

[Jen Wickham](#) - Tue, 3/10/2015 - 11:42

This revenue ruling describes the valuation tables to be used for valuing annuity contracts, including charitable gift annuities. IRS Headnote Valuation; annuity contracts. The valuation tables that appear in section 25.2512-5 of the Gift Tax Regulations and section 20.2031-7 of the Estate Tax Regulations are to be used in valuing annuity contracts issued by an organization such as a corporation, trust, fund, or foundation (other than as insurance company) for gift tax purposes. Rev. Ruls. 62-137, 62-216, 67-39, and 72-438 amplified. Full Text Rev. Rul. 84-162 ISSUE The purpose of this revenue ruling is to update the rate tables contained in Rev. Rul. 62-216, 1962-2 C.B. 30, and Rev. Rul. 72-438, 1972-2 C.B. 38. FACTS, LAW AND ANALYSIS Rev. Rul. 62-137, 1962-2 C.B. 28, holds that for purposes of section 72 of the Internal Revenue Code, the aggregate amount of consideration paid (investment in the contract), in the case of life annuity contracts issued by an organization such as a corporation, trust, fund, or foundation (other than an insurance company) which from time to time enters into agreements to pay annuities of a specified amount to individuals or their designees in exchange for money or other property, is to be determined by reference to the cost of a comparable contract purchased from an insurance company, citing *Raymond v. Commissioner*, 40 B.T.A. 244 (1939), *aff'd*, 114 F.2d 140 (7th Cir. 1940), *cert. denied*, 311 U.S. 710. Rev. Rul. 62-137 was supplemented by Rev. Rul. 62-216, which contains expanded tables of annuity rates. Rev. Rul. 62-216 states that the annuity rates set forth therein are subject to change depending on market conditions and that any notice of change will be given by publication in the Internal Revenue Bulletin. Rev. Rul. 67-39, 1967-1 C.B. 18, holds that the rates set forth in Rev. Rul. 62-216 are to be used for estate and gift tax purposes and for income tax purposes, as well as for purposes of section 72 of the Code, in valuing annuity contracts issued from time to time by an organization such as a corporation, trust, fund, or foundation (other than an insurance company) in exchange for money or other property. Rev. Rul. 72-438, 1972-2 C.B. 38, updated the rate tables and added tables to be used in the valuation of certain types of deferred payment annuity contracts. HOLDING After November 23, 1984, the valuation tables that appear in section 25.2512-5 of the Gift Tax Regulations and section 20.2031-7 of the Estate Tax Regulations shall be used instead of the tables in Rev. Rul. 72-438, above, in valuing any of the annuity contracts described in that ruling. The rates in Rev. Rul. 72-438 continue to apply to annuity contracts described above that were issued on or before November 23, 1984. The rates prescribed by

this revenue ruling are subject to change depending upon market conditions. Notice of change will be given by publication in the Internal Revenue Bulletin. In the case of an actual gift, the Commissioner will ordinarily supply the computation upon request. The request must be accompanied by a statement of the date of birth of each annuitant and by copies of the relevant instruments. EFFECTS ON OTHER DOCUMENTS Rev. Rul. 62-137, Rev. Rul. 62-216, Rev. Rul. 67-39, and Rev. Rul. 72-438 are amplified.

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