A. Input Assumptions

Date of Transfer: April 23, 2021
Nearest age on the date of the gift for Life Tenant 1 is 82
Nearest age on the date of the gift for Life Tenant 2 is 80
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 2/2021 discount rate of 0.6%
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: 0.93699
7. Remainder interest factor for real property which depreciates: 0.68384
8. Value of remainder interest in real property
   (a) Value not subject to depreciation (Line 5 * Line 6): $131,178.60
   (b) Value subject to depreciation (Line 4 * Line 7): $177,798.40
   (c) Total value of remainder interest (Line 8(a) + Line 8(b)) (the tax deduction): $308,977.00

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.