.80	108	1.25
33	43.04	71	12.19	109	1.19
34	42.11	72	11.59		
35	41.18	73	11.00		
36	40.25	74	10.43		
37	39.33	75	9.89		

LIFE ESTATE TABLE

Single Life, Female, 6%, showing the present worth of an annuity, of a life interest and a remainder interest.

The following table shows the present value of an income for the ages stated.

To find the value of a life estate where the amount is specified, the yearly amount is multiplied by the factor in the annuity column opposite the age of the annuitant. (See A)

Where the income is payable on the corpus of a trust, the amount of the corpus is multiplied by the factor in the life estate column opposite the age of the life tenant. (See B)

- A. A female age 50 receives \$200 per month for life.

$$\$200 \times 12 = \$2,400 \times 13.2491 = \$32,028.00$$

- B. A female age 50 receives \$50,000 for life with remainder over.

$$\$50,000 \times .80070 = \$40,035.00 \text{ Value of the life estate}$$

$$\$50,000 - \$40,030.50 = \$9,965.00 \text{ Value of the remainder}$$

LIFE ESTATE TABLE
Single life, Female, 6% showing present worth of an annuity,
of a life interest and remainder interest

Age	Annuity	Life Estates	Remainder
0	16.2879	0.97727	0.02273
1	16.3706	0.98223	0.01777
2	16.3605	0.98163	0.01837
3	16.3469	0.98081	0.01919
4	16.3315	0.97989	0.02011
5	16.3146	0.97887	0.02113
6	16.2962	0.97777	0.02223
7	16.2766	0.97659	0.02341
8	16.2555	0.97533	0.02467
9	16.2330	0.97398	0.02602
10	16.2091	0.97254	0.02746
11	16.1835	0.97101	0.02899
12	16.1565	0.96939	0.03061
13	16.1282	0.96769	0.03231
14	16.0989	0.96594	0.03406
15	16.0688	0.96413	0.03587
16	16.0380	0.96228	0.03772
17	16.0064	0.96038	0.03962
18	15.9736	0.95842	0.04158
19	15.9393	0.95636	0.04364
20	15.9030	0.95418	0.04582
21	15.8646	0.95188	0.04812
22	15.8240	0.94944	0.05056
23	15.7812	0.94687	0.05313
24	15.7358	0.94415	0.05585
25	15.6879	0.94127	0.05873
26	15.6372	0.93823	0.06177
27	15.5836	0.93502	0.06498
28	15.5271	0.93162	0.06838
29	15.4676	0.92805	0.07195
30	15.4050	0.92430	0.07570
31	15.3393	0.92036	0.07964
32	15.2703	0.91622	0.08378
33	15.1981	0.91188	0.08812
34	15.1225	0.90735	0.09265

LIFE ESTATE TABLE
Single life, Female, 6% showing present worth of an annuity,
of a life interest and remainder interest

Age	Annuity	Life Estates	Remainder
35	15.0436	0.90261	0.009739
36	14.9610	0.89766	0.10234
37	14.8747	0.89248	0.10752
38	14.7845	0.88707	0.11293
39	14.6904	0.88142	0.11858
40	14.5922	0.87553	0.12447
41	14.4899	0.86939	0.13061
42	14.3832	0.86299	0.13701
43	14.2719	0.85631	0.14369
44	14.1557	0.84934	0.15066
45	14.0343	0.84206	0.15794
46	13.9075	0.83445	0.16555
47	13.7753	0.82652	0.17348
48	13.6376	0.81825	0.18175
49	13.4942	0.80965	0.19035
50	13.3450	0.80070	0.19930
51	13.1899	0.79140	0.20860
52	13.0287	0.78172	0.21828
53	12.8613	0.77168	0.22832
54	12.6878	0.76127	0.23873
55	12.5083	0.75050	0.24950
56	12.3233	0.73940	0.26060
57	12.1331	0.72798	0.27202
58	11.9376	0.71626	0.28374
59	11.7366	0.70420	0.29580
60	11.5298	0.69179	0.30821
61	11.3173	0.67904	0.32096
62	11.0996	0.66597	0.33403
63	10.8767	0.65260	0.34740
64	10.6485	0.63891	0.36109
65	10.4148	0.62489	0.37511
66	10.1737	0.61042	0.38958
67	9.9251	0.59551	0.40449
68	9.6696	0.58017	0.41983
69	9.4076	0.56445	0.43555

LIFE ESTATE TABLE
Single life, Female, 6% showing present worth of an annuity,
of a life interest and remainder interest

Age	Annuity	Life Estates	Remainder
70	9.1396	0.54838	0.45162
71	8.8657	0.53194	0.46806
72	8.5866	0.51520	0.48480
73	8.3036	0.49822	0.50178
74	8.0182	0.48109	0.51891
75	7.7316	0.46389	0.53611
76	7.4447	0.44668	0.55332
77	7.1578	0.42947	0.57053
78	6.8716	0.41230	0.58770
79	6.5868	0.39521	0.60479
80	6.3040	0.37824	0.62176
81	6.0241	0.36145	0.63855
82	5.7477	0.34486	0.65514
83	5.4756	0.32854	0.67146
84	5.2084	0.31250	0.68750
85	4.9468	0.29681	0.70319
86	4.6914	0.28148	0.71852
87	4.4427	0.26656	0.73344
88	4.2014	0.25209	0.74791
89	3.9679	0.23807	0.76193
90	3.7426	0.22456	0.77544
91	3.5259	0.21155	0.78845
92	3.3181	0.19909	0.80091
93	3.1194	0.18716	0.81284
94	2.9299	0.17580	0.82420
95	2.7499	0.16499	0.83501
96	2.5792	0.15475	0.84525
97	2.4179	0.14508	0.85492
98	2.2660	0.13596	0.86404
99	2.1231	0.12739	0.87261
100	1.9893	0.11936	0.88064
101	1.8641	0.11185	0.88815
102	1.7474	0.10485	0.89515
103	1.6389	0.09833	0.90167
104	1.5382	0.09229	0.90771

LIFE ESTATE TABLE
Single life, Female, 6% showing present worth of an annuity,
of a life interest and remainder interest

Age	Annuity	Life Estates	Remainder
105	1.4450	0.08670	0.91330
106	1.3588	0.08153	0.91847
107	1.2794	0.07677	0.92323
108	1.2064	0.07239	0.92761
109	1.1395	0.06837	0.93163

LIFE ESTATE TABLE

Single Life, Male, 6%, showing the present worth of an annuity, of a life interest and a remainder interest.

The following table shows the present value of an income for the ages stated.

To find the value of a life estate where the amount is specified, the yearly amount is multiplied by the factor in the annuity column opposite the age of the annuitant. (See A)

Where the income is payable on the corpus of a trust, the amount of the corpus is multiplied by the factor in the life estate column opposite the age of the life tenant. (See B)

- A. A male age 50 receives \$200 per month for life.

$$\$200 \times 12 = \$2,400 \times 12.5378 = \$30,090.72$$

- B. A male age 50 receives \$50,000 for life with remainder over.

$$\$50,000 \times .75227 = \$37,613.50 \text{ Value of the life estate}$$

$$\$50,000 - 37,613.50 = \$12,386.50 \text{ Value of the remainder}$$

LIFE ESTATE TABLE
Single life, Male, 6% showing present worth of an annuity,
of a life interest and remainder interest

Age	Annuity	Life Estates	Remainder
0	16.1395	0.96837	0.03163
1	16.2353	0.97412	0.02588
2	16.2186	0.97312	0.02688
3	16.1981	0.97188	0.02812
4	16.1747	0.97048	0.02952
5	16.1490	0.96894	0.03106
6	16.1214	0.96728	0.03272
7	16.0919	0.96551	0.03449
8	16.0604	0.96362	0.03638
9	16.0267	0.96160	0.03840
10	15.9906	0.95943	0.04057
11	15.9520	0.95712	0.04288
12	15.9111	0.95467	0.04533
13	15.8688	0.95213	0.04787
14	15.8258	0.94955	0.05045
15	15.7830	0.94698	0.05302
16	15.7405	0.94443	0.05557
17	15.6981	0.94189	0.05811
18	15.6557	0.93934	0.06066
19	15.6126	0.93675	0.06325
20	15.5683	0.93410	0.06590
21	15.5229	0.93138	0.06862
22	15.4764	0.92858	0.07142
23	15.4278	0.92567	0.07433
24	15.3763	0.92258	0.07742
25	15.3209	0.91925	0.08075
26	15.2612	0.91567	0.08433
27	15.1972	0.91183	0.08817
28	15.1289	0.90773	0.09227
29	15.0565	0.90339	0.09661
30	14.9803	0.89882	0.10118
31	14.9002	0.89401	0.10599
32	14.8159	0.88896	0.11104
33	14.7276	0.88365	0.11635
34	14.6352	0.87811	0.12189

LIFE ESTATE TABLE
Single life, Male, 6% showing present worth of an annuity,
of a life interest and remainder interest

Age	Annuity	Life Estates	Remainder
35	14.5386	0.87232	0.12768
36	14.4378	0.86627	0.13373
37	14.3326	0.85995	0.14005
38	14.2228	0.85337	0.14663
39	14.1086	0.84652	0.15348
40	13.9900	0.83940	0.16060
41	13.8667	0.83200	0.16800
42	13.7387	0.82432	0.17568
43	13.6059	0.81636	0.18364
44	13.4683	0.80810	0.19190
45	13.3259	0.79956	0.20044
46	13.1788	0.79073	0.20927
47	13.0269	0.78161	0.21839
48	12.8698	0.77219	0.22781
49	12.7069	0.76242	0.23758
50	12.5378	0.75227	0.24773
51	12.3619	0.74171	0.25829
52	12.1793	0.73076	0.26924
53	11.9900	0.71940	0.28060
54	11.7945	0.70767	0.29233
55	11.5934	0.69561	0.30439
56	11.3876	0.68325	0.31675
57	11.1774	0.67064	0.32936
58	10.9631	0.65778	0.34222
59	10.7442	0.64465	0.35535
60	10.5202	0.63121	0.36879
61	10.2915	0.61749	0.38251
62	10.0588	0.60353	0.39647
63	9.8224	0.58934	0.41066
64	9.5825	0.57495	0.42505
65	9.3392	0.56035	0.43965
66	9.0885	0.54531	0.45469
67	8.8326	0.52996	0.47004
68	8.5727	0.51436	0.48564
69	8.3101	0.49860	0.50140

LIFE ESTATE TABLE
Single life, Male, 6% showing present worth of an annuity,
of a life interest and remainder interest

Age	Annuity	Life Estates	Remainder
70	8.0455	0.48273	0.51727
71	7.7787	0.46672	0.53328
72	7.5098	0.45059	0.54941
73	7.2401	0.43441	0.56559
74	6.9708	0.41825	0.58175
75	6.7030	0.40218	0.59782
76	6.4377	0.38626	0.61374
77	6.1747	0.37048	0.62952
78	5.9147	0.35488	0.64512
79	5.6583	0.33950	0.66050
80	5.4060	0.32436	0.67564
81	5.1583	0.30950	0.69050
82	4.9158	0.29495	0.70505
83	4.6789	0.28074	0.71926
84	4.4481	0.26689	0.73311
85	4.2239	0.25343	0.74657
86	4.0064	0.24039	0.75961
87	3.7962	0.22777	0.77223
88	3.5934	0.21560	0.78440
89	3.3983	0.20390	0.79610
90	3.2111	0.19267	0.80733
91	3.0319	0.18191	0.81809
92	2.8607	0.17164	0.82836
93	2.6977	0.16186	0.83814
94	2.5428	0.15257	0.84743
95	2.3959	0.14375	0.85625
96	2.2570	0.13542	0.86458
97	2.1259	0.12755	0.87245
98	2.0024	0.12015	0.87985
99	1.8864	0.11319	0.88681
100	1.7777	0.10666	0.89334
101	1.6759	0.10055	0.89945
102	1.5808	0.09485	0.90515
103	1.4922	0.08953	0.91047
104	1.4098	0.08459	0.91541

LIFE ESTATE TABLE
Single life, Male, 6% showing present worth of an annuity,
of a life interest and remainder interest

Age	Annuity	Life Estates	Remainder
105	1.3332	0.07999	0.92001
106	1.2621	0.07573	0.92427
107	1.1963	0.07178	0.92822
108	1.1355	0.06813	0.93187
109	1.0793	0.06476	0.93524

**TABLE FOR COMPUTING TEMPORARY ANNUITIES AND ESTATES FOR A TERM OF
YEARS**

Female Lives, 6%

Take factor in Nx column opposite age of annuitant plus one year, subtract there from factor in Nx column opposite age at termination of annuity plus one year, and divide result by factor in Dx column opposite age at which annuity begins. The factor thus obtained multiplied by the amount of the annuity gives the value of the temporary estate.

Example: Female age 12 receives \$500 per year until 25 years of age or dying meanwhile.

$$\begin{aligned} 795505.72233 - 360052.63244 &= 435453.08989 \\ 435453.08989 \div 49282.82506 &= 8.83580 \\ 8.83580 \times \$500 &= \$4,417.90 \\ \$4,417.90 &\text{ Value of temporary annuity} \end{aligned}$$

**TABLE FOR COMPUTING TEMPORARY ANNUITIES AND
ESTATES FOR A TERM OF YEARS**
Female Lives, 6%

Age	Dx	Nx	Mx
0	100000.00000	1727684.24351	2206.55225
1	93750.07426	1627684.24351	1617.00387
2	88402.99293	1533934.16925	1576.53052
3	83375.67668	1445531.17633	1553.15727
4	78638.48246	1362155.49965	1535.34097
5	74173.22174	1283517.01718	1521.31511
6	69963.12241	1209343.79544	1509.70003
7	65992.92850	1139380.67302	1499.68286
8	62248.67677	1073387.74452	1490.87991
9	58717.45274	1011139.06776	1483.16589
10	55387.09593	952421.61501	1476.43848
11	52245.97169	897034.51908	1470.43288
12	49282.82506	844788.54738	1464.60539
13	46486.75982	795505.72233	1458.13403
14	43847.45436	749018.96251	1450.15460
15	41355.60874	705171.50815	1440.24035
16	39002.77168	663815.89941	1428.28681
17	36781.50319	624813.12773	1414.72237
18	34685.10233	588031.62454	1400.29340
19	32707.38381	553346.52221	1385.88255
20	30842.19798	520639.13840	1372.05807
21	29083.21898	489796.94042	1358.86386
22	27424.27209	460713.72144	1346.13691
23	25859.73464	433289.44935	1333.91675
24	24384.27111	407429.71471	1322.21179
25	22992.81116	383045.44360	1310.99360
26	21680.55201	360052.63244	1300.21432
27	20442.92335	338372.08043	1289.78672
28	19275.57873	317929.15708	1279.58871
29	18174.40470	298653.57835	1269.48517
30	17135.53974	280479.17365	1259.36009
31	16155.41621	263343.63392	1249.17278
32	15230.64987	247188.21771	1238.86397
33	14357.98911	231957.56784	1228.31546
34	13534.38711	217599.57873	1217.42983

**TABLE FOR COMPUTING TEMPORARY ANNUITIES AND
ESTATES FOR A TERM OF YEARS**
Female Lives, 6%

Age	Dx	Nx	Mx
35	12757.03718	204065.19161	1206.17728
36	12023.37705	191308.15443	1194.61359
37	11330.97916	179284.77738	1182.78422
38	10677.48512	167953.79822	1170.66639
39	10060.64409	157276.31307	1158.21128
40	9478.35006	147215.66898	1145.38767
41	8928.63584	137737.31891	1132.18383
42	8409.70251	128808.68307	1118.64498
43	7919.87553	120398.98056	1104.83890
44	7457.58024	112479.10502	1090.83844
45	7021.28983	105021.52478	1076.67522
46	6609.51860	98000.23495	1062.33549
47	6220.82901	91390.71635	1047.76960
48	5853.87032	85169.88734	1032.93330
49	5507.37773	79316.01702	1017.79186
50	5180.18017	73808.63929	1002.33266
51	4871.18330	68628.45912	986.55354
52	4579.35353	63757.27582	970.45112
53	4303.69408	59177.92229	954.00036
54	4043.22418	54874.22821	937.13579
55	3796.99009	50831.00403	919.76345
56	3564.05278	47034.01394	901.75010
57	3343.58449	43469.96116	883.02065
58	3134.90285	40126.37667	863.59851
59	2937.45267	36991.47382	843.59566
60	2750.69366	34054.02115	823.10756
61	2573.98109	31303.32748	802.09463
62	2406.66298	28729.34639	780.47356
63	2248.24875	26322.68341	758.28554
64	2098.31307	24074.43466	735.60922
65	1956.44619	21976.12159	712.51478
66	1822.52630	20019.67539	689.33713
67	1696.10816	18197.14909	666.08085
68	1576.66863	16501.04093	642.64744
69	1463.72612	14924.37230	618.95033

**TABLE FOR COMPUTING TEMPORARY ANNUITIES AND
ESTATES FOR A TERM OF YEARS**
Female Lives, 6%

Age	Dx	Nx	Mx
70	1356.86709	13460.64619	594.94372
71	1255.77012	12103.77910	570.65055
72	1160.05879	10848.00898	546.02050
73	1069.30830	9687.95019	520.93376
74	983.15498	8618.64189	495.30733
75	901.33281	7635.48691	469.13544
76	823.63698	6734.15410	442.45844
77	749.98220	5910.51713	415.42463
78	680.24216	5160.53492	388.13641
79	614.31229	4480.29276	360.71082
80	552.10858	3865.98046	333.27950
81	493.56596	3313.87188	305.98830
82	438.63613	2820.30592	278.99618
83	387.28492	2381.66979	252.47342
84	339.48883	1994.38487	226.59912
85	295.23097	1654.89604	201.55761
86	254.49634	1359.66507	177.53416
87	217.26637	1105.16873	154.70965
88	183.51313	887.90236	133.25450
89	153.19321	704.38924	113.32212
90	126.24182	551.19603	95.04204
91	102.56733	424.95421	78.51332
92	82.04704	322.38688	63.79872
93	64.52439	240.33984	50.92024
94	49.80841	175.81546	39.85659
95	37.67560	126.00705	30.54312
96	27.87447	88.33146	22.87457
97	20.13266	60.45699	16.71057
98	14.16616	40.32433	11.88366
99	9.68987	26.15816	8.20922
100	6.42848	16.46829	5.49631
101	4.12654	10.03982	3.55824
102	2.55664	5.91328	2.22193
103	1.52490	3.35664	1.33491
104	0.87327	1.83173	0.76958

**TABLE FOR COMPUTING TEMPORARY ANNUITIES AND
ESTATES FOR A TERM OF YEARS**
Female Lives, 6%

Age	Dx	Nx	Mx
105	0.47885	0.95847	0.42460
106	0.25072	0.47962	0.22357
107	0.12499	0.22890	0.11204
108	0.05917	0.10390	0.05328
109	0.02651	0.04474	0.02398

**TABLE FOR COMPUTING TEMPORARY ANNUITIES AND ESTATES FOR A TERM OF
YEARS**

Male Lives, 6%

Take factor in Nx column opposite age of annuitant plus one year, subtract the form factor in Nx column opposite age at termination of annuity plus one year, and divide result by factor in Dx column opposite age at which annuity begins. The factor thus obtained multiplied by the amount of the annuity gives the value of the temporary estate.

Example: Male age 12 receives \$500 per year until 25 years of age or dying meanwhile.

$$\begin{aligned} 781618.41178 - 348035.18534 &= 433583.22644 \\ 433583.22644 \div 49192.02741 &= 8.81410 \\ 8.81410 \times \$500 &= \$4,407.05 \\ \$4,407.05 &\text{ Value of temporary annuity} \end{aligned}$$

**TABLE FOR COMPUTING TEMPORARY ANNUITIES AND
ESTATES FOR A TERM OF YEARS**
Male Lives, 6%

Age	Dx	Nx	Mx
0	100000.00000	1712417.32222	3070.71761
1	93621.27878	1612417.32222	2352.37375
2	88273.55248	1518796.04344	2303.93511
3	83245.40451	1430522.52097	2272.43163
4	78510.95826	1347277.11645	2249.98941
5	74049.79007	1268766.15819	2232.83772
6	69843.94550	1194716.36812	2218.49071
7	65877.81865	1124872.42262	2205.79473
8	62137.62006	1058994.60397	2194.52927
9	58610.85835	996856.98390	2184.99134
10	55285.62593	938246.12555	2177.35468
11	52150.06043	882960.49962	2171.16423
12	49192.02741	830810.43919	2165.02142
13	46399.16064	781618.41178	2156.60903
14	43759.59881	735219.25114	2143.41479
15	41263.38998	691459.65232	2124.16438
16	38902.49737	650196.26234	2098.93535
17	36670.44068	611293.76947	2068.90682
18	34561.24296	574623.32429	2035.39442
19	32569.46514	540062.08132	1999.91337
20	30689.58143	507492.61618	1963.58429
21	28915.33128	476803.03475	1926.48026
22	27240.96994	447887.70347	1888.83578
23	25662.11786	420646.73353	1851.92540
24	24174.79664	394984.61567	1817.17688
25	22774.63369	370809.81903	1785.39865
26	21456.78035	348035.18534	1756.67552
27	20216.08010	326578.40499	1730.51000
28	19047.56029	306362.32490	1706.29661
29	17946.39271	287314.76461	1683.29283
30	16908.22974	269368.37190	1660.96340
31	15929.35969	252460.14216	1639.16296
32	15006.37041	236530.78247	1617.83555
33	14135.85465	221524.41207	1596.73699
34	13314.63477	207388.55741	1575.65982

**TABLE FOR COMPUTING TEMPORARY ANNUITIES AND
ESTATES FOR A TERM OF YEARS**
Male Lives, 6%

Age	Dx	Nx	Mx
35	12539.80000	194073.92265	1554.48362
36	11808.71873	181534.12265	1533.20235
37	11118.90298	169725.40393	1511.80465
38	10467.92722	158606.50094	1490.20075
39	9853.47576	148138.57373	1468.27347
40	9273.39393	138285.09797	1445.93556
41	8725.74090	129011.70404	1423.19161
42	8208.71200	120285.96314	1400.07258
43	7720.53369	112077.25114	1376.53834
44	7259.51501	104356.71745	1352.53101
45	6824.07755	97097.20244	1328.00949
46	6412.71444	90273.12489	1302.91492
47	6024.08324	83860.41045	1277.26755
48	5657.03854	77836.32721	1251.20870
49	5310.57646	72179.28867	1224.95635
50	4983.69196	66868.71221	1198.67051
51	4675.32451	61885.02025	1172.39883
52	4384.36261	57209.69575	1146.07795
53	4109.71265	52825.33314	1119.59946
54	3850.24844	48715.62048	1092.76049
55	3604.89701	44865.37204	1065.34765
56	3372.65964	41260.47503	1037.16105
57	3152.71684	37887.81539	1008.12351
58	2944.41607	34735.09855	978.27841
59	2747.29012	31790.68249	947.81753
60	2560.88020	29043.39237	916.91442
61	2384.56822	26482.51234	885.55809
62	2217.67576	24097.94412	853.64118
63	2059.70136	21880.26837	821.19561
64	1910.20562	19820.56700	788.28673
65	1768.78772	17910.36139	754.99368
66	1635.77943	16141.57367	722.10545
67	1510.32113	14505.79423	689.23844
68	1391.83603	12995.47310	656.24321
69	1279.81465	11603.63707	623.00501

**TABLE FOR COMPUTING TEMPORARY ANNUITIES AND
ESTATES FOR A TERM OF YEARS**
Male Lives, 6%

Age	Dx	Nx	Mx
70	1173.91441	10323.82242	589.54711
71	1073.95860	9149.90801	556.03927
72	979.71832	8075.94941	522.58911
73	890.86468	7096.23109	489.19122
74	807.10530	6205.36641	455.85815
75	728.23099	5398.26111	422.66904
76	654.09124	4670.03012	389.74991
77	584.63954	4015.93888	357.32225
78	519.77366	3431.29934	325.54917
79	459.40283	2911.52568	294.59949
80	403.44428	2452.12285	264.64488
81	351.81942	2048.67857	235.85648
82	304.44954	1696.85915	208.40091
83	261.25137	1392.40961	182.43573
84	222.13242	1131.15825	158.10460
85	186.98648	909.02582	135.53218
86	155.68928	722.03935	114.81913
87	128.09498	566.35006	96.03743
88	104.03334	438.25509	79.22645
89	83.30833	334.22175	64.39012
90	65.69814	250.91342	51.49549
91	50.95697	185.21528	40.47308
92	38.81859	134.25831	31.21906
93	29.00172	95.43972	23.59947
94	21.21676	66.43801	17.45612
95	15.17370	45.22124	12.61401
96	10.59030	30.04754	8.88950
97	7.20012	19.45724	6.09877
98	4.75948	12.25712	4.06568
99	3.05286	7.49764	2.62847
100	1.89623	4.44477	1.64464
101	1.13811	2.54854	0.99386
102	0.65863	1.41043	0.57880
103	0.36668	0.75180	0.32416
104	0.19595	0.38511	0.17415

**TABLE FOR COMPUTING TEMPORARY ANNUITIES AND
ESTATES FOR A TERM OF YEARS**
Male Lives, 6%

Age	Dx	Nx	Mx
105	0.10027	0.18917	0.08956
106	0.04902	0.08890	0.04399
107	0.02284	0.03988	0.02058
108	0.01012	0.01703	0.00916
109	0.00425	0.00691	0.00386

DISCOUNT TABLE

**Present value of \$1.00 at compound interest
for any time from 1 to 100 years.**

YEARS	5%	6%	7%	8%
1	0.952381	0.943396	0.934579	0.925926
2	0.907029	0.889996	0.873439	0.857339
3	0.863838	0.839619	0.816298	0.793832
4	0.822702	0.792094	0.762895	0.735030
5	0.783526	0.747258	0.712986	0.680583
6	0.746215	0.704961	0.666342	0.630170
7	0.710681	0.665057	0.622750	0.583490
8	0.676839	0.627412	0.582009	0.540269
9	0.644609	0.591898	0.543934	0.500249
10	0.613913	0.558395	0.508349	0.463193
11	0.584679	0.526788	0.475093	0.428883
12	0.556837	0.496969	0.444012	0.397114
13	0.530321	0.468839	0.414964	0.367698
14	0.505068	0.442301	0.387817	0.340461
15	0.481017	0.417265	0.362446	0.315242
16	0.458112	0.393646	0.338735	0.291890
17	0.436297	0.371364	0.316574	0.270269
18	0.415521	0.350344	0.295864	0.250249
19	0.395734	0.330513	0.276508	0.231712
20	0.376889	0.311805	0.258419	0.214548
21	0.358942	0.294155	0.241513	0.198656
22	0.341850	0.277505	0.225713	0.183941
23	0.325571	0.261797	0.210947	0.170315
24	0.310068	0.246979	0.197147	0.157699
25	0.295303	0.232999	0.184249	0.146018
26	0.281241	0.219810	0.172195	0.135202
27	0.267848	0.207368	0.160930	0.125187
28	0.255094	0.195630	0.150402	0.115914
29	0.242946	0.184557	0.140563	0.107328
30	0.231377	0.174110	0.131367	0.099377

DISCOUNT TABLE

**Present value of \$1.00 at compound interest
for any time from 1 to 100 years.**

YEARS	5%	6%	7%	8%
31	0.220359	0.164255	0.122773	0.092016
32	0.209866	0.154957	0.114741	0.085200
33	0.199873	0.146186	0.107235	0.078889
34	0.190355	0.137912	0.100219	0.073045
35	0.181290	0.130105	0.093663	0.067635
36	0.172657	0.122741	0.087535	0.062625
37	0.164436	0.115793	0.081809	0.057986
38	0.156605	0.109239	0.076457	0.053690
39	0.149148	0.103056	0.071455	0.049713
40	0.142046	0.097222	0.066780	0.046031
41	0.135282	0.091719	0.062412	0.042621
42	0.128840	0.086527	0.058329	0.039464
43	0.122704	0.081630	0.054513	0.036541
44	0.116861	0.077009	0.050946	0.033834
45	0.111297	0.072650	0.047613	0.031328
46	0.105997	0.068538	0.044499	0.029007
47	0.100949	0.064658	0.041587	0.026859
48	0.096142	0.060998	0.038867	0.024869
49	0.091564	0.057546	0.036324	0.023027
50	0.087204	0.054288	0.033948	0.021321
51	0.083051	0.051215	0.031727	0.019742
52	0.079096	0.048316	0.029651	0.018280
53	0.075330	0.045582	0.027711	0.016925
54	0.071743	0.043001	0.025899	0.015672
55	0.068326	0.040567	0.024204	0.014511
56	0.065073	0.038271	0.022621	0.013436
57	0.061974	0.036105	0.021141	0.012441
58	0.059023	0.034061	0.019758	0.011519
59	0.056212	0.032133	0.018465	0.010666
60	0.053536	0.030314	0.017257	0.009876

DISCOUNT TABLE

**Present value of \$1.00 at compound interest
for any time from 1 to 100 years.**

YEARS	5%	6%	7%	8%
61	0.050986	0.028598	0.016128	0.009144
62	0.048558	0.026980	0.015073	0.008467
63	0.046246	0.025453	0.014087	0.007840
64	0.044044	0.024012	0.013166	0.007259
65	0.041946	0.022653	0.012304	0.006721
66	0.039949	0.021370	0.011499	0.006223
67	0.038047	0.020161	0.010747	0.005762
68	0.036235	0.019020	0.010044	0.005336
69	0.034509	0.017943	0.009387	0.004940
70	0.032866	0.016927	0.008773	0.004574
71	0.031301	0.015969	0.008199	0.004236
72	0.029811	0.015065	0.007662	0.003922
73	0.028391	0.014213	0.007161	0.003631
74	0.027039	0.013408	0.006693	0.003362
75	0.025752	0.012649	0.006255	0.003113
76	0.024525	0.011933	0.005846	0.002883
77	0.023357	0.011258	0.005463	0.002669
78	0.022245	0.010620	0.005106	0.002471
79	0.021186	0.010019	0.004772	0.002288
80	0.020177	0.009452	0.004460	0.002119
81	0.019216	0.008917	0.004168	0.001962
82	0.018301	0.008412	0.003895	0.001817
83	0.017430	0.007936	0.003640	0.001682
84	0.016600	0.007487	0.003402	0.001557
85	0.015809	0.007063	0.003180	0.001442
86	0.015056	0.006663	0.002972	0.001335
87	0.014339	0.006286	0.002777	0.001236
88	0.013657	0.005930	0.002596	0.001145
89	0.013006	0.005595	0.002426	0.001060
90	0.012387	0.005278	0.002267	0.000981

DISCOUNT TABLE

**Present value of \$1.00 at compound interest
for any time from 1 to 100 years.**

YEARS	5%	6%	7%	8%
91	0.011797	0.004979	0.002119	0.000909
92	0.011235	0.004697	0.001980	0.000841
93	0.010700	0.004432	0.001851	0.000779
94	0.010191	0.004181	0.001730	0.000721
95	0.009705	0.003944	0.001616	0.000668
96	0.009243	0.003721	0.001511	0.000618
97	0.008803	0.003510	0.001412	0.000573
98	0.008384	0.003312	0.001319	0.000530
99	0.007985	0.003124	0.001233	0.000491
100	0.007604	0.002947	0.001152	0.000455

PRESENT WORTH TABLE

**Present WORTH of \$1.00 each year
for any time from 1 to 100 years.**

YEARS	5%	6%	7%	8%
1	0.952381	0.943396	0.934579	0.952926
2	1.859410	1.833393	1.808018	1.783265
3	2.723248	2.673012	2.624316	2.577097
4	3.545951	3.465106	3.387211	3.312127
5	4.329477	4.212364	4.100197	3.992710
6	5.075692	4.917324	4.766540	4.622880
7	5.786373	5.582381	5.389289	5.206370
8	6.463213	6.209794	5.971299	5.746639
9	7.107822	6.801692	6.515232	6.246888
10	7.721735	7.360087	7.023582	6.710081
11	8.306414	7.886875	7.498674	7.138964
12	8.863252	8.383844	7.942686	7.536078
13	9.393573	8.852683	8.357651	7.903776
14	9.898641	9.294984	8.745468	8.244237
15	10.379658	9.712249	9.107914	8.559479
16	10.837770	10.105895	9.446649	8.851369
17	11.274066	10.477260	9.763223	9.121638
18	11.689587	10.827603	10.059087	9.371887
19	12.085321	11.158116	10.335595	9.603599
20	12.462210	11.469921	10.594014	9.818147
21	12.821153	11.764077	10.835527	10.016803
22	13.163003	12.041582	11.061240	10.200744
23	13.488574	12.303379	11.272187	10.371059
24	13.798642	12.550358	11.469334	10.528758
25	14.093945	12.783356	11.653583	10.674776
26	14.375185	13.003166	11.825779	10.809978
27	14.643034	13.210534	11.986709	10.935165
28	14.898127	13.406164	12.137111	11.051078
29	15.141074	13.590721	12.277674	11.158406
30	15.372451	13.764831	12.409041	11.257783

PRESENT WORTH TABLE

**Present WORTH of \$1.00 each year
for any time from 1 to 100 years.**

YEARS	5%	6%	7%	8%
31	15.592811	13.929086	12.831814	11.349799
32	15.802677	14.084043	12.646555	11.434999
33	16.002549	14.230230	12.753790	11.513888
34	16.192904	14.368141	12.854009	11.586934
35	16.374194	14.498246	12.947672	11.654568
36	16.546852	14.620987	13.035208	11.717193
37	16.711287	14.736780	13.117017	11.775179
38	16.867893	14.846019	13.193473	11.828869
39	17.017041	14.949075	13.264928	11.878582
40	17.159086	15.046297	13.331709	11.924613
41	17.294368	15.138016	13.394120	11.967235
42	17.423208	15.224543	13.452449	12.006699
43	17.545912	15.306173	13.506962	12.403240
44	17.662773	15.383182	13.557908	12.077074
45	17.774070	15.455832	13.605522	12.108402
46	17.880066	15.524370	13.650020	12.137409
47	17.981016	15.589028	13.691608	12.164267
48	18.077158	15.650027	13.730474	12.189136
49	18.168722	15.707572	13.766799	12.212163
50	18.255925	15.761861	13.800746	12.233485
51	18.338977	15.813076	13.832473	12.253227
52	18.418073	15.861393	13.862124	12.271506
53	18.493403	15.906974	13.889836	12.288432
54	18.565146	15.949976	13.915735	12.304103
55	18.633472	15.990543	13.939939	12.318614
56	18.698545	16.028814	13.962560	12.332050
57	18.760519	16.064919	13.983701	12.344491
58	18.819542	16.098980	14.003458	12.356010
59	18.875754	16.131113	14.021924	12.366676
60	18.929290	16.161428	14.039181	12.376552

PRESENT WORTH TABLE

**Present WORTH of \$1.00 each year
for any time from 1 to 100 years.**

YEARS	5%	6%	7%	8%
61	18.980276	16.190026	14.055309	12.385696
62	19.028834	16.217006	14.070383	12.394163
63	19.075080	16.242458	14.084470	12.402003
64	19.119124	16.266470	14.097635	12.409262
65	19.161070	16.289123	14.109940	12.415983
66	19.201019	16.310493	14.121439	12.422207
67	19.239066	16.330654	14.132186	12.427969
68	19.275301	16.349673	14.142230	12.433305
69	19.309810	16.367617	14.151617	12.438245
70	19.342677	16.384544	14.160389	12.442820
71	19.373978	16.400513	14.168588	12.447055
72	19.403788	16.415578	14.176251	12.450977
73	19.432179	16.429791	14.183412	12.454608
74	19.459218	16.443199	14.190104	12.457971
75	19.484970	16.455848	14.196359	12.461084
76	19.509495	16.467781	14.202205	12.463967
77	19.532853	16.479039	14.207668	12.466636
78	19.555098	16.489659	14.212774	12.469107
79	19.576284	16.499679	14.217546	12.471396
80	19.596460	16.509131	14.222005	12.473514
81	19.615677	16.518048	14.226173	12.475476
82	19.633978	16.526460	14.230069	12.477293
83	19.651407	16.534396	14.233709	12.478975
84	19.668007	16.541883	14.237111	12.480532
85	19.683816	16.548947	14.240291	12.481974
86	19.698873	16.555610	14.243262	12.483310
87	19.713212	16.561896	14.246040	12.484546
88	19.726869	16.567827	14.248635	12.485691
89	19.739875	16.573421	14.251061	12.486751
90	19.752262	16.578699	14.253328	12.487732

PRESENT WORTH TABLE

**Present WORTH of \$1.00 each year
for any time from 1 to 100 years.**

YEARS	5%	6%	7%	8%
91	19.764059	16.583679	14.255447	12.488641
92	19.775294	16.588376	14.257427	12.489482
93	19.785994	16.592808	14.259277	12.490261
94	19.796185	16.596988	14.261007	12.490983
95	19.805891	16.600932	14.262623	12.491651
96	19.815134	16.604653	14.264134	12.492269
97	19.823937	16.608163	14.265546	12.492842
98	19.832321	16.611475	14.266865	12.493372
99	19.840306	16.614599	14.268098	12.493863
100	19.847910	16.617546	14.269251	12.494318

