

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

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SENATE BILL 550

Short Title: Life Estate Valuation.

(Public)

Sponsors: Senator Hartsell.

Referred to: Finance.

April 12, 2011

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.

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:

No. of Years Annuity is to Run	Cash Value of the Annuity of \$1
1	\$ 0.943
2	1.833
3	2.673
4	3.465
5	4.212
6	4.917
7	5.582
8	6.210
9	6.802
10	7.360
11	7.887
12	8.384
13	8.853
14	9.295
15	9.712
16	10.106
17	10.477
18	10.828
19	11.158
20	11.470
21	11.764
22	12.042



1	23	.....	12.303
2	24	.....	12.550
3	25	.....	12.783
4	26	.....	13.003
5	27	.....	13.211
6	28	.....	13.406
7	29	.....	13.591
8	30	.....	13.765
9	31	.....	13.929
10	32	.....	14.084
11	33	.....	14.230
12	34	.....	14.368
13	35	.....	14.498
14	36	.....	14.621
15	37	.....	14.737
16	38	.....	14.846
17	39	.....	14.949
18	40	.....	15.046
19	41	.....	15.138
20	42	.....	15.225
21	43	.....	15.306
22	44	.....	15.383
23	45	.....	15.456
24	46	.....	15.524
25	47	.....	15.589
26	48	.....	15.650
27	49	.....	15.708
28	50	.....	15.762
29	51	.....	15.813
30	52	.....	15.861
31	53	.....	15.907
32	54	.....	15.950
33	55	.....	15.991
34	56	.....	16.029
35	57	.....	16.065
36	58	.....	16.099
37	59	.....	16.131
38	60	.....	16.161
39	61	.....	16.190
40	62	.....	16.217
41	63	.....	16.242
42	64	.....	16.266
43	65	.....	16.289
44	66	.....	16.310
45	67	.....	16.331

46 The present cash value of the annuity for a fraction of a year may be ascertained as follows:
 47 Multiply the difference between the cash value of the annuities for the preceding and
 48 succeeding full years by the fraction of the year in decimals and add the sum to the present cash
 49 value for the preceding full year. ~~When a person is entitled to the use of a sum of money for~~
 50 ~~life, or for a given time, the interest thereon for one year, computed at four and one half percent~~
 51 ~~(4 1/2%), may be considered as an annuity and the present cash value be ascertained as herein~~

1 ~~provided: Provided, the interest rate in computing the present cash value of a life interest in~~
2 ~~land shall be six percent (6%).~~

3 The present value of a legal life estate, including the present cash value of a life interest in
4 land or the entitlement to the use of a sum of money for life, shall be computed by applying
5 the federal estate tax regulations for the calculation of the value of life estates under
6 section 2031 of the Internal Revenue Code of 1986. The federal estate tax regulations
7 applied must be those in force on the date when the costs of the improvement are initially
8 determined by assessment, agreement, or otherwise.

9 Whenever the mortality tables set out in G.S. 8-46 are admissible in evidence in any action
10 or proceeding to establish the expectancy of continued life of any person from any period of the
11 person's life, whether the person is living at the time or not, the annuity tables herein set forth
12 shall be evidence, but not conclusive, of the loss of income during the period of life expectancy
13 of the person."

14 **SECTION 2.** This act becomes effective January 1, 2012.