

Life Estate Agreement - One Life

Prepared for: Donor name

A. Input Assumptions

| | |
|---|---------------|
| Date of Transfer | June 24, 2021 |
| Nearest age on the date of the gift for Life Tenant 1 is | 83 |
| Fair market value of property transferred | \$400,000.00 |
| Current value of depreciable property (improvements) | \$360,000.00 |
| Estimated useful life of depreciable property in years | 40 years |
| Expected salvage value of depreciable property (improvements) | \$100,000.00 |
| IRC Sec. 7520(a) election to use 4/2021 discount rate of | 1% |
| The mortality table is based on the census taken in | 2000 |

B. Calculation of Income Tax Deduction

| | |
|---|--------------|
| 1. Current fair market value of life estate property | \$400,000.00 |
| 2. Current value of depreciable portion of life estate property | \$360,000.00 |
| 3. Salvage value of depreciable life estate property | \$100,000.00 |
| 4. Portion of property considered to be depreciable (Line 2 minus Line 3) | \$260,000.00 |
| 5. Net value of property not subject to depreciation (Line 1 minus Line 4) | \$140,000.00 |
| 6. Remainder interest factor based on tenant ages | 0.93343 |
| 7. Remainder interest factor for real property which depreciates | 0.77453 |
| 8. Value of remainder interest in real property | |
| (a) Value not subject to depreciation (Line 5 * Line 6) | \$130,680.20 |
| (b) Value subject to depreciation (Line 4 * Line 7) | \$201,377.80 |
| (c) Total value of remainder interest (Line 8(a) + Line 8(b)) (the tax deduction) | \$332,058.00 |

NOTE: This calculation is provided for educational purposes only. The type of assets transferred, the actual date of the gift, and other factors may have a material effect on the amount or use of your deduction. You are advised to seek the advice of your tax advisors before implementing a gift of this type.

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