Internal Revenue Service
Revenue Ruling

Rev. Rul. 55-747

1955-2 C.B. 228

Caution:Amplified by Rev. Rul. 66-110

IRS Headnote

Bases upon which one-year term premiums may be computed for use in determining the amount required to be included in the income of an employee on account of current life insurance protection provided for such employee under a life or an endowment insurance contract held by an employees' trust qualified under section 401(a) of the Internal Revenue Code of 1954.

Full Text

Rev. Rul. 55-747 /1/

Advice has been requested regarding the bases which may be used in computing one-year term premiums for the purpose of determining the costs required to be included in the income of an employee, in accordance with section 39.165-6 of Regulations 118 (see T.D. 6091, C.B. 1954-2, 47), on account of current life insurance protection provided for him under a life or endowment insurance contract held by an employees' trust qualified under section 401(a) of the Internal Revenue Code of 1954 (section 165(a) of the 1939 Code).

In principle the cost of $1,000 of such protection may be considered as the one-year term premium for $1,000 insurance, computed on the following basis:

(a) The mortality rate upon which the gross contract premium is based, adjusted to conform to the basis of any element of the current dividend under the contract properly attributable to a different current actual mortality experience.

(b) The interest rate upon which the gross contract premium is based, adjusted to conform to the basis of any element of the current dividend under the contract properly attributable to a different current actual interest earnings rate.

(c) A loading rate consistent with the loading rate upon which the gross contract premium is based, adjusted to conform to the basis of any element of the current dividend under the contract properly attributable to different current actual expenses.

In practice the basis outlined above cannot be accurately determined or applied.

One year term premiums may, however, be computed upon a basis which recognizes that the actual costs under a contract may be considerably smaller than costs consistent with the basis of the gross premiums thereunder but which produce uniform one-year term premiums per $1,000 of current life insurance protection for every employee of the same age without regard to the bases of the premiums, dividends, or risk classification under a particular contract. Such uniform one-year term premiums may be used for the purpose referred to in the first paragraph hereof provided the premiums are not less than those given in the table shown below.

Uniform One Year Term Premiums for $1,000 Life Insurance Protection

(Based on Table 38, U. S. Life Tables and Actuarial Tables (U. S. Government Printing Office, Washington, D. C.--1946), and 2 1/2% interest.)

Age	Premium
15	$1.27
16	1.38
17	1.48
18	1.52
19	1.56
20	1.61
21	1.67
22	1.73
23	1.79

24	1.86
25	1.93
26	2.02
27	2.11
28	2.20
29	2.31
30	2.43
31	2.57
32	2.70
33	2.86
34	3.02
35	3.21
36	3.41
37	3.63
38	3.87
39	4.14
40	4.42
41	4.73
42	5.07
43	5.44
44	5.85
45	6.30
46	6.78

47	7.32
48	7.89
49	8.53
50	9.22
51	9.97
52	10.79
53	11.69
54	12.67
55	13.74
56	14.91
57	16.18
58	17.56
59	19.08
60	20.73
61	22.53
62	24.50
63	26.63
64	28.98
65	31.51
66	34.28
67	37.31
68	40.59
69	44.17

70	48.06
71	52.29
72	56.89
73	61.89
74	67.33
75	73.23

/1/ This Revenue Ruling reads substantially as P.S. No. 58, Revised, issued on March 7, 1947.