# ACTUARIAL VALUATION

1) REMAINDERS AND REVERSIONS

Step I – Determine § 7520 rate

Step II – Find the remainder factor

TABLE B – after a term of years

TABLE S – after one life

Step III – Multiply remainder factor and value of property

2) TERM OF YEARS AND LIFE INTERESTS

HARD WAY - Use IRS Pub. 1457 to find factor for measuring life or term of years. Then multiply by property value

EASY WAY - Subtract value of remainder or reversion from value of property

Since V(LE) + V(R) = V(P)
Knowing the value of two of the variables will allow us to solve for the third. In this case

V(LE) = V(P) – V(R)

3) ANNUITIES

Step I – find appropriate remainder factor from Table B or S.

Step II – subtract remainder factor from 1.0

Step III – divide result in Step II by § 7520 rate

Step IV – if annuity is payable other than annually, an adjustment must be made. The adjustment factor is found in Table K and is multiplied by the value of the annuity