

# APPENDIX G

## One Year Term Rates

The following rates are used in computing the “cost” of pure life insurance protection that is taxable to the employee under: qualified pension and profit sharing plans (Q 3842) split-dollar plans (Q 3898); and tax-sheltered annuities (Q 3935).<sup>1</sup>

For these purposes, the rate at insured’s attained age is generally applied to the excess of the amount payable at death over the cash value of the policy at the end of the year.

Table 2001 can generally be used starting in 2001. P.S. 58 rates and other rates derived from Table 38 could generally be used in years prior to 2002. However, split dollar arrangements entered into before January 28, 2002, in which the contractual arrangement between the employer and the employee provides that P.S. 58 rates will be used may continue to use P.S. 58 rates. In 2001, either Table 2001 or the P.S. 58/Table 38 derived rates could generally be used.

See Q 229 for Table I, Uniform Premiums for \$1,000 of Group-Term Life Insurance Protection and application of the rates.

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1. Notice 2002-8, 2002-4 IRB 398; Rev. Rul. 66-110, 1966-1 CB 12.

2015 TAX FACTS ON INSURANCE & EMPLOYEE BENEFITS

**Table 2001**

*OneYear Term Premiums for \$1,000 of Life Insurance Protection -- One Life*

Age	Premium	Age	Premium	Age	Premium
0	\$0.70	34	\$0.98	67	\$15.20
1	0.41	35	0.99	68	16.92
2	0.27	36	1.01	69	18.70
3	0.19	37	1.04	70	20.62
4	0.13	38	1.06	71	22.72
5	0.13	39	1.07	72	25.07
6	0.14	40	1.10	73	27.57
7	0.15	41	1.13	74	30.18
8	0.16	42	1.20	75	33.05
9	0.16	43	1.29	76	36.33
10	0.16	44	1.40	77	40.17
11	0.19	45	1.53	78	44.33
12	0.24	46	1.67	79	49.23
13	0.28	47	1.83	80	54.56
14	0.33	48	1.98	81	60.51
15	0.38	49	2.13	82	66.74
16	0.52	50	2.30	83	73.07
17	0.57	51	2.52	84	80.35
18	0.59	52	2.81	85	88.76
19	0.61	53	3.20	86	99.16
20	0.62	54	3.65	87	110.40
21	0.62	55	4.15	88	121.85
22	0.64	56	4.68	89	133.40
23	0.66	57	5.20	90	144.30
24	0.68	58	5.66	91	155.80
25	0.71	59	6.06	92	168.75
26	0.73	60	6.51	93	186.44
27	0.76	61	7.11	94	206.70
28	0.80	62	7.96	95	228.35
29	0.83	63	9.08	96	250.01
30	0.87	64	10.41	97	265.09
31	0.90	65	11.90	98	270.11
32	0.93	66	13.51	99	281.05
33	0.96				

APPENDIX G: ONE YEAR TERM RATES

**“P.S. No. 58” Rates**

*One Year Term Premiums for \$1,000 of Life Insurance Protection – One Life*

Age	Premium	Age	Premium	Age	Premium
0	\$ 42.10*	35	\$ 3.21	70	\$ 48.06
1	4.49*	36	3.41	71	52.29
2	2.37*	37	3.63	72	56.89
3	1.72*	38	3.87	73	61.89
4	1.38*	39	4.14	74	67.33
5	1.21*	40	4.42	75	73.23
6	1.07*	41	4.73	76	79.63
7	.98*	42	5.07	77	86.57
8	.90*	43	5.44	78	94.09
9	.85*	44	5.85	79	102.23
10	.83*	45	6.30	80	111.04
11	.91*	46	6.78	81	120.57
12	1.00*	47	7.32	82	130.86*
13	1.08*	48	7.89	83	141.95*
14	1.17*	49	8.53	84	153.91*
15	1.27	50	9.22	85	166.77*
16	1.38	51	9.97	86	180.60*
17	1.48	52	10.79	87	195.43*
18	1.52	53	11.69	88	211.33*
19	1.56	54	12.67	89	228.31*
20	1.61	55	13.74	90	246.45*
21	1.67	56	14.91	91	265.75*
22	1.73	57	16.18	92	286.25*
23	1.79	58	17.56	93	307.98*
24	1.86	59	19.08	94	330.94*
25	1.93	60	20.73	95	355.11*
26	2.02	61	22.53	96	380.50*
27	2.11	62	24.50	97	407.03*
28	2.20	63	26.63	98	434.68*
29	2.31	64	28.98	99	463.35*
30	2.43	65	31.51	100	492.93*
31	2.57	66	34.28	101	523.30*
32	2.70	67	37.31	102	554.30*
33	2.86	68	40.59	103	585.75*
34	3.02	69	44.17	104	617.42*

\*Rates are derived by the editor from U.S. Life Table 38, and are based on the underlying actuarial assumptions of the P.S. 58 rates (see following pages).

## P.S. 58 Rates Calculations

### (Net annual premium per \$1,000 – 1 year term)

For various tax purposes, P.S. 58 rates can be used for the net annual premium per \$1,000 of one year term life insurance where there is only one insured. P.S. 58 equivalent rates (e.g., joint and joint and survivor rates) can also be determined where there is more than one insured (sometimes referred to as Table 38 rates). The derivation of such rates is described below for one and two insureds.

In each instance, the present value of \$1,000 is discounted one year at 2.5% to \$975.60. \$975.60 is then multiplied by the probability of death of the insured(s) during the year. In each of the formulas below, substitute the appropriate  $q_x$  from Table 38 for each insured (where two insureds are involved, the second insured is referred to as  $y$  rather than  $x$ ).

required interest rate =  $i = 2.5\%$

$1 \div (1 + i) = 1 \div 1.025 = .97560$

$\$1,000 \times .97560 = \$975.60$

$q_x$  – probability of dying in each year of age (from Table 38)

(e.g.,  $q_x$  for person age 25 is .00198)

Where two lives are involved  $q_x$  and  $q_y$  are used

$q_x$  is probability at first person's age

$q_y$  is probability at second person's age

(e.g.,  $q_x$  for first person, age 35, is .00329 and  $q_y$  for second person, age 45, is .00646)

#### ONE LIFE

P.S. 58 rate =  $\$975.60 \times q_x$

(e.g., rate for person age 50 =  $\$975.60 \times .00945 = \$9.22$ )

#### TWO LIFE (Joint and Survivor, Second to Die)

P.S. 58 equivalent rate =  $\$975.60 \times q_x \times q_y$

(e.g., rate for persons age 60 and 70

=  $\$975.60 \times .02125 \times .04926 = \$1.02$ )

after first death use one life rate

#### TWO LIFE (Joint, First to Die)

P.S. 58 equivalent rate =  $\$975.60 \times [(q_x + q_y) - (q_x \times q_y)]$

(e.g., rate for persons age 60 and 70

=  $\$975.60 \times [(.02125 + .04926) - (.02125 \times .04926)]$

=  $\$67.77$ )

APPENDIX G: ONE YEAR TERM RATES

**Table 38**

Age x	q(x)	Age x	q(x)	Age x	q(x)
0	\$ .04315	35	\$ .00329	70	\$ .04926
1	.00460	36	.00350	71	.05360
2	.00243	37	.00372	72	.05831
3	.00176	38	.00397	73	.06344
4	.00141	39	.00424	74	.06901
5	.00124	40	.00453	75	.07506
6	.00110	41	.00485	76	.08162
7	.00100	42	.00520	77	.08873
8	.00092	43	.00558	78	.09644
9	.00087	44	.00600	79	.10479
10	.00085	45	.00646	80	.11382
11	.00093	46	.00695	81	.12358
12	.00102	47	.00750	82	.13413
13	.00111	48	.00809	83	.14550
14	.00120	49	.00874	84	.15776
15	.00130	50	.00945	85	.17094
16	.00141	51	.01022	86	.18511
17	.00152	52	.01106	87	.20032
18	.00156	53	.01198	88	.21661
19	.00160	54	.01299	89	.23402
20	.00165	55	.01408	90	.25261
21	.00171	56	.01528	91	.27239
22	.00177	57	.01658	92	.29341
23	.00183	58	.01800	93	.31568
24	.00191	59	.01956	94	.33921
25	.00198	60	.02125	95	.36399
26	.00207	61	.02309	96	.39001
27	.00216	62	.02511	97	.41721
28	.00226	63	.02730	98	.44555
29	.00237	64	.02970	99	.47493
30	.00249	65	.03230	100	.50525
31	.00263	66	.03514	101	.53638
32	.00277	67	.03824	102	.56816
33	.00293	68	.04160	103	.60039
34	.00310	69	.04527	104	.63286
				105	1.00000

**2015 TAX FACTS ON INSURANCE & EMPLOYEE BENEFITS**

*One Year Term Premiums for \$1,000 of Joint and Survivor Life Insurance Protection\* (Second-to-Die)*

AGE	5	10	15	20	25	30	35	40	45	50
5	.00	.00	.00	.00	.00	.00	.00	.01	.01	.01
10	.00	.00	.00	.00	.00	.00	.00	.00	.01	.01
15	.00	.00	.00	.00	.00	.00	.00	.01	.01	.01
20	.00	.00	.00	.00	.00	.00	.01	.01	.01	.02
25	.00	.00	.00	.00	.00	.00	.01	.01	.01	.02
30	.00	.00	.00	.00	.00	.01	.01	.01	.02	.02
35	.00	.00	.00	.01	.01	.01	.01	.01	.02	.03
40	.01	.00	.01	.01	.01	.01	.01	.02	.03	.04
45	.01	.01	.01	.01	.01	.02	.02	.03	.04	.06
50	.01	.01	.01	.02	.02	.02	.03	.04	.06	.09
55	.02	.01	.02	.02	.03	.03	.05	.06	.09	.13
60	.03	.02	.03	.03	.04	.05	.07	.09	.13	.20
65	.04	.03	.04	.05	.06	.08	.10	.14	.20	.30
70	.06	.04	.06	.08	.10	.12	.16	.22	.31	.45
75	.09	.06	.10	.12	.14	.18	.24	.33	.47	.69
80	.14	.09	.14	.18	.22	.28	.37	.50	.72	1.05
85	.21	.14	.22	.28	.33	.42	.55	.76	1.08	1.58
90	.31	.21	.32	.41	.49	.61	.81	1.12	1.59	2.33
95	.44	.30	.46	.59	.70	.88	1.17	1.61	2.29	3.36
100	.61	.42	.64	.81	.98	1.23	1.62	2.23	3.18	4.66
AGE	55	60	65	70	75	80	85	90	95	100
5	.02	.03	.04	.06	.09	.14	.21	.31	.44	.61
10	.01	.02	.03	.04	.06	.09	.14	.21	.30	.42
15	.02	.03	.04	.06	.10	.14	.22	.32	.46	.64
20	.02	.03	.05	.08	.12	.18	.28	.41	.59	.81
25	.03	.04	.06	.10	.14	.22	.33	.49	.70	.98
30	.03	.05	.08	.12	.18	.28	.42	.61	.88	1.23
35	.05	.07	.10	.16	.24	.37	.55	.81	1.17	1.62
40	.06	.09	.14	.22	.33	.50	.76	1.12	1.61	2.23
45	.09	.13	.20	.31	.47	.72	1.08	1.59	2.29	3.18
50	.13	.20	.30	.45	.69	1.05	1.58	2.33	3.36	4.66
55	.19	.29	.44	.68	1.03	1.56	2.35	3.47	5.00	6.94
60	.29	.44	.67	1.02	1.56	2.36	3.54	5.24	7.55	10.47
65	.44	.67	1.02	1.55	2.37	3.59	5.39	7.96	11.47	15.92
70	.68	1.02	1.55	2.37	3.61	5.47	8.22	12.14	17.49	24.28
75	1.03	1.56	2.37	3.61	5.50	8.33	12.52	18.50	26.65	37.00
80	1.56	2.36	3.59	5.47	8.33	12.64	18.98	28.05	40.42	56.10
85	2.35	3.54	5.39	8.22	12.52	18.98	28.51	42.13	60.70	84.26
90	3.47	5.24	7.96	12.14	18.50	28.05	42.13	62.26	89.70	124.52
95	5.00	7.55	11.47	17.49	26.65	40.42	60.70	89.70	129.26	179.42
100	6.94	10.47	15.92	24.28	37.00	56.10	84.26	124.52	179.42	249.05

\*Rates are derived from U.S. Life Table 38. They are based on the underlying actuarial assumptions of the P.S. 58 rates. The method for deriving the rates is also based upon an unofficial informational letter of Norman Greenberg, Chief, Actuarial Branch, Department of the Treasury. The letter indicates that after the first death, the single life regular P.S. 58 rates are to be used. Due to space limitations, the table is presented in 5-year age increments. For planning purposes, it is suggested that each actual age be rounded to the nearest corresponding age in the table, or do the calculation described earlier in this appendix.