

Valuation Actuary Symposium
Section 7 WS
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Federal Income Tax Topics

Tax Reserve Basics

- Section 807(d) – prescribed methods, interest rates and tables for “life insurance reserves”
- Section 807(f) – changes in reserve method vs. correction of an error vs. “change in facts” vs. change in accounting method IRC Section 446

Implications of 2001 CSO Table

- Product pricing and design
- Statutory reserves
- Tax reserves
- Section 7702 and 7702A issues
- Other including ACLI activities

Other NAIC Developments Affecting Tax Reserves

- Adoption of reserve actuarial guidelines/proposed guidelines
- Regulation XXX
- Recent new federally prescribed tables
- Effect of proposed new tables on tax reserving
- Variable products issues
- Codification and Deferred Tax Assets
- Statutory Valuation Rates – 2002 and 2003
- Other

Recent Cases/Rulings Affecting Reserves, etc.

- ACLI Efforts
- Utah Medical, Minnesota Lawyers Cases, etc. and A&H claim reserve issues
- Tax Legislation – Repeal of Sections 809 and 815?
- IRS 2002 Priorities
- TAM 200038008 – Dividends received deduction
- FSA 200123024 – Reinsurance
- Rev. Ruling 2002 – 12 – 2002 Updated Interest Rates
- Rev. Ruling 2001 – 38 – Updated Annuity Tables for 1999 forward
- TAM 200108002 – AG IX and IXB
- Principal Mutual Case – Dkt. No. 01-5036
- Reg – 248110 – 96 – Revised Proposed Sec 817A Regs for Modified Guaranteed Contracts
- Rev. Ruling 2002-6-AG XXXIII
- Notice 2002 - 33 - Suspension of Form 8390 filing requirements
- FSA 200144028 – Section 338 elections
- AFIR
 - 2000 rate – 6.09%
 - 2001 rate – 6.00%
 - 2002 rate – 5.73%
 - Projected 2003 rate

IRS Matters

- Audit Issues
- Use of specialists / actuaries employed by IRS
- Increased emphasis on reserve aspects of audits

Emerging Items and Miscellaneous