



The Vita Viewpoint Important Information for Decision Makers

IRS Releases New Table I Life Insurance Economic Benefit Values

- The IRS has issued proposed regulations which change the valuation tables under Section 79 of the Code for measuring the value of group term life insurance in excess of \$50,000.
- The new rates significantly reduce the tax cost of group term life insurance for individual amounts over \$50,000. It is based on updated mortality information provided by the Society of Actuaries.
- Currently, the proposed effective date of the change in Table I values is **July 1, 1999**. We understand that the IRS considered a January 1, 1999 effective date, however certain large employers objected, apparently needing more time to implement the new rates.
- Vita will continue its Table I calculation service for our clients. We will implement the mid-year 1999 value change in our calculations.
- Example: A 45 year old with \$150,000 of group term life insurance would be taxed on an economic benefit of \$348 under the old Table I. The economic benefit under the proposed new Table I would be \$180.

Cost per \$1,000 per month

<u>Old Table I</u>		<u>New Table I</u>	
		Under 25	\$0.05
Under 30	\$0.08	25 to 29	.06
30 to 34	.09	30 to 34	.08
35 to 39	.11	35 to 39	.09
40 to 44	.17	40 to 44	.10
45 to 49	.29	45 to 49	.15
50 to 54	.48	50 to 54	.23
55 to 59	.75	55 to 59	.43
60 to 64	1.17	60 to 64	.66
65 to 69	2.10	65 to 69	1.27
70 and above	3.76	70 and above	2.06

For questions or additional information, please contact Vita Benefits Group at (650) 968-8811.