S SENATE DRS15126-MH-74 (02/28)

Short Title:	Life Estate Valuation.	(Public)
Sponsors:	Senator Hartsell.	
Referred to:		

1 A BILL TO BE ENTITLED

AN ACT TO REPLACE AN OBSOLETE FIXED RATE OF INTEREST FOR CALCULATION OF LIFE ESTATES WITH A RATE TIED TO FEDERAL ESTATE TAX REGULATIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 8-47 reads as rewritten:

"§ 8-47. Present worth of annuities.

2

3

4

5

6 7

8

9

10

11

12 13 Whenever it is necessary to establish the present worth or cash value of an annuity to a person, payable annually during the person's life, such present worth or cash value may be ascertained by the use of the following table in connection with the mortality tables established by law, the first column representing the number of years the annuity is to run and the second column representing the present cash value of an annuity of one dollar for such number of years, respectively:

14	No. of Years Annu	ıity	Cash Value of the Annuity
15	is to Run	•	of \$1
16	1		\$ 0.943
17	2		1.833
18	3		2.673
19	4		3.465
20	5		4.212
21	6		4.917
22	7		5.582
23	8		6.210
24	9		6.802
25	10		7.360
26	11		7.887
27	12		8.384
28	13		8.853
29	14		9.295
30	15		9.712
31	16		10.106
32	17		10.477
33	18		10.828
34	19		11.158
35	20		11.470



	General Assembly of North Carolina				
1	21		11.764		
2	22		12.042		
3	23		12.303		
4	24		12.550		
5	25		12.783		
6	26		13.003		
7	27		13.211		
8	28		13.406		
9	29		13.591		
10	30		13.765		
11	31		13.929		
12	32		14.084		
13	33		14.230		
14	34		14.368		
15	35		14.498		
16	36		14.621		
17	37		14.737		
18	38		14.846		
19	39		14.949		
20	40		15.046		
21	41		15.138		
22	42		15.225		
23	43		15.306		
24	44		15.383		
25	45		15.456		
26	46		15.524		
27	47		15.589		
28	48		15.650		
29	49		15.708		
30	50		15.762		
31	51	•••••	15.813		
32	52		15.861		
33	53		15.907		
34	54		15.950		
3 4	55		15.991		
36	56		16.029		
30 37	57		16.029		
31 38	58		16.003		
30 39					
	59		16.131		
40	60		16.161		
41	61		16.190		
42	62		16.217		
43	63		16.242		
44 45	64		16.266		
45	65		16.289		
46	66		16.310		
47	67	of the annuity for a fraction of a year	16.331		

The present cash value of the annuity for a fraction of a year may be ascertained as follows: Multiply the difference between the cash value of the annuities for the preceding and succeeding full years by the fraction of the year in decimals and add the sum to the present cash value for the preceding full year. When a person is entitled to the use of a sum of money for

49

50

51

Page 2 S550 [Filed]

3 4 5

1 2

15 16

The present value of a legal life estate, including the present cash value of a life interest in land or the entitlement to the use of a sum of money for life, shall be computed by applying the federal estate tax regulations for the calculation of the value of life estates under section 2031 of the Internal Revenue Code of 1986. The federal estate tax regulations

applied must be those in force on the date when the costs of the improvement are initially determined by assessment, agreement, or otherwise. Whenever the mortality tables set out in G.S. 8-46 are admissible in evidence in any action or proceeding to establish the expectancy of continued life of any person from any period of the person's life, whether the person is living at the time or not, the annuity tables herein set forth

land shall be six percent (6%).

of the person." **SECTION 2.** This act becomes effective January 1, 2012.

life, or for a given time, the interest thereon for one year, computed at four and one half percent

(4 1/2%), may be considered as an annuity and the present cash value be ascertained as herein

provided: Provided, the interest rate in computing the present cash value of a life interest in

shall be evidence, but not conclusive, of the loss of income during the period of life expectancy

S550 [Filed] Page 3