

## VALUATION OF REVERSIONS ETC. FOR DEATH DUTIES

(To the Editors of the Journal of the Institute of Actuaries)

SIRS,

It may be useful to remind members that the correspondence with the Estate Duty Office in December 1900 (*J.I.A.* Vol. xxxvi, p. 84), which is mentioned on p. 29 of the Year Book for 1930-31, only relates to valuations of reversions for the purpose of assessing Estate Duty. For Legacy and Succession Duty, annuities and in some cases reversions as well must, according to the Statute in question, be valued by the tables annexed to the Succession Duty act of 1853 and no other basis can be accepted. Where these tables are not applicable, as for example where a temporary life annuity is involved, the payments are accounted for yearly when made, as if each were a separate legacy.

In consequence the purpose for which a valuation is required should always be ascertained if, as not infrequently happens, this vital information is omitted from the original instructions.

An extract from Table I annexed to the 1853 act is given below, the values being to the nearest £ those of an annuity of £100 on a life of either sex.

| Age | Annuity value | Age | Annuity value |
|-----|---------------|-----|---------------|
|     | £             |     | £             |
| 30  | 1644          | 60  | 972           |
| 40  | 1487          | 70  | 677           |
| 50  | 1243          | 80  | 381           |

The above table, as mentioned on p. 82 of Vol. LX of the *Journal*, was calculated by Mr A. J. Finlaison on the basis of interest at 4 per cent., and as regards mortality on the basis of the table furnished by Mr John Finlaison in 1829 for the grant of annuities on male lives. It is remarkable that this ancient basis should still have to be used by actuaries in this connection because it is probably the only table of the kind which has been incorporated in a public act of parliament.

I am,

Yours faithfully,

C. H. MALTBY

190 Fleet Street,  
E.C. 4

27th October, 1930