

## § 20.7520-1T

## 26 CFR Ch. I (4-1-10 Edition)

(d) *Effective/applicability dates.* This section applies after April 30, 1989, and before May 1, 2009.

[T.D. 8540, 59 FR 30170, June 10, 1994, as amended by T.D. 8819, 64 FR 23222, 23229, Apr. 30, 1999; T.D. 8886, 65 FR 36939, June 12, 2000; T.D. 9448, 74 FR 21511, May 7, 2009]

### § 20.7520-1T Valuation of annuities, unitrust interests, interests for life or terms of years, and remainder or reversionary interests on or after May 1, 2009 (temporary).

(a) *General actuarial valuations.* (1) Except as otherwise provided in this section and in § 20.7520-3 (relating to exceptions to the use of prescribed tables under certain circumstances), in the case of estates of decedents with valuation dates after April 30, 1989, the fair market value of annuities, interests for life or for a term of years (including unitrust interests), remainders, and reversions is their present value determined under this section. See § 20.2031-7T(d) (and, for certain prior periods, § 20.2031-7A) for the computation of the value of annuities, unitrust interests, life estates, terms for years, remainders, and reversions, other than interests described in paragraphs (a)(2) and (a)(3) of this section.

(2) In the case of a transfer to a pooled income fund with a valuation date on or after May 1, 2009, see § 1.642(c)-6T(e), Income Tax Regulations, (or, for certain prior periods, § 1.642(c)-6A) with respect to the valuation of the remainder interest.

(3) [Reserved] For further guidance, see § 20.7520-1(a)(3).

(b)(1) [Reserved] For further guidance, see § 20.7520-1(b)(1).

(2) *Mortality component.* The mortality component reflects the mortality data most recently available from the United States census. As new mortality data becomes available after each decennial census, the mortality component described in this section will be revised periodically and the revised mortality component tables will be published in the regulations at that time. For decedent's estates with valuation dates on or after May 1, 2009, the mortality component table (Table 2000CM) is contained in § 20.2031-7T(d)(7). See § 20.2031-7A for mortality component tables applicable to dece-

dent's estates with valuation dates before May 1, 2009.

(c) [Reserved] For further guidance, see § 20.7520-1(c).

(1) *Regulation sections containing tables with interest rates between 0.2 and 14 percent for valuation dates on or after May 1, 2009.* Section 1.642(c)-6T(e)(6) contains Table S used for determining the present value of a single life remainder interest in a pooled income fund as defined in § 1.642(c)-5. See § 1.642(c)-6A for single life remainder factors applicable to valuation dates before May 1, 2009. Section 1.664-4(e)(6) contains Table F (payout factors) and Table D (actuarial factors used in determining the present value of a remainder interest postponed for a term of years). Section 1.664-4T(e)(7) contains Table U(1) (unitrust single life remainder factors). These tables are used in determining the present value of a remainder interest in a charitable remainder unitrust as defined in § 1.664-3. See § 1.664-4A for unitrust single life remainder factors applicable to valuation dates before May 1, 2009. Section 20.2031-7(d)(6) contains Table B (actuarial factors used in determining the present value of an interest for a term of years), Table K (annuity end-of-interval adjustment factors), and Table J (term certain annuity beginning-of-interval adjustment factors). Section 20.2031-7T(d)(7) contains Table S (single life remainder factors), and Table 2000CM (mortality components). These tables are used in determining the present value of annuities, life estates, remainders, and reversions. See § 20.2031-7A for single life remainder factors applicable to valuation dates before May 1, 2009.

(2) *Internal Revenue Service publications containing tables with interest rates between 0.2 and 22 percent for valuation dates on or after May 1, 2009.* The following documents are available beginning May 1, 2009, at no charge, electronically via the IRS Internet site at <http://www.irs.gov>:

(i) Internal Revenue Service Publication 1457, "Actuarial Valuations Version 3A" (2009). This publication includes tables of valuation factors, as well as examples that show how to compute other valuation factors, for

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determining the present value of annuities, life estates, terms of years, remainders, and reversions, measured by one or two lives. These factors may also be used in the valuation of interests in a charitable remainder annuity trust as defined in § 1.664-2 and a pooled income fund as defined in § 1.642(c)-5.

(ii) Internal Revenue Service Publication 1458, "Actuarial Valuations Version 3B" (2009). This publication includes term certain tables and tables of one and two life valuation factors for determining the present value of remainder interests in a charitable remainder unitrust as defined in § 1.664-3.

(iii) Internal Revenue Service Publication 1459, "Actuarial Valuations Version 3C" (2009). This publication includes tables for computing depreciation adjustment factors. See § 1.170A-12T.

(d) *Effective/applicability date.* This section applies on or after May 1, 2009.

(e) *Expiration date.* This section expires on or before May 1, 2012.

[T.D. 9448, 74 FR 21511, May 7, 2009]

**§ 20.7520-2 Valuation of charitable interests.**

(a) *In general—(1) Valuation.* Except as otherwise provided in this section and in § 20.7520-3 (relating to exceptions to the use of prescribed tables under certain circumstances), the fair market value of annuities, interests for life or for a term of years, remainders, and reversions for which an estate tax charitable deduction is allowable is the present value of such interests determined under § 20.7520-1.

(2) *Prior-month election rule.* If any part of the property interest transferred qualifies for an estate tax charitable deduction under section 2055 or 2106, the executor may compute the present value of the transferred interest by use of the section 7520 interest rate for the month during which the interest is transferred or the section 7520 interest rate for either of the 2 months preceding the month during which the interest is transferred. Paragraph (b) of this section explains how a prior-month election is made. The interest rate for the month so elected is the applicable section 7520 interest rate. If the executor elects the alternate valuation date under section 2032 and also

elects to use the section 7520 interest rate for either of the 2 months preceding the month in which the interest is transferred, the month so elected (either of the 2 months preceding the month in which the alternate valuation date falls) is the valuation date. If the actuarial factor for either or both of the 2 months preceding the month during which the interest is transferred is based on a mortality experience that is different from the mortality experience at the date of the transfer and if the executor elects to use the section 7520 rate for a prior month with the different mortality experience, the executor must use the actuarial factor derived from the mortality experience in effect during the month of the section 7520 rate elected. All actuarial computations relating to the transfer must be made by applying the interest rate component and the mortality component of the month elected by the executor.

(3) *Transfers of more than one interest in the same property.* If a decedent's estate includes the transfer of more than one interest in the same property, the executor must, for purposes of valuing the transferred interests, use the same interest rate and mortality components for each interest in the property transferred.

(4) *Information required with tax return.* The following information must be attached to the estate tax return (or be filed subsequently as supplemental information to the return) if the estate claims a charitable deduction for the present value of a temporary or remainder interest in property—

(i) A complete description of the interest that is transferred, including a copy of the instrument of transfer;

(ii) The valuation date of the transfer;

(iii) The names and identification numbers of the beneficiaries of the transferred interest;

(iv) The names and birthdates of any measuring lives, a description of any relevant terminal illness condition of any measuring life, and (if applicable) an explanation of how any terminal illness condition was taken into account in valuing the interest; and