



SOCIETY OF ACTUARIES

**Valuation Actuary Symposium  
September 24- 25, 2009**

**Session 3 WS: Federal Income Tax Topics**

**Kory J. Olsen, FSA, MAAA, CERA  
Peter A. Marion, FSA, MAAA**

# 2009 Valuation Actuary Symposium

## Session #3 WS – Federal Income Tax Topics

Peter A. Marion  
Kory J. Olsen

Introduction of Facilitators

Call for Additional Topics

Miscellaneous

Tax Seminars: *US Federal Income Taxation of Life Insurance Companies and Tax Reserves and Related Items*

Tax Section Activities and *Taxing Times*

SOA Books: *US Tax Reserves for Life Insurers and Life Insurance and Modified Endowments Under Internal Revenue Code Sections 7702 and 7702A*

Applicable Federal Interest Rates (see attachment)

Separate Account Dividends Received Deduction: Rev. Ruls. 2007-54 and 2007-61; audit and appeals activities

Audit/appeal issues on tax reserves

Use of Actuarial Guidelines (effective date, method for policies issued prior to effective date, specific provisions)

Deficiency reserves in NAIC cap

Principle Based Reserves

AG 43 / VA CARVM

Tax Issues for 12/31/2009

Covers all issues of 2009 or only 1 day's issues?

NAIC Cap on a seriatim basis

Tax Issues for 2010+

Use of AG 43 in calculating Federally Prescribed Reserves

Life Insurance

Same issues as AG 43 plus ...

# APPLICABLE FEDERAL INTEREST RATES

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Jan	6.21	5.61	4.49	3.43	3.52	3.76	4.48	4.58	3.58	2.06
Feb	6.56	5.07	4.63	3.27	3.44	3.83	4.40	4.69	3.51	1.65
Mar	6.80	5.07	4.52	3.24	3.34	3.83	4.51	4.86	2.97	1.94
Apr	6.71	4.77	4.65	2.96	3.15	4.09	4.72	4.61	2.87	2.15
May	6.40	4.95	4.99	3.17	3.16	4.28	4.84	4.62	2.74	2.05
Jun	6.62	5.02	4.74	3.06	3.89	4.01	5.06	4.64	3.20	2.25
Jul	6.62	5.12	4.60	2.55	4.11	3.86	5.05	4.95	3.45	2.76
Aug	6.33	4.99	4.24	2.70	4.00	3.92	5.21	5.09	3.55	2.80
Sep	6.22	4.82	3.75	3.43	3.84	4.19	5.01	4.79	3.46	2.87
Oct	6.09	4.59	3.46	3.65	3.62	4.08	4.82	4.35	3.16	2.87 *
Nov	6.01	4.13	3.06	3.32	3.55	4.23	4.69	4.39	2.97	2.87 *
Dec	5.87	3.97	3.31	3.55	3.56	4.52	4.73	4.13	2.85	2.87 *

## AFIR's Used to Calculate Tax Reserves

	----- Year of Issue -----									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	6.00	5.71	5.27	4.82	4.44	3.98	3.97	4.06	4.06	3.82 *

\* Estimated