

ON A LIFE INTEREST IN AN ESTATE INCLUDING A REVERSION EXPECTANT ON THE DEATH OF THE LIFE TENANT IN THE ESTATE.

To the Editor of the Journal of the Institute of Actuaries.

SIR,—It not infrequently happens that an estate, left by will, to be enjoyed by one person for life and by another afterwards, includes a reversionary interest. Sometimes, as in the case communicated by Dr. Sprague to the *Journal* in Jan. 1892 (*J.I.A.*, xxix, 540), the person who has the life interest in the estate of the testator is the same life as that upon which the reversion depends, but more generally these persons are different. A recent decision of the court with regard to cases of this sort, which has been brought under my notice, may, perhaps, be of interest to some readers of the *Journal*. The rule of law which is generally applicable to these cases is that laid down in *Howe v. Lord Dartmouth*, 7 Ves. 137, according to which, if the reversion had not been converted at the testator's death, the reversioner gets the sum which, at 4 per-cent compound interest (with yearly rests and deducting income tax), will accumulate from such date to the sum realized by sale or falling in of the reversion, and the life tenant (in the reversion) gets the balance; but it has been decided that, where it can be gathered from the will that the testator intended that conversion is to take place at some time other than that at which the rule of the court would make conversion necessary at the testator's death, the rule of the court as to division has no application, and the person who has been left a life interest in the estate is not entitled to any part of the proceeds of the reversion, if it is realized or sold after the death of such person. The particular case which came under my notice was *In re Pitcairn, Brandreth v. Colvin*, 44 W.R. 200, in which the testator, by his will, gave his trustees power, if and when they considered it expedient, to sell all and any part of his estate; and it was decided that he had shown an intention that a conversion of his estate (which included a reversionary interest) should take place at some time, which need not be that at which the rule of the court applied. The trustees had not converted the reversion, but on the death of the tenant for life in the estate, the reversion fell in (this tenant for life in the estate of the testator being the same life as that on which the reversion depended), and her executors received nothing in respect of income in the proceeds. The reason for this decision as regards reversions seems to be that, as in the case of leaseholds, terminable annuities, or other perishable property, it has been decided that, where the testator has shown an intention that the rule of the court is not to apply, the tenant for life is to enjoy them *in specie*; so, on the other hand, reversions, or other deferred property are to be similarly treated, and the tenant for life may get nothing from them.

I am,

Your obedient servant,

J. R. HART.

69 King William Street,
9 June 1896.