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THE AMERICAN COLLEGE OF  
TRUST AND ESTATE COUNSEL

# Pocket Tax Tables

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*Revised through March 1, 2017*

Form 706  
(Rev. August 2005)

Department of the Treasury  
Internal Revenue Service

1a

Decedent's

Executor



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THE AMERICAN COLLEGE OF  
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## **POCKET TAX TABLES** **Revised through March 1, 2017**

Although care was taken to make these Pocket Tax Tables an accurate, handy reference, they should not be relied upon as the final basis for action. Neither the College nor the individual editors and advisors (who have volunteered their time and experience in the preparation of the tables) assume any responsibility for the accuracy of the information contained in the tables.

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# CONTENTS

<b>Item</b>	<b>Page</b>
Income Tax	
Married Filing a Joint Return (or a Surviving Spouse)	4
Head of Household	5
Single Individual	6
Married Filing a Separate Return	7
Trusts and Estates	8
Capital Gains Rates and Rules	9
Individual AMT Exemption Amounts	10
Long-Term Care Insurance Premiums Allowed as “Medical Care”	10
Health Savings Accounts (HSA) Maximum Allowed Contributions	10
Mileage Rates for Deduction Purposes	10
Corporate Income Tax	11
Social Security	
General Rules	12
Social Security Full Retirement Age	12
Social Security Delayed Retirement Credits	13
Federal Income Taxation of Social Security Benefits	13
Estate and Gift Tax	
Transfer Tax Exclusion, Credits, and Exemption Amounts	14
Special Estate Reduction Limits	14
Annual Gift Tax Exclusion	15

# CONTENTS

<b>Item</b>	<b>Page</b>
Actuarial Tables Examples	
Single Life	15
Term of Years	16
Unitrusts	16
IRS Mortality Table 2000CM	17
Inflation Adjusted Numbers	18
GST Tax Exemption	18
Generation-Skipping Transfer Tax Rules	19
Life Expectancy Tables	20
Qualified Plans	
Retirement Plan Contribution Limits	21
Qualified Plan Rollovers	22
Federal Spousal Rights in Qualified Retirement Plans	22
Qualified Plan Minimum Distribution Rules	23
Required Minimum Distribution (RMD) Table under 2002 Final Regulations	25
Single Life Expectancy Table under 2002 Final Regulations	26
Interest Rules	
Applicable Federal Rate Rules	27
Choice of Interest Rates	27
IRC Section 7520 Rates	28
Charitable Deduction Percentage Limitations Under IRC § 170	29
American Council on Gift Annuities Maximum Recommended Rates Single Life	30
American Council on Gift Annuities Maximum Recommended Rates Two Lives – Joint and Survivor	31

# MARRIED FILING A JOINT RETURN

## [or surviving spouse as defined in IRC 2(a)]

### TAX YEARS BEGINNING IN 2017

Taxable Income Bracket Amount	Tax on Bracket Amount	Tax Rate on Excess Over Bracket Amount
Less than 18,650	-0-	10.0%
18,650	1,865.00	15.0%
75,900	10,452.50	25.0%
153,100	29,752.50	28.0%
233,350	52,222.50	33.0%
416,700	112,728.00	35.0%
470,700	131,628.00	39.6%

“Taxable income” means:

1. Adjusted gross income (AGI) as defined in IRC 62,
2. Less (a) itemized deductions\* or (b) if greater, the standard deduction of \$12,700\*\* increased by \$1,250 for each taxpayer who is blind or who is over age 65 (or, if both, by \$2,500), and
3. Less personal exemptions for each taxpayer (unless allowable as a dependent of another) and for each dependent of either taxpayer of \$4,050 reduced by 2% for each \$2,500 (or part thereof) by which AGI exceeds \$313,800 [IRC 151(d)].

**A portion of Social Security benefits (“SSB”) may be included in gross income if MAGI-PLUS\*\*\* exceeds \$32,000 [IRC 86]. If MAGI-PLUS:**

- a. Is **\$44,000** or less, the amount of SSB included is the lesser of (i) 50% of SSB or (ii) 50% of the excess of MAGI-PLUS over \$32,000 or
- b. Is over **\$44,000**, the amount of SSB included is the lesser of (i) 85% of SSB or (ii) the sum of \$6,000 (or the amount determined under a above, if less) plus 85% of the excess of MAGI-PLUS over \$44,000.

\* Itemized deductions: (i) to the extent defined as “miscellaneous” in IRC 67, are reduced by 2% of AGI and (ii) except for medical, casualty, and investment interest, are further reduced (not more than 80%) by 3% of AGI in excess of \$313,800 (IRC 68).

\*\* If either taxpayer is allowable as a dependent of another, the standard deduction must not exceed the greater of (a) \$1,050 or (b) \$350, plus earned income but not more than \$6350. [IRC 63(c)(5)].

\*\*\* MAGI-PLUS is AGI (without any SSB) plus IRC 135 excludable tuition bond income, IRC 137 excludable employee adoption assistance benefit, IRC 199 deduction for qualified US production activities income, IRC 221 interest deducted on educational loans, IRS 222 qualified tuition, IRC 911, 931, and 933 excludable foreign earned income, tax exempt interest, and 50% of SSB.

For federal tax purposes the terms “spouse”, “husband and wife”, “husband” and “wife” include an individual married to a person of the same sex.

# HEAD OF HOUSEHOLD

[as defined in IRC 2(b) and, if married living apart  
with dependent child, see IRC 7703(b)]

## TAX YEARS BEGINNING IN 2017

Taxable Income Bracket Amount	Tax on Bracket Amount	Tax Rate on Excess Over Bracket Amount
Less than 13,300	-0-	10.0%
13,350	1,335.00	15.0%
50,800	6,952.50	25.0%
131,200	27,052.50	28.0%
212,500	49,816.50	33.0%
416,700	117,202.50	35.0%
444,550	126,950.00	39.6%

"Taxable income" means:

1. Adjusted gross income ("AGI") as defined in IRC 62,
2. Less (a) itemized deductions\* or (b) if greater, the standard deduction of \$9,350\*\* increased by \$1,550 if taxpayer is blind or over age 65 (or, if both, by \$3,100 [IRC 63(f)], and
3. Less personal exemptions (unless allowable as a dependent of another) and for each dependent of \$4,050 reduced by 2% for each \$2,500 (or part thereof) by which AGI exceeds \$287,650 [IRC 151(d)].

**A portion of Social Security benefits ("SSB") may be included in gross income if MAGI-PLUS\*\*\* exceeds \$25,000 [IRC 86]. If MAGI-PLUS:**

- a. Is \$34,000 or less, the amount of SSB included is the lesser of (i) 50% of SSB or (ii) 50% of the excess of MAGI-PLUS over \$25,000 or
- b. Is over \$34,000, the amount of SSB included is the lesser of (i) 85% of SSB or (ii) the sum of \$4,500 (or the amount determined under a above, if less) plus 85% of the excess of MAGI-PLUS over \$34,000.

\* Itemized deductions: (i) to the extent defined as "miscellaneous" in IRC 67, are reduced by 2% of AGI and (ii) except for medical, casualty, and investment interest, are further reduced (not more than 80%) by 3% of AGI in excess of \$287,650 (IRC 68).

\*\* If taxpayer is allowable as a dependent of another, the standard deduction must not exceed the greater of (a) \$1,050 or (b) \$350, plus earned income but not more than \$6350. [IRC 63(c)(5)].

\*\*\* MAGI-PLUS is AGI (without any SSB) plus IRC 135 excludable tuition bond income, IRC 137 excludable employee adoption assistance benefit, IRC 199 deduction for qualified US production activities income, IRC 221 interest deducted on educational loans, IRS 222 qualified tuition, IRC 911, 931, and 933 excludable foreign earned income, tax exempt interest, and 50% of SSB.

# SINGLE INDIVIDUAL

## TAX YEARS BEGINNING IN 2017

Taxable Income Bracket Amount	Tax on Bracket Amount	Tax Rate on Excess Over Bracket Amount
Less than 9,325	-0-	10.0%
9,325	932.50	15.0%
37,950	5,226.25	25.0%
91,900	18,713.75	28.0%
191,650	46,643.75	33.0%
416,700	120,910.25	35.0%
418,400	121,505.25	39.6%

“Taxable income” means:

1. Adjusted gross income (AGI) as defined in IRC 62,
2. Less (a) itemized deductions\* or (b) if greater, the standard deduction of \$6,350\*\* increased by \$1,550 if taxpayer is blind or over age 65 (or, if both, by \$3,100), and
3. Less personal exemptions for each taxpayer (unless allowable as a dependent of another) and for each dependent of: \$4,050 reduced by 2% for each \$2,500 (or part thereof) by which AGI exceeds \$261,500 [IRC 151(d)].

**A portion of Social Security benefits (SSB) may be included in gross income if MAGI-PLUS\*\*\* exceeds \$25,000 [IRC 86]. If MAGI-PLUS:**

- a. Is \$34,000 or less, the amount of SSB included is the lesser of (i) 50% of SSB or (ii) 50% of the excess of MAGI-PLUS over \$25,000 or
- b. Is over \$34,000, the amount of SSB included is the lesser of (i) 85% of SSB or (ii) the sum of \$4,500 (or the amount determined under a above, if less) plus 85% of the excess of MAGI-PLUS over \$34,000.

\* Itemized deductions: (i) to the extent defined as “miscellaneous” in IRC 67, are reduced by 2% of AGI and (ii) except for medical, casualty, and investment interest, are further reduced (not more than 80%) by 3% of AGI in excess of \$261,500 (IRC 68).

\*\* If either taxpayer is allowable as a dependent of another, the standard deduction must not exceed the greater of (a) \$1,050 or (b) \$350, plus earned income but not more than \$6350. [IRC 63(c)(5)].

\*\*\* MAGI-PLUS is AGI (without any SSB) plus IRC 135 excludable tuition bond income, IRC 137 excludable employee adoption assistance benefit, IRC 199 deduction for qualified US production activities income, IRC 221 interest deducted on educational loans, IRS 222 qualified tuition, IRC 911, 931, and 933 excludable foreign earned income, tax exempt interest, and 50% of SSB.

**NOTE**—Unearned income of a child under age 18 at year end is taxed at parental top rates (if higher) [IRC 1(g)]. Under certain circumstances, parent may elect to be taxed on such income [IRC 1(g)(7)].

# MARRIED FILING A SEPARATE RETURN

## TAX YEARS BEGINNING IN 2017

Taxable Income Bracket Amount	Tax on Bracket Amount	Tax Rate on Excess Over Bracket Amount
Less than 9,275	-0-	10.0%
9,275	927.50	15.0%
37,650	5,183.75	25.0%
75,950	14,758.75	28.0%
115,725	25,895.75	33.0%
206,675	55,909.25	35.0%
233,475	65,289.25	39.6%

“Taxable income” means:

1. Adjusted gross income (AGI) as defined in IRC 62,
2. Less (a) itemized deductions\* or (b) if greater, the standard deduction of \$6,350\*\* increased by \$1,550 if taxpayer is blind or over age 65 (or, if both, by \$3,100), but if either spouse itemizes deductions, the other has a zero standard deduction [IRC 63(c)(6)], and
3. Less personal exemptions (unless allowable as a dependent of another) and for each dependent of: \$4050 reduced by 2% for each \$1,250 (or part thereof) by which AGI exceeds \$156,900 [IRC 151(d)].

**A portion of Social Security benefits (“SSB”) may be included in gross income [IRC 86].** The amount included is the lesser of:

- a. 85% of SSB or
- b. 85% of MAGI-PLUS\*\*\*.

\* Itemized deductions: (i) to the extent defined as “miscellaneous” in IRC 67, are reduced by 2% of AGI and (ii) except for medical, casualty, and investment interest, are further reduced (not more than 80%) by 3% of AGI in excess of \$156,900 (IRC 68).

\*\* If the taxpayer is allowable as a dependent of another, the standard deduction must not exceed the greater of \$1,050 or the sum of earned income plus \$350 [IRC 63(c)(5)].

\*\*\* MAGI-PLUS is AGI (without any SSB) plus IRC 135 excludable tuition bond income, IRC 137 excludable employee adoption assistance benefit, IRC 199 deduction for qualified US production activities income, IRC 221, interest deducted on educational loans, IRS 222 qualified tuition, IRC 911, 931, and 933 excludable foreign earned income, tax exempt interest, and 50% of SSB.

**NOTE**—For any taxable year in which one spouse dies, the surviving spouse must file either a joint return or a married filing separately return [IRC 6013(d)(1)(B)].

# TRUSTS AND ESTATES

- No attempt is made here to describe the tax rules applicable to special kinds of irrevocable trusts (such as **charitable trusts, QSFs, ESBTs, QSSTs, bankruptcy estates, legal life estates, qualified plan trusts**, and so on).
- To the extent that any portion of an irrevocable trust is treated as a grantor trust under IRC 671, the grantor reports the income, deductions, and credits attributable to that portion as though the grantor owned that portion.

## TAX YEARS BEGINNING IN 2017

Taxable Income Bracket Amount	Tax on Bracket Amount	Tax Rate on Excess Over Bracket Amount
Less than 2,550	-0-	15.0%
2,550	382.50	25.0%
6,000	1,245.00	28.0%
9,150	2,127.00	33.0%
12,500	3,232.50	39.6%

## TAX YEARS BEGINNING IN 2016

Taxable Income Bracket Amount	Tax on Bracket Amount	Tax Rate on Excess Over Bracket Amount
Less than 2,550	-0-	15.0%
2,550	382.50	25.0%
5,950	1,232.50	28.0%
9,050	2,100.50	33.0%
12,400	3,206.00	39.6%

“Taxable income” means:

1. Gross income as defined in IRC 61,
2. Less administration expense, charitable, estate tax [IRC 691(c)], interest, tax, and other deductions to the extent allowable to the trust or estate involved—however, except for costs “which would not have been incurred if the property were not held in such trust or estate”, certain deductions are allowed only to the extent that, in the aggregate, they exceed 2% of adjusted gross income—IRC 67(a) and (e),
3. Less distribution deduction under IRC 651 or 661, and
4. Less a personal exemption under IRC 642(b) of:  
\$600 for an estate,  
\$300 for a trust that is required to distribute all of its income currently, or \$100 for all other trusts.

- A. Quarterly estimated tax payments are required for all trust taxable years, and for all estate taxable years ending after the 2nd anniversary of death. For this purpose, a trust:
  1. All of which was treated as owned by a decedent and
  2. To which the residue of the decedent’s estate will pass under his will (or, if there is no will, which is the trust primarily responsible for paying debts, taxes, and expenses) is treated like an estate [IRC 6654(l)].
- B. Trust tax years, except for wholly charitable trusts, must close on December 31 (IRC 645).
- C. The “65 day” and “separate share” rules under IRC 663 (b) and (c) apply to both “complex” trusts under IRC 661 and 662 and estates.
- D. Losses on transactions between an estate and its beneficiaries or trusts and their beneficiaries are disallowed but losses that result from an estate’s

satisfaction of a pecuniary bequest are not disallowed [IRC 267(b)(13)].

- E. Certain revocable trusts treated as part of an estate for income tax purposes,
1. If a trustee of a decedent's revocable trust and the decedent's executor, if any, irrevocably elect such treatment on a statement attached to the estate's timely filed (including extensions) first year income tax return, and
  2. If the decedent's revocable trust was a 'qualified revocable trust'—that is, it was treated as owned by the decedent under IRC 676 by reason of the decedent's power to revoke such trust [without regard to IRC 672(e)], then such trust will be taxed as part of the estate (subject to estate, rather than trust, income tax rules) for tax years of the estate ending before the "applicable date"—which is:
    - a. The second anniversary of the decedent's death or
    - b. If an estate tax return is required to be filed, the date which is the 6-month anniversary of the final determination of estate tax.A qualified revocable trust can be a portion of a revocable trust (for example, one spouse's portion of a married couple's joint revocable trust).

## CAPITAL GAINS RATES AND RULES FOR INDIVIDUALS

- A. Maximum capital gains rates—assets held for more than one year are taxed at long term capital gains rates. Short-term gains (on assets held one year or less) are included in ordinary income. Noncorporate taxpayers pay tax on net capital gain at a tax rate of (a) 20% if the gain would be taxed at the 39.6% rate if it were ordinary income; (b) 15% if the gain would be taxed at the 25%, 28%, 33%, or 35% rate if it were ordinary income; and (c) 0% if the gain would be taxed at a 10% or 15% rate if it were ordinary income. Special rates apply to capital gain on unrecaptured section 1250 gain (a maximum rate of 25%) and capital gain on collectibles (a maximum rate of 28%). The benefit of these maximum rate provisions does not apply to the extent net capital gain is elected to be included in investment income for purposes of computing deductible investment interest expense under IRC 163(d).  
In addition, the 3.8% tax net investment income includes net gain included in gross income from the disposition of property other than certain property held in a trade or business. In the case of an individual, the 3.8% tax is imposed on the lesser of net investment income or the excess of modified adjusted gross income over the threshold amount. The threshold amount is \$250,000 in the case of a joint return or surviving spouse, \$125,000 in the case of a married individual filing a separate return, and \$200,000 in any other case.
- B. Net capital losses—are deductible against ordinary income up to \$3,000 (\$1,500 for married filing separately) per year [IRC 1211(b)]. For carryover purposes, under IRC 1212(b)(2), such capital loss ("CL") deduction "uses up" net short-term capital losses first, and is the lesser of:
1. Such CL deduction [that is, such \$3,000 (or \$1,500) amount or the lesser amount of net CL] or
  2. Taxable income after adding back (a) said CL deduction and (b) personal exemptions (with any allowable deduction over gross income for such year taken into account as negative taxable income).
- The remaining current year net STCL (the excess of STCL over LTCG) and net LTCL (the excess of LTCL over STCG) are carried over to future years (but not beyond death—see Rev Rul 74-175).
- C. Dividend income—Dividends are taxed at the same rates as ordinary income, except for qualified dividends which are taxed at capital gains rates. [IRC 1(h)(11)].

## AMT EXEMPTION AMOUNTS [IRC 55(d)]

### 2016

Single	\$53,900 less 25% of AMTI exceeding \$119,700
Married filing jointly	\$83,800 less 25% of AMTI exceeding \$159,700
Married filing separately	\$41,900 less 25% of AMTI exceeding \$79,850
Head of household	\$53,900 less 25% of AMTI exceeding \$119,700
Trusts and estates	\$23,900 less 25% of AMTI exceeding \$79,850

### 2017

Single	\$54,300 less 25% of AMTI exceeding \$120,700
Married filing jointly	\$84,500 less 25% of AMTI exceeding \$160,900
Married filing separately	\$42,250 less 25% of AMTI exceeding \$80,450
Head of household	\$54,300 less 25% of AMTI exceeding \$120,700
Trusts and estates	\$24,000 less 25% of AMTI exceeding \$80,450

The AMT exemption amounts and the dollar amounts at which the phase-out of the basic AMT exemption amount begins are indexed for inflation. Certain non-refundable personal credits may offset AMT liability.

## LONG-TERM CARE INSURANCE PREMIUMS ALLOWED AS "MEDICAL CARE" [IRC 213(d)(10)]

Attained Age before Close of the Tax Year	2016 Maximum Premium Deduction	2017 Maximum Premium Deduction
40 or less	\$ 390	\$ 410
More than 40, but no more than 50	\$ 730	\$ 770
More than 50, but no more than 60	\$ 1,460	\$ 1,530
More than 60, but no more than 70	\$ 3,900	\$ 4,090
More than 70	\$ 4,870	\$ 5,110

## HEALTH SAVINGS MAXIMUM ALLOWED DEDUCTIBLE CONTRIBUTIONS

	<u>2016*</u>	<u>2017</u>
Self-only coverage	\$3,350	\$3,400
Family coverage	\$6,750	\$6,750

\*Plus \$1,000 catch-up contributions for age 55 and older.

## MILEAGE RATES FOR DEDUCTION PURPOSES

Business	\$.54	\$.535
Charitable	\$.14	\$.14
Medical/Moving	\$.19	\$.17

# CORPORATE INCOME TAX

Taxable Income Bracket Amount	Tax on Bracket Amount	Tax Rate on Excess Over Bracket Amount
-0-	-0-	15%
50,000	7,500	25%
75,000	13,750	34%
100,000	22,250	39%
335,000	113,900	34%
10,000,000	3,400,000	35%
15,000,000	5,150,000	38%
18,333,333	6,416,667	35%

1. Corporate net capital gains (whether short-term or long-term) are taxable income taxed at the same rates as corporate ordinary income, with a maximum rate of 35%.
2. Excess corporate capital losses are subject to a 3-year carryback and 5-year carryforward (as short-term capital loss) but may be used only to reduce corporate capital gains [IRC 1212(a)].
3. Generally, net operating losses are subject to 2-year carryback and 20-year carryforward (the 2-year carryback may be waived for any taxable year of loss) [IRC 172(b)]. A flat 35% tax rate applies to the taxable income of a “qualified personal service corporation” [IRC 11(b)(2)]—which is a corporation (i) substantially all of the activities of which are performing services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting, and (ii) substantially all of the stock of which is directly or indirectly owned by employees performing (or retirees who performed) service for it (and their estates) [IRC 448(d)(2)].

**Personal holding company penalty tax**—If a corporation is a “personal holding company”, it must pay a penalty tax of 20% on its “undistributed personal holding company income” less any “deficiency dividend” under IRC 547 [IRC 541].

**Corporate alternative minimum tax (AMT)**—the AMT does not apply (i) to S corporations nor (ii) to “small corporations exempt from the AMT”. A corporation is treated as “small” if (a) such year is the first year of the corporation’s existence or (b) for the first 3 taxable years ending before such year the corporation’s average annual gross receipts do not exceed \$5M and if, for all subsequent 3 taxable year periods ending before such year, its average annual gross receipts do not exceed \$7.5M [IRC 55(e)]. When it applies, the 20% corporate AMT is computed in the same manner as the individual AMT with certain adjustments. The corporate AMT exemption is \$40,000 reduced by 25% of AMT income over \$150,000. Note that the corporate AMT is allowed as a credit against the regular tax in future years, and (vii) no maximum capital gain tax rates apply.

# SOCIAL SECURITY

## GENERAL RULES

### 2017 Social Security and Medicare taxes—

- a. An employer pays a 7.65% FICA tax, consisting of:
  - (1) 6.20% Social Security tax on the first \$127,200 of an employee's wages (maximum tax is \$7,886.40 [6.20% of \$127,200]), plus
  - (2) 1.45% Medicare tax on the employee's total wages (no ceiling).
- b. An employee pays:
  - (1) 6.20% Social Security tax on the first \$127,200 of wages (maximum tax is \$7,886.40 [6.20% of \$127,200]), plus
  - (2) 1.45% Medicare tax on the first \$200,000 of wages (\$250,000 for joint returns; \$125,000 for married taxpayers filing a separate return), plus
  - (3) 2.35% Medicare tax (regular 1.45% Medicare tax +0.9% additional Medicare tax) on all wages in excess of \$200,000 (\$250,000 for joint returns; \$125,000 for married taxpayers filing a separate return).

### Maximum allowable retirement "earnings"—

- a. If under full retirement age \$1 is deducted from benefits for every \$2 earned over earnings limit— \$16,920 in 2017.
- b. For persons born between 1/2/1943 and 1/1/1955, full retirement age is 66 years.
- c. In the year in which full retirement age is reached, \$1 in benefits is deducted for every \$3 earned above \$4,880 but only earnings before the month in which full retirement age is reached are counted.
- d. Beginning with the month of the birthday in which full retirement age is attained, all earnings are ignored.

## SOCIAL SECURITY FULL RETIREMENT AGE

Year of Birth	Full Retirement Age	Age 62 Reduction (in Months)	Maximum Reduction
1937 and earlier	65	36	20.00%
1938	65 and 2 months	38	20.83%
1939	65 and 4 months	40	21.67%
1940	65 and 6 months	42	22.50%
1941	65 and 8 months	44	23.33%
1942	65 and 10 months	46	24.17%
1943-1954	66	48	25.00%
1955	66 and 2 months	50	25.84%
1956	66 and 4 months	52	26.66%
1957	66 and 6 months	54	27.50%
1958	66 and 8 months	56	28.33%
1959	66 and 10 months	58	29.17%
1960 and later	67	60	30.00%

## SOCIAL SECURITY DELAYED RETIREMENT CREDITS

Social Security benefits are increased if retirement is delayed beyond full retirement age. Delayed retirement credits max out at age 70. If retirement is delayed Medicare is still available at age 65.

Year of Birth	Yearly Rate of Increase	Monthly Rate of Increase
1933-1934	5.5%	11/24 of 1%
1935-1936	6.0%	1/2 of 1%
1937-1938	6.5%	13/24 of 1%
1939-1940	7.0%	7/12 of 1%
1941-1942	7.5%	5/8 of 1%
1943 or later	8.0%	2/3 of 1%

## FEDERAL INCOME TAXATION OF SOCIAL SECURITY BENEFITS

**Determining if Subject to Taxation:** Social Security payments, including disability and survivor benefits, are partially subject to taxation if modified adjusted gross income "MAGI," plus one-half of such benefits, exceed the "Base Amount" of \$32,000 (if married filing jointly), \$25,000 (for most other individuals), and zero (for married individuals filing separately but not living apart for the entire year). "MAGI" is AGI for regular tax purposes, with a number of possible adjustments, plus exempt interest [IRC 86].

**If Taxable, Amount of Benefits Subject to Taxation:** If subject to taxation, the amount of such benefits which are taxable will generally be the lesser of: (A) 50% of such Social Security payments, or (B) One-half of the amount by which "MAGI" exceeds the "Base Amount." However, if "MAGI" and one-half of such benefits exceed the "Adjusted Base Amount" of \$44,000 (if married filing jointly), \$34,000 (for most other individuals) or Zero (for married individuals filing separately but not living apart for the entire year), then a complex formula can subject up to 85% of such Social Security payments to taxation [IRC 86].

## ESTATE AND GIFT TRANSFER TAX EXCLUSION, CREDITS, AND EXEMPTION AMOUNTS

Year	Estate Tax Applicable Exclusion Amounts*	Applicable Credit Amounts**	Gift Tax Lifetime Exemption	Starting Tax Rate on Estate (or Gift) above Exclusion Amount
1998	625,000	202,050	675,000*	37%
1999	650,000	211,300	675,000*	37%
2000	675,000	220,550	675,000+	37%
2001	675,000	220,550	675,000+	37%
2002	1,000,000	345,800	1,000,000	41%
2003	1,000,000	345,800	1,000,000	41%
2004	1,500,000	555,800	1,000,000	45%
2005	1,500,000	555,800	1,000,000	45%
2006	2,000,000	780,800	1,000,000	46%
2007	2,000,000	780,800	1,000,000	45%
2008	2,000,000	780,800	1,000,000	45%
2009	3,500,000	1,455,800	1,000,000	45%
2010	5,000,000	1,730,800	1,000,000	35%
2011 ****	5,000,000	1,730,800	5,000,000	35%
2012	5,120,000	1,772,800	5,120,000	35%
2013	5,250,000	2,045,800	5,250,000	40%
2014	5,340,000	2,081,800	5,340,000	40%
2015	5,430,000	2,117,800	5,430,000	40%
2016	5,450,000	2,125,800	5,450,000	40%
2017	5,490,000	2,141,800	5,490,000	40%

\* The unified credit is reduced by 20% of the prior law's lifetime \$30,000 specific gift tax exemption used in the calculation of taxable gifts made after September 8, 1976 and before 1977 [IRC 2010(b)].

The applicable exclusion amount is indexed for inflation for years after 2011.

\*\* The "applicable exclusion amount" is the taxable amount that would produce each year's credit amount shown above if that taxable amount were subject to tax computed on the unified transfer tax rate table [see IRC 2010(c)].

\*\*\* The applicable exclusion amount for the surviving spouse of a deceased spouse dying after 12/31/2010 includes the "deceased spousal unused exclusion amount" ("DSUEA").

\*\*\*\* Beginning in 2011, the applicable exclusion amount is increased by DSUEA

+ Combined with estate tax

## SPECIAL ESTATE REDUCTION LIMITS

**Special Use Valuation** — Maximum reduction is \$1,120,000 in 2017, unchanged from 2016. Amount is adjusted for inflation annually [IRC 2032A].

**Qualified Conservation Easement** — Maximum exclusion is \$500,000 [IRC 2031(c)].

# ANNUAL GIFT TAX EXCLUSION IRC 2503(b)

<u>Calendar Years</u>	<u>Amount</u>
1932 through 1938	\$5,000
1939 through 1942	\$4,000
1943 through 1981	\$3,000
1982 through 2001	\$10,000
2002 through 2005	\$11,000
2006 through 2008	\$12,000
2009 through 2012	\$13,000
2013 through 2017	\$14,000

## ACTUARIAL TABLES EXAMPLES

These tables incorporate the IRS' updated mortality assumptions that became effective on May 1, 2009. IRC 7520 generally requires use of an interest rate equal to 120% of the applicable federal mid-term rate (rounded to the nearest 2/10ths of 1%. However, if a charitable contribution is allowable for any part of the assets transferred, the taxpayer may elect to use the 7520 rate for the month in which the valuation date occurs or for either of the 2 months preceding that month.

### THESE EXAMPLE TABLES USE THE 7520 RATE FOR MARCH, 2017 OF 2.4%

#### SINGLE LIFE

Present value of an **annuity for life** and also  
of **life income** and **remainder** interests

Age	Annuity*	Life Estate	Remainder
0	34.2376	.82170	.17830
10	32.6295	.78311	.21689
25	29.0829	.69799	.30201
40	24.2777	.58266	.41734
50	20.3578	.51141	.48859
55	18.1993	.43678	.56322
60	15.9730	.38335	.61665
65	13.7279	.32947	.67053
70	11.4671	.27521	.72479
75	9.2663	.22239	.77761
80	7.2575	.17418	.82582
85	5.5146	.13235	.86765
90	4.0805	.09793	.90207

## TERM OF YEARS

Present value of an **annuity for a term of years** and also of **income** and **remainder interests for a term of years**

Number of Years	Annuity*	Term Certain	Remainder
5	4.6592	.111822	.888178
10	8.7975	.211139	.788861
15	12.4729	.299351	.700649
20	15.7374	.377698	.622302
30	21.2121	.509091	.490909

\*Assumes annual payments at the end of each year.

The formula for a remainder after a term of years is  $(\frac{1}{1+i})^t$  where  $i = 7.520$  rate and  $t =$  exponent for number of years of term. The income interest is 1 minus the remainder interest and the annuity factor is the income factor divided by the interest rate.

## UNITRUSTS\*

Value of remainder in charitable remainder trust  
At various payout rates

Age	5%	6%	7%
50	.25943	.20598	.16586
55	.31450	.25768	.21350
60	.37656	.31770	.27037
65	.44454	.38531	.33612
70	.51905	.46163	.41243
75	.59759	.54436	.49743
80	.67438	.62724	.58458
85	.74516	.70529	.66837
90	.80653	.77424	.74375

\*Table assumes annual payments with no gap between valuation date and payment date, in which case unitrusts are not affected by interest rates. If there is a gap between valuation date and payment date, or if payments are made more frequently than annually, the payout rate must be adjusted using Table F. But in any event, unlike with annuity valuations, interest rates have a small effect on unitrust valuations.

Value of remainder in charitable remainder unitrust  
Two lives at various payout rates

Age	5%	6%	7%
60/60	.26969	.21020	.16465
65/65	.33285	.27000	.21990
70/70	.40603	.34200	.28895
75/75	.48753	.42509	.37149
80/80	.57262	.51460	.46319
85/85	.65611	.60489	.55823

\*Table assumes annual payments with no gap between valuation date and payment date, in which case unitrusts are not affected by interest rates. If there is a gap between valuation date and payment date, or if payments are made more frequently than annually, the payout rate must be adjusted using Table F. But in any event, unlike with annuity valuations, interest rates have a small effect on unitrust valuations.

## IRS Mortality Table 2000CM

IRS mortality assumptions under Code section 7520 are based on Mortality Table 2000CM which shows on a unisex basis how many lives are living ( $l_x$ ) at each age between birth (age 0) and age 109. To calculate the probability of survival from one age to another age divide the  $l_x$  value for the older age by the  $l_x$  value for the younger age:

**Table 2000CM**

Age x	$l_x$	Age x	$l_x$	Age x	$l_x$
2	99255	39	96600	76	62091
3	99222	40	96419	77	59476
4	99197	41	96223	78	56721
5	99176	42	96010	79	53833
6	99158	43	95782	80	50819
7	99140	44	95535	81	47694
8	99124	45	95268	82	44475
9	99110	46	94981	83	41181
10	99097	47	94670	84	37837
11	99085	48	94335	85	34471
12	99073	49	93975	86	31114
13	99057	50	93591	87	27799
14	99033	51	93180	88	24564
15	98998	52	92741	89	21443
16	98950	53	92270	90	18472
17	98891	54	91762	91	15685
18	98822	55	91211	92	13111
19	98745	56	90607	93	10773
20	98664	57	89947	94	8690
21	98577	58	89225	95	6871
22	98485	59	88441	96	5315
23	98390	60	87595	97	4016
24	98295	61	86681	98	2959
25	98202	62	85691	99	2122
26	98111	63	84620	100	1477
27	98022	64	83465	101	997
28	97934	65	82224	102	650
29	97844	66	80916	103	410
30	97750	67	79530	104	248
31	97652	68	78054	105	144
32	97549	69	76478	106	81
33	97441	70	74794	107	43
34	97324	71	73001	108	22
35	97199	72	71092	109	11
36	97065	73	69056	110	0

## INFLATION-ADJUSTED NUMBERS

Description	2016	2017
Annual Exclusion Gifts [IRC 2503(b)(2)]	14,000	14,000
Non-Citizen Spouse Annual Exclusion [IRC 2523(i)(2)]	148,000	149,000
Reportable Gifts Received from Foreign Persons [IRC 6039F]*	15,671	15,797
Decrease in Value of Qualified Real Property in Decedent's Gross Estate [IRC 2032A(a)]	1,110,000	1,120,000
Estate Tax Installment Payment Interest 2% Portion [IRC 6166 & 6601(j)]	1,480,000	1,490,000

**NOTE**—The first two items go up in \$1,000 increments and the last two in \$10,000 increments. The third item goes up in actual dollar-amount increments.

## GST TAX EXEMPTION 1998-2017 TRANSFERS

Year	GST Exemption*	Flat Tax Rate
1998	1,000,000	55%
1999	1,010,000	55%
2000	1,030,000	55%
2001	1,060,000	55%
2002	1,100,000	50%
2003	1,120,000	49%
2004	1,500,000	48%
2005	1,500,000	47%
2006	2,000,000	46%
2007	2,000,000	45%
2008	2,000,000	45%
2009	3,500,000	45%
2010	5,000,000	0%
2011	5,000,000	35%
2012	5,120,000	35%
2013	5,250,000	40%
2014	5,340,000	40%
2015	5,430,000	40%
2016	5,450,000	40%
2017	5,490,000	40%

\*Indexed for inflation for years after 2011.

# GENERATION-SKIPPING TRANSFER TAX RULES

The term “**generation-skipping transfer**” (**GST**) means a taxable distribution, taxable termination, or direct skip, all as defined in IRC 2612.

## EFFECTIVE DATES

The GST tax applies to **any GST made after 10/22/86**, the date of enactment [TRA '86 §1433(b) et seq]. **However—**

1. **Pre-enactment period**—transfers made **after 09/25/85** and before 10/23/86 are to be **treated as though made on 10/23/86**.
2. **Grandfathered trusts**—any trust which was “**irrevocable**” on **09/25/85** (other than a general power of appointment or “estate” type marital trust) is “grandfathered”—that is, the GST tax applies to it only to the extent that a taxable distribution or taxable termination involves property added (or deemed added) to the trust after 09/25/85.
3. **Incompetent persons**—any transfer of assets included in the gross estate of a decedent who was mentally incompetent **on 10/22/86** and did not regain competence before death is exempt (except assets transferred to the incompetent person after 08/03/90 or from a post-10/21/88 QTIP trust).

## RATES, EXEMPTIONS, AND DEFINITIONS

- A. **The GST tax rate** is the maximum federal estate tax rate, for example, 46% in 2006, 45% in 2007 through 2009 and 0% in 2010, 35% in 2011 and 2012 and 40% after 2012. To reflect the extent to which the transferor's GST exemption is allocated to the trust (or transfer), the 40% rate is multiplied by the trust's (or transfer's) “**inclusion ratio**” (described below) to produce the “**applicable rate**” [IRC 2641]. This rate is then applied to the taxable amount of the generation-skipping transfer to determine the GST tax on that transfer (IRC 2602). If the transfer is a taxable distribution or termination, the taxable amount includes the GST tax itself - like the estate tax, the GST tax is tax inclusive [IRC 2621(b) and 2622]. On the other hand, direct skips, like the gift tax, are tax exclusive [IRC 2623].
- B. **The GST exemption** is equal to the estate tax exemption beginning in 2004. The trust's (or transfer's) **inclusion ratio is one minus the “applicable fraction”**. The numerator of the applicable fraction is the amount of GST exemption allocated to the trust (or transfer) and the denominator is the value of the property transferred, net of transfer taxes thereon [IRC 2641].
  1. **Allocations of a transferor's GST exemption** are normally made on the transferor's timely filed gift or estate tax return reporting the transfer. However, **unless that return directs otherwise (or an election out is made on a prior return)**, unused (that is, not previously allocated) GST exemption is **automatically allocated**: (i) to lifetime direct skips; (ii) to “**indirect skips**” to GST trusts; (iii) after death, to direct skips occurring at decedent's death and then to trusts of which he is the transferor and from which taxable distributions or terminations might occur [IRC 2632(b) and (c)]. GST exemption may be **retroactively allocated** to certain trusts in the case of an unusual order of deaths [IRC 2632(d)].
  2. “**ETIP period**”—with two exceptions [see Treas. Reg. §§26.2632-1(c)(2)(ii)(A) and (B)], GST exemption is not allocable to any transfer as long as the transferred property would be includable (except under §2035) in the transferor's or transferor's spouse's estate if either were to die. The end of such estate tax inclusion period becomes the transfer and valuation date for exemption allocation purposes [IRC 2642(f)].

- C. Annual exclusion gifts** to an individual skip person have a zero inclusion ratio for GST tax purposes. This rule applies to annual exclusion gifts to a skip person trust only if its assets are exclusively for, and will be includable in the gross estate of, the trust beneficiary [IRC 2642(c)].
- D. “Reverse QTIP election”**—the creator of a QTIP trust (or the creator’s executor) may elect under IRC 2652(a)(3) to continue to be treated as the transferor of that trust after the creator’s spouse’s death.
- E.** In the case of a GST nonexempt trust, **subjecting its assets to the gift and/or estate tax** of a person (such as the child of the grantor who is that trust’s primary beneficiary) **will**, on distribution (or the child’s death), **change the “transferor”** of such assets to that child. This will have the effect of eliminating from GST tax what would otherwise have been a taxable termination on the child’s death to the child’s children. This is so because the determination as to whether an event is a GST is made by reference to the most recent transfer subject to the estate or gift tax—which establishes the identity of the transferor and thus the identity of the skip and non-skip persons [Treas. Reg. §26.2611-1].
- F. Tuition and medical expense** direct payments [under IRC 2503(e)] are exempt from the GST tax [IRC 2642(c)(3)]. In addition, transfers from a trust which transfers would be exempt from gift tax under IRC 2503(e) if made by an individual are exempt from GST tax [IRC 2611(b)].
- G.** Under the **predeceased child exemption**, if an individual who is a descendant of a parent of transferor (or of a transferor’s spouse or former spouse) dies before his or her parent, his or her issue will all move up one generation; provided, in the case of an individual who is not a lineal descendant of the transferor, that the transferor has no lineal descendants at the time of the transfer [IRC 2651(e)].
- H. Descendants who survive 90 days or less** will be **treated as having predeceased** the transferor if either the **governing instrument or local law so provides** [Treas. Reg. §26.2651-1(a)(2)(iii)].

## LIFE EXPECTANCY TABLES EXAMPLES

Age	fn1		fn2 Unisex	Age	fn1		fn2 Unisex
	Male	Female			Male	Female	
0	76.2	81.0	N/A	60	21.5	24.4	24.2
10	66.8	71.6	71.7	65	17.7	20.3	20.0
20	57.1	61.7	61.9	70	14.2	16.5	16.0
30	47.8	52.0	52.2	75	11.0	12.9	12.5
40	38.5	42.4	42.5	80	8.2	9.7	9.5
50	29.6	33.2	33.1	85	5.8	6.9	6.9
55	25.4	28.8	28.6	90	4.1	4.8	5.0

**fn1**—2010 National Center for Health Statistics—(male and female rates)—not used for taxes.

**fn2**—IRC 72 and Treas. Reg. §1.72-9, Table V (unisex rates used to determine gross income from annuities).

# QUALIFIED PLANS

## RETIREMENT PLAN CONTRIBUTION LIMITS

<b><u>Traditional IRA [IRC 408]</u></b>	<b><u>201</u></b>	<b><u>2017</u></b>
*Maximum Contribution	\$5,500	\$5,500
Catch-Up Contribution (Age 50 or more)	\$1,000	\$1,000
*Phaseout of Deduction Begins at:		
Modified AGI, Married-Joint Returns	\$98,000	\$99,000
Modified AGI, Single Returns	\$61,000	\$62,000
*Deduction Is Eliminated after:		
Modified AGI, Married-Joint Returns	\$118,000	\$119,000
Modified AGI, Single Returns	\$71,000	\$72,000
*IRA contribution cannot exceed earned income. Phaseout of deduction applies only to taxpayers who actively participate in an employer-sponsored retirement plan.		

### **Roth IRA [IRC 408A]**

*Maximum Contribution	\$5,500	\$5,500
Catch-Up Contribution (Age 50 or more)	\$1,000	\$1,000
*Phaseout of Allowed Contribution Begins at:		
Modified AGI, Married-Joint Returns	\$184,000	\$186,000
Modified AGI, Single Returns	\$117,000	\$118,000
*Contribution Is Eliminated after:		
Modified AGI, Married-Joint Returns	\$194,000	\$196,000
Modified AGI, Single Returns	\$132,000	\$133,000
*IRA contribution cannot exceed earned income. No contributions are tax deductible.		

### **Simplified Employee Pension IRA (SEP-IRA) [IRC 408(k)]**

Employer's Maximum Contribution	\$53,000	\$54,000
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### **Simple IRA [IRC 408(p)]**

Employee's Maximum Contribution	\$12,500	\$12,500
Employee Catch-Up Contribution (Age 50 or more)	\$3,000	\$3,000

### **IRC 403(b), 401(k) and Roth 401(k) Plans**

Keogh Profit-Sharing Plan Contribution Limit	\$53,000	\$54,000
IRC 403(b) and 401(k) Plans:		
Elective Deferral Limits	\$18,000	\$18,000
Catch-Up Contributions (Non-Simple Only)	\$6,000	\$6,000
IRC 415(c) Limit on All Contributions to a Plan	\$53,000	\$54,000
Maximum Benefit for Defined Benefit Plan	\$210,000	\$215,000
IRC 401(a)(17) Annual Compensation Limit	\$265,000	\$270,000

## QUALIFIED PLAN ROLLOVERS

All or part of any eligible rollover distribution to a participant (or surviving spouse) may be rolled over within 60 days to an IRA (or, in the case of the participant, to another plan). An eligible rollover distribution is any otherwise taxable plan distribution except that a minimum required distribution amount, one of a series of equal periodic payments (over a life or life expectancy or for a period of 10 years or more), a hardship distribution, or qualified disaster-relief distribution may not be included in a rollover [IRC 402(c)(4)].

**Note**—Unless a direct trustee-to-trustee transfer is made (a “direct rollover”), notwithstanding the rollover of such distribution, **20% of the distribution is withheld** for income tax purposes [IRC 3405(c)(1)].

Beginning in 2010 (or in 2007-2009 but only if the distributing plan specifically provides for a direct rollover of a “deemed” eligible rollover distribution to a non-spouse beneficiary’s inherited IRA), a direct rollover may be made on or before the end of the calendar year following the participant’s death to an inherited IRA for a nonspouse beneficiary from which MRDs may be made over the beneficiary’s single life expectancy [IRC 402(c)(11), 401(a)(31)].

## FEDERAL SPOUSAL RIGHTS IN QUALIFIED RETIREMENT PLANS

A participant’s surviving spouse is entitled to a qualified preretirement survivor annuity (“**QPSA**”) or qualified joint and survivor annuity (“**QJSA**”), depending on whether the participant died before or after the “**annuity starting date**” [that is, the first day of the first period for which an amount is payable as an annuity (regardless of when or whether payment is actually made) or, in the case of benefits not payable in the form of an annuity, the date on which all events have occurred which entitle the participant to the benefit]. Each benefit must be at least 50% of the participant’s benefit.

**Waivers and consents**—the QPSA or QJSA form of benefit may be waived by the participant if his/her spouse consents (one is not a “spouse” until after the marriage). A spousal consent to a QPSA or QJSA waiver may be specific (requiring a new spousal consent if the participant changes the named beneficiary and/or, in the case of a QJSA, the form of benefit) or general (in which case the participant may change beneficiaries or benefit form without further spousal consent). A spousal consent may be revocable or irrevocable. A QPSA waiver may only be made on or after the participant’s attainment of age 35. A QJSA waiver may only be made within 180 days prior to the annuity starting date.

**Exempt plans**—a profit-sharing or stock bonus plan is exempt from the above rules if (i) benefits are not paid in annuity form, (ii) 100% of the death benefits are payable to the spouse unless the spouse consents (either specifically or generally) to the designation of another death benefit beneficiary, and (iii) the plan is not a transferee of assets from a plan subject to the QPSA/QJSA rules. A spouse has no rights as to any distributions from an exempt profit sharing or stock bonus plan that are made during the participant’s lifetime.

# QUALIFIED PLAN MINIMUM DISTRIBUTION RULES

The minimum required distribution (“MRD”) rules apply to all qualified retirement plans, IRC 403(b) annuities, and certain governmental and tax exempt employees plans (“plans”) and to non-Roth IRAs – see IRC 401(a)(9), 403(b)(10), 408(a)(6), 457(d)(2). The penalty for failure to take a required distribution is 50% of the MRD deficiency – that is 50% of any amount not timely distributed [IRC 4974].

**Life expectancy tables** – life expectancies (expressed in years) are determined under Reg. §1.401(a)(9)-9 tables, the Uniform Lifetime Table (based on the joint life expectancy of a participant and a person exactly 10 years younger), the Joint and Last Survivor Table, and the Single Life Table.

## DURING PARTICIPANT’S LIFETIME

**Required beginning date (“RBD”)** – distributions must begin not later than the RBD, which is generally April 1 of the year after the year in which the participant reaches age 70½. Plans may permit or require active employees (other than 5% owners) to defer the RBD until April 1 of the year after retirement. The first “**distribution calendar year**” is the calendar year prior to that in which the RBD occurs.

**Minimum distribution amount** – the MRD amount for each distribution calendar year through and including the year of the participant’s death will be determined using the Uniform Lifetime Table, except if the spouse is the “sole” beneficiary designated for the distribution calendar year and is more than 10 years younger than the participant, in which case the Joint and Last Survivor Table is used. In each case, the prior yearend account balance is divided by the distribution period years shown on the applicable table for the age (or ages) attained that year. If the first distribution is made in the year of the RBD, that distribution is no longer considered to reduce the account balance used to determine the MRD for the second distribution calendar year.

## AFTER PARTICIPANT’S DEATH

**Designated Beneficiary (“DB”)** – DBs are those individuals designated under the plan as of the participant’s death who remain beneficiaries on September 30 of the year following the year of the participant’s death (the “determination date”), giving effect to intervening post-death beneficiary disclaimers or beneficiary cash outs. If a named beneficiary dies prior to the determination date, that beneficiary will nonetheless be considered to be a DB. If there is more than one DB, the rules are applied based on the DB having the shortest life expectancy, except where separate accounts are established by 12/31 of the year following the year of death. Naming a charity or the employee’s estate as the beneficiary results in the plan (or IRA) having no DB.

**If death is after the RBD** – beginning with the distribution calendar year following the year of the participant’s death (the first distribution calendar year):

- A. **If there is no DB** – the annual MRD amount equals the prior yearend account balance divided by the Single Life Table years of life expectancy shown for the age the participant had attained (or would have attained) in the year of death reduced by one for each distribution calendar year after the year of death.
- B. **If spouse is not sole DB** – the annual MRD amount equals the lesser of (1) the prior yearend account balance divided by the Single Life Table years of life expectancy shown for the age attained by the DB in the first distribution calendar year reduced by 1 for each subsequent distribution calendar year or (2) the amount determined under the preceding paragraph as if there were no DB.

- C. **If spouse is sole DB** – assuming no spousal rollover, the annual MRD amount through and including the spouse's year of death equals the prior yearend account balance divided by the Single Life Table years of life expectancy for the age the spouse has attained (or would have attained) in that distribution calendar year. The annual MRD amount beginning with the distribution calendar year following the year of the spouse's death equals the prior yearend account balance divided by the Single Life Table life expectancy for the age the spouse had attained (or would have attained) in the year of the spouse's death reduced by 1 for each distribution calendar year after the year of death.

**On a pre-RBD death –**

- A. **If there is no DB** – distribution must be completed by the end of the fifth year after the year of death (in the first four years, no distributions are required).
- B. **If there is a DB** – unless the plan or IRA mandates the five-year rule –
1. **If spouse is not sole DB** – beginning with the distribution calendar year following the year of the participant's death, the annual MRD amount equals the prior yearend account balance divided by the Single Life Table years of life expectancy for the age attained by the DB in the distribution calendar year following the participant's death reduced by 1 for each subsequent distribution calendar year.
  2. **If spouse is sole DB** – assuming no spousal rollover, beginning with the distribution calendar year following the year of the participant's death (or the year in which the participant would have attained age 70½, if later) through and including the year of the spouse's death, the annual MRD amount equals the prior yearend account balance divided by the Single Life Table years of life expectancy for the age the spouse has attained (or would have attained) in that distribution calendar year. If a surviving spouse sole beneficiary dies after the determination date but before MRDs are required to commence, the spouse is treated as the participant for applying the MRD rules to distribution calendar years after the spouse's year of death. Otherwise, MRDs after the spouse's year of death are determined in the manner described above in the "If death is after the RBD – If spouse is sole DB" section.
  3. **Spousal Rollover** – if: (1) a surviving spouse rolls a participant's account (or any portion of it) over to the spouse's own IRA or plan account or (2) the spouse is named as beneficiary of an IRA and elects to treat the IRA as the spouse's own IRA, the above rules apply to the surviving spouse as the participant of such plan or IRA.

### TRUSTS AS BENEFICIARIES

The beneficiaries of a trust that is named as beneficiary are treated as the participant's beneficiaries under the "look through" rules. Because all trust beneficiaries (both current and potential future beneficiaries) must be taken into account, many trusts will have no DB (that is, an entity may benefit or the oldest beneficiary cannot be identified). Until further IRS guidance, three kinds of trusts appear to assure a DB—(i) a conduit trust (where the trustees must distribute all benefits received to one or more beneficiaries for the life of a beneficiary or until a beneficiary reaches a stated age when the beneficiary will take outright) with the MRD measured by the oldest conduit beneficiary, (ii) a trust that circumscribes beneficial interests such that no one older than the oldest current beneficiary and no nonindividual may benefit, and (iii) a trust that names a current beneficiary, and terminates outright in favor of remainder beneficiaries all of whom are alive on the determinate date. See Treas. Reg. § 1.401(a)(9)-5(c)(3), Example 1. Potential appointees under powers of appointment are likely treated as beneficiaries of a non-conduit trust. The use of

benefits to pay post death expenses (including taxes) may have to be restricted (at least after the determination date).

### SEPARATE ACCOUNTS

Separate accounts, if “established” by December 31 of the calendar year following the year of the participant’s death for beneficiaries who have separate interests under the beneficiary designation as of the participant’s death, have separate MRD periods. While current guidance is not clear, it appears that an account is established only when the assets have been segregated. In the case of a single trust that by its terms divides into trusts for separate beneficiaries on the participant’s death, a beneficiary designation must name the separate trusts to obtain separate accounts.

### REQUIRED MINIMUM DISTRIBUTION (RMD) TABLE UNDER 2002 FINAL REGULATIONS

Age of the Participant	Distribution Period	Applicable Percentage	Age of the Participant	Distribution Period	Applicable Percentage
70	27.4	3.6496%	93	9.6	10.4167%
71	26.5	3.7736%	94	9.1	10.9890%
72	25.6	3.9063%	95	8.6	11.6279%
73	24.7	4.0486%	96	8.1	12.3457%
74	23.8	4.2017%	97	7.5	13.1579%
75	22.9	4.3668%	98	7.1	14.0845%
76	22.0	4.5455%	99	6.7	14.9254%
77	21.2	4.7170%	100	6.3	15.8730%
78	20.3	4.9261%	101	5.9	16.9492%
79	19.5	5.1282%	102	5.5	18.1818%
80	18.7	5.3476%	103	5.2	19.2308%
81	17.9	5.5866%	104	4.9	20.4082%
82	17.1	5.8480%	105	4.6	22.2222%
83	16.3	6.1350%	106	4.2	23.8095%
84	15.5	6.4516%	107	3.9	25.6410%
85	14.8	6.7568%	108	3.7	27.0270%
86	14.1	7.0922%	109	3.4	29.4118%
87	13.4	7.4627%	110	3.1	32.2581%
88	12.7	7.8740%	111	2.9	34.4828%
89	12.0	8.3333%	112	2.6	38.4615%
90	11.4	8.7719%	113	2.4	41.6667%
91	10.8	9.2593%	114	2.1	47.6190%
92	10.2	9.8039%	115	1.9	52.6316%

## SINGLE LIFE EXPECTANCY TABLE UNDER 2002 FINAL REGULATIONS

Age	Multiple	Applicable Percentage	Age	Multiple	Applicable Percentage
0	82.4	1.2136%	54	30.5	3.2787%
5	77.7	1.2870%	55	29.6	3.3784%
10	72.8	1.3736%	56	28.7	3.4843%
15	67.9	1.4728%	57	27.9	3.5842%
20	63.0	1.5873%	58	27.0	3.7037%
25	58.2	1.7182%	59	26.1	3.8314%
30	53.3	1.8762%	60	25.2	3.9683%
31	52.4	1.9084%	61	24.4	4.0984%
32	51.4	1.9455%	62	23.5	4.2553%
33	50.4	1.9841%	63	22.7	4.4053%
34	49.4	2.0243%	64	21.8	4.5872%
35	48.5	2.0619%	65	21.0	4.7619%
36	47.5	2.1053%	66	20.2	4.9505%
37	46.5	2.1505%	67	19.4	5.1546%
38	45.6	2.1930%	68	18.6	5.3763%
39	44.6	2.2422%	69	17.8	5.6180%
40	43.6	2.2936%	70	17.0	5.8824%
41	42.7	2.3419%	71	16.3	6.1350%
42	41.7	2.3981%	72	15.5	6.4516%
43	40.7	2.4570%	73	14.8	6.7568%
44	39.8	2.5126%	74	14.1	7.0922%
45	38.8	2.5773%	75	13.4	7.4627%
46	37.9	2.6385%	80	10.2	9.8039%
47	37.0	2.7027%	85	7.6	13.1579%
48	36.0	2.7778%	90	5.5	18.1818%
49	35.1	2.8490%	95	4.1	24.3902%
50	34.2	2.9240%	100	2.9	34.4828%
51	33.3	3.0030%	105	1.9	52.6316%
52	32.3	3.0960%	110	1.1	90.9091%
53	31.4	3.1847%	111	1.0	100.0000%

## APPLICABLE FEDERAL RATE RULES

Applicable Federal Rates (“AFRs”) are published monthly (on about the 20th of the month) by the Internal Revenue Service; they provide a guideline interest rate (often with adjustments) for a variety of tax purposes [IRC 1274].

### Term of Debt Instrument

Not over 3 Years  
Over 3 Years, not over 9 Years  
Over 9 Years

### AFR to Be Used by Taxpayers

The Short-Term AFR  
The Mid-Term AFR  
The Long-Term AFR

## CHOICE OF INTEREST RATES

Donors making a split-interest charitable gift have the choice to value such gift using 120% of the Mid-Term AFR for the current month, or for either of the two calendar months preceding the calendar month of the gift, whichever is most favorable. By acting late in a calendar month, when the next month’s factor is known (but not yet applicable), a choice of factors from four months can be available.

### Use Highest Possible Rate

- Charitable remainder trust
- Charitable gift annuity  
(for larger deduction)

### Use Lowest Possible Rate

- Charitable lead trust
- Charitable gift annuity  
(for larger tax-exempt portion)
- Gift of remainder interest in  
farm or personal residence

## IRC SECTION 7520 RATES\*

### 7520 Rates Since May 1, 1989

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2017	2.4	2.6	2.4									
2016	2.2	2.2	1.8	1.8	1.8	1.8	1.8	1.4	1.4	1.6	1.6	1.8
2015	2.2	2.0	1.8	2.0	1.8	2.0	2.2	2.2	2.2	2.0	2.0	2.0
2014	2.2	2.4	2.2	2.2	2.4	2.2	2.2	2.2	2.2	2.2	2.2	2.0
2013	1.0	1.2	1.4	1.4	1.2	1.2	1.4	2.0	2.0	2.4	2.0	2.0
2012	1.4	1.4	1.4	1.4	1.6	1.2	1.2	1.0	1.0	1.2	1.0	1.2
2011	2.4	2.8	3.0	3.0	3.0	2.8	2.4	2.2	2.0	1.4	1.4	1.6
2010	3.0	3.4	3.2	3.2	3.4	3.2	2.8	2.6	2.4	2.0	2.0	1.8
2009	2.4	2.0	2.4	2.6	2.4	2.8	3.4	3.4	3.4	3.2	3.2	3.2
2008	4.4	4.2	3.6	3.4	3.2	3.8	4.2	4.2	4.2	3.8	3.6	3.4
2007	5.6	5.6	5.8	5.6	5.6	5.6	6.0	6.2	5.8	5.2	5.2	5.0
2006	5.4	5.2	5.4	5.6	5.8	6.0	6.0	6.2	6.0	5.8	5.6	5.8
2005	4.6	4.6	4.6	5.0	5.2	4.8	4.6	4.8	5.0	5.0	5.0	5.4
2004	4.2	4.2	4.0	3.8	3.8	4.6	5.0	4.8	4.6	4.4	4.2	4.2
2003	4.2	4.0	3.8	3.6	3.8	3.6	3.0	3.2	4.2	4.4	4.0	4.2
2002	5.4	5.6	5.4	5.6	6.0	5.8	5.6	5.2	4.6	4.2	3.6	4.0
2001	6.8	6.2	6.2	6.0	5.8	6.0	6.2	6.0	5.8	5.6	5.0	4.8
2000	7.4	8.0	8.2	8.0	7.8	8.0	8.0	7.6	7.6	7.4	7.2	7.0
1999	5.6	5.6	5.8	6.4	6.2	6.4	7.0	7.2	7.2	7.2	7.4	7.4
1998	7.2	6.8	6.8	6.8	6.8	7.0	6.8	6.8	6.6	6.2	5.4	5.4
1997	7.4	7.6	7.8	7.8	8.2	8.2	8.0	7.6	7.6	7.6	7.4	7.2
1996	6.8	6.8	6.6	7.0	7.6	8.0	8.2	8.2	8.0	8.0	8.0	7.6
1995	9.6	9.6	9.4	8.8	8.6	8.2	7.6	7.2	7.6	7.6	7.4	7.2
1994	6.4	6.4	6.4	7.0	7.8	8.4	8.2	8.4	8.4	8.6	9.0	9.4
1993	7.6	7.6	7.0	6.6	6.6	6.4	6.6	6.4	6.4	6.4	6.0	6.2
1992	8.2	7.6	8.0	8.4	8.6	8.4	8.2	7.8	7.2	7.0	6.8	7.4
1991	9.8	9.6	9.4	9.6	9.6	9.6	9.6	9.8	9.6	9.0	8.6	8.4
1990	9.6	9.8	10.2	10.6	10.6	11.0	10.6	10.4	10.2	10.6	10.6	10.2
1989	10	10	10	10	11.6	11.2	10.6	10.0	9.6	10.2	10.0	9.8

\*The discount rate used to value any annuity, interest for life or a term of years or any remainder or reversionary interest is equal to 120% of the annual federal mid-term rate under IRC 1274(d)(1), rounded to the nearest 0.2%. However, for split-interest charitable gifts, the rate for the current month or either of the two months preceding the month in which the valuation date falls may be used. [IRC 7520]. Section 7520 became effective May 1, 1989. For transactions occurring in the first four months of 1989, regulations required use of a 10% interest assumption.

To update this table go to the ACTEC public site at <http://www.actec.org/> and click on Public Resources, then on (1) Primary Law and Government Resources, and then on AFR/7520 Rates or go to [www.tigertables.com/7520.htm](http://www.tigertables.com/7520.htm).

## Charitable Deduction Percentage Limitations Under IRC § 170

Transfer To	AGI Limitation	Deduction Based On
Public charity	50% for cash  30% for long-term capital gain property	Fair market value; limited to lower of basis or fair market value if not long term capital gain property; contribution deduction for gifts of tangible personal property limited to lower of basis or fair market value unless charity will use property in a way related to its tax exempt purpose
Private foundation	30% for cash  20% for long-term capital gain property	Fair market value for cash and publicly traded long-term appreciated securities; lower of basis or fair market value for property other than publicly traded securities held long term

# American Council on Gift Annuities Maximum Recommended Rates

## Single Life

Age	Rate	Age	Rate	Age	Rate
5-10	2.0	50	3.7	73	5.5
11-15	2.1	51-52	3.8	74	5.7
16-19	2.2	53-54	3.9	75	5.8
20-23	2.3	55	4.0	76	6.0
24-26	2.4	56-57	4.1	77	6.2
27-29	2.5	58	4.2	78	6.4
30-32	2.6	59	4.3	79	6.6
33-34	2.7	60-61	4.4	80	6.8
35-36	2.8	62-63	4.5	81	7.0
37-38	2.9	64	4.6	82	7.2
39-40	3.0	65	4.7	83	7.4
41-42	3.1	66-67	4.8	84	7.6
43	3.2	68	4.9	85	7.8
44-45	3.3	69	5.0	86	8.0
46	3.4	70	5.1	87	8.2
47	3.5	71	5.3	88	8.4
48-49	3.6	72	5.4	89	8.7
				90+	

# American Council on Gift Annuities Maximum Recommended Rates

## Two Lives – Joint and Survivor

Younger Age	Older Age	Rate	Younger Age	Older Age	Rate
5	5-95+	1.8	47	51-95+	3.1
6	6-95+	1.8	48	48	3.0
7	7-95+	1.8	48	49-95+	3.1
8	8-95+	1.8	49	49-51	3.1
9	9-95+	1.8	49	52-95+	3.2
10	10-95+	1.8	50	50	3.1
11	11-95+	1.9	50	51-53	3.2
12	12-95+	1.9	50	54-95+	3.3
13	13-95+	1.9	51	51-52	3.2
14	14-95+	1.9	51	53-55	3.3
15	15-95+	1.9	51	56-95+	3.4
16	16-95+	2.0	52	52-54	3.3
17	17-95+	2.0	52	55-95+	3.4
18	18-95+	2.0	53	53-55	3.4
19	19-95+	2.0	53	56-58	3.5
20	20-95+	2.1	53	59-95+	3.6
21	21-95+	2.1	54	54	3.4
22	22-95+	2.1	54	55-57	3.5
23	23-95+	2.1	54	58-95+	3.6
24	24-95+	2.1	55	55	3.5
25	25-95+	2.2	55	56-58	3.6
26	26-95+	2.2	55	59-61	3.7
27	27-95+	2.2	55	62-95+	3.8
28	28-95+	2.2	56	56-57	3.6
29	29-95+	2.3	56	58-59	3.7
30	30-95+	2.3	56	60-62	3.8
31	31-95+	2.3	56	63-95+	3.9
32	32-95+	2.3	57	57-58	3.7
33	33-95+	2.4	57	59-63	3.8
34	34-95+	2.4	57	64-95+	3.9
35	35-95+	2.4	58	58-61	3.8
36	36-95+	2.5	58	62-65	3.9
37	37-95+	2.5	58	66-95+	4.0
38	38-95+	2.5	59	59-60	3.8
39	39-95+	2.6	59	61-63	3.9
40	40-95+	2.6	59	64-68	4.0
41	41-95+	2.7	59	69-95+	4.1
42	42-95+	2.7	60	60-62	3.9
43	43-95+	2.8	60	63-66	4.0
44	44-95+	2.8	60	67-70	4.1
45	45-95+	2.9	60	71-95+	4.2
46	46-95+	2.9	61	61	3.9
47	47-50	3.0	61	62-64	4.0

Younger Age	Older Age	Rate	Younger Age	Older Age	Rate
61	65-68	4.1	73	78-80	5.1
61	69-95+	4.2	73	81-83	5.2
62	62-63	4.0	73	84-95+	5.3
62	64-66	4.1	74	74	4.9
62	67-69	4.2	74	75-76	5.0
62	70-95+	4.3	74	77-78	5.1
63	63-64	4.1	74	79-80	5.2
63	65-67	4.2	74	81-83	5.3
63	68-95+	4.3	74	84-87	5.4
64	64-66	4.2	74	88-95+	5.5
64	67-70	4.3	75	75	5.0
64	71-95+	4.4	75	76-77	5.1
65	65	4.2	75	78	5.2
65	66-68	4.3	75	79-81	5.3
65	69-72	4.4	75	82-83	5.4
65	73-95+	4.5	75	84-86	5.5
66	66-67	4.3	75	87-95+	5.6
66	68-71	4.4	76	76-77	5.2
66	72-75	4.5	76	78-79	5.3
66	76-95+	4.6	76	80-81	5.4
67	67-69	4.4	76	82-83	5.5
67	70-73	4.5	76	84-85	5.6
67	74-95+	4.6	76	86-88	5.7
68	68	4.4	76	89-95+	5.8
68	69-71	4.5	77	77-78	5.3
68	72-75	4.6	77	79	5.4
68	76-95+	4.7	77	80-81	5.5
69	69-70	4.5	77	82-83	5.6
69	71-73	4.6	77	84-85	5.7
69	74-76	4.7	77	86-87	5.8
69	77-95+	4.8	77	88-91	5.9
70	70-71	4.6	77	92-95+	6.0
70	72-74	4.7	78	78	5.4
70	75-78	4.8	78	79	5.5
70	79-95+	4.9	78	80-81	5.6
71	71-73	4.7	78	82-83	5.7
71	74-75	4.8	78	84	5.8
71	76-79	4.9	78	85-86	5.9
71	80-82	5.0	78	87-89	6.0
71	83-95+	5.1	78	90-92	6.1
72	72	4.7	78	93-95+	6.2
72	73-74	4.8	79	79-80	5.6
72	75-76	4.9	79	81	5.7
72	77-79	5.0	79	82	5.8
72	80-83	5.1	79	83-84	5.9
72	84-95+	5.2	79	85-86	6.0
73	73	4.8	79	87-88	6.1
73	74-75	4.9	79	89-90	6.2
73	76-77	5.0	79	91-93	6.3

Younger Age	Older Age	Rate	Younger Age	Older Age	Rate
79	94-95+	6.4	84	92-93	7.3
80	80	5.7	84	94-95+	7.4
80	81	5.8	85	85	6.7
80	82	5.9	85	86	6.9
80	83-84	6.0	85	87	7.0
80	85	6.1	85	88	7.1
80	86-87	6.2	85	89	7.2
80	88-89	6.3	85	90	7.3
80	90-91	6.4	85	91	7.4
80	92-93	6.5	85	92	7.5
80	94-95+	6.6	85	93-95+	7.6
81	81	5.9	86	86	7.0
81	82	6.0	86	87	7.1
81	83	6.1	86	88	7.3
81	84-85	6.2	86	89	7.4
81	86	6.3	86	90	7.5
81	87-88	6.4	86	91	7.6
81	89	6.5	86	92	7.7
81	90-91	6.6	86	93-95+	7.8
81	92-94	6.7	87	87	7.3
81	95+	6.8	87	88	7.4
82	82	6.1	87	89	7.5
82	83	6.2	87	90	7.7
82	84	6.3	87	91	7.8
82	85-86	6.4	87	92	7.9
82	87	6.5	87	93-95+	8.0
82	88	6.6	88	88	7.6
82	89-90	6.7	88	89	7.7
82	91	6.8	88	90	7.9
82	92-93	6.9	88	91	8.0
82	94-95+	7.0	88	92	8.1
83	83	6.3	88	93-95+	8.2
83	84	6.4	89	89	7.9
83	85	6.5	89	90	8.0
83	86	6.6	89	91	8.2
83	87	6.7	89	92	8.3
83	88-89	6.8	89	93-95+	8.5
83	90	6.9	90	90	8.2
83	91	7.0	90	91	8.4
83	92-93	7.1	90	92	8.5
83	94-95+	7.2	90	93	8.7
84	84	6.5	90	94-95+	8.8
84	85	6.6	91	91	8.6
84	86	6.7	91	92	8.7
84	87	6.8	91	93-95+	8.8
84	88	6.9	92	92-95+	8.8
84	89	7.0	93	93-95+	8.8
84	90	7.1	94	94-95+	8.8
84	91	7.2	95+	95+	8.8

## 2017

### JANUARY

1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

### FEBRUARY

			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

### MARCH

			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

### APRIL

						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

### MAY

	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

### JUNE

				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

### JULY

						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

### AUGUST

			1	2	3	4	5
6	7	8	9	10	11	12	
13	14	15	16	17	18	19	
20	21	22	23	24	25	26	
27	28	29	30	31			

### SEPTEMBER

						1	2
3	4	5	6	7	8	9	
10	11	12	13	14	15	16	
17	18	19	20	21	22	23	
24	25	26	27	28	29	30	

### OCTOBER

	1	2	3	4	5	6	7
8	9	10	11	12	13	14	
15	16	17	18	19	20	21	
22	23	24	25	26	27	28	
29	30	31					

### NOVEMBER

				1	2	3	4
5	6	7	8	9	10	11	
12	13	14	15	16	17	18	
19	20	21	22	23	24	25	
26	27	28	29	30			

### DECEMBER

						1	2
3	4	5	6	7	8	9	
10	11	12	13	14	15	16	
17	18	19	20	21	22	23	
24	25	26	27	28	29	30	
31							

## 2018

### JANUARY

	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

### FEBRUARY

				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

### MARCH

				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

### APRIL

	1	2	3	4	5	6	7
8	9	10	11	12	13	14	
15	16	17	18	19	20	21	
22	23	24	25	26	27	28	
29	30						

### MAY

			1	2	3	4	5
6	7	8	9	10	11	12	
13	14	15	16	17	18	19	
20	21	22	23	24	25	26	
27	28	29	30	31			

### JUNE

						1	2
3	4	5	6	7	8	9	
10	11	12	13	14	15	16	
17	18	19	20	21	22	23	
24	25	26	27	28	29	30	