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HOUSE BILL NO. 2000

Offered January 19, 1999

A *BILL to amend and reenact § 64.1-16.1 of the Code of Virginia, relating to augmented estate; exclusions; valuation.*

Patrons—Howell, Clement, McClure and Murphy

Referred to Committee for Courts of Justice

Be it enacted by the General Assembly of Virginia:

1. That § 64.1-16.1 of the Code of Virginia is amended and reenacted as follows:

§ 64.1-16.1. Augmented estate; exclusions; valuation.

A. The augmented estate means the estate passing by testate or intestate succession, real and personal, after payment of allowances and exemptions elected under Article 5.1 (§ 64.1-151.1 et seq.) of Chapter 6 of this title, funeral expenses, charges of administration which shall not include federal or state transfer taxes, and debts, and to which is added the sum of the following amounts:

1. The value of property, other than tangible personal property received by gift and the proceeds thereof, owned or acquired by the surviving spouse at the decedent's death, to the extent the property is derived from the decedent, by any means other than testate or intestate succession, without a full consideration in money or money's worth;

2. The value of property, other than tangible personal property received by gift and the proceeds thereof, derived by the surviving spouse from the decedent without a full consideration in money or money's worth, other than by testate or intestate succession, and transferred by the surviving spouse at any time during the marriage to a person other than the decedent, which would have been includible in the surviving spouse's augmented estate if the surviving spouse had predeceased the decedent; and

3. The value of property transferred to anyone other than a bona fide purchaser by the decedent at any time during the marriage to the surviving spouse, to or for the benefit of any person other than the surviving spouse, to the extent that the decedent did not receive adequate and full consideration in money or money's worth for the transfer, if the transfer is of any of the following types:

a. Any transfer under which the decedent retained for his life, for any period not ascertainable without reference to his death or for any period which does not in fact end before his death, the possession or enjoyment of, or right to income from, the property;

b. Any transfer to the extent that the decedent retained for his life, for any period not ascertainable without reference to his death or for any period which does not in fact end before his death, a power, either alone or in conjunction with any other person, to revoke or to consume, invade, or dispose of the principal for his own benefit;

c. Any transfer whereby property is held at the time of the decedent's death by the decedent and another with right of survivorship; or

d. Any transfer made to or for the benefit of a donee within the calendar year of the decedent's death or any of the five preceding calendar years to the extent that the aggregate value of the transfers to the donee exceeds \$10,000 in that calendar year.

B. Nothing herein shall cause to be included in the augmented estate (i) the value of any property transferred by the decedent during marriage with the written consent or joinder of the surviving spouse; (ii) the value of any property, its income or proceeds, received by the decedent by gift, will, or intestate succession, or any other method or form of transfer to the extent it is received without full consideration in money or money's worth, before or during the marriage to the surviving spouse, from a person other than the surviving spouse to the extent such property, income, or proceeds were maintained by the decedent as separate property; or (iii) any transfer made to anyone other than the surviving spouse prior to January 1, 1991, to the extent that such transfer is irrevocable on that date.

C. Property is valued as of the decedent's death except that property transferred irrevocably during the lifetime of the decedent is valued as of the date the transferee came into possession or enjoyment if that occurs first.

1. Life estates and remainder interests are valued in the manner prescribed in Article 2 (§ 55-269.1 et seq.) of Chapter 15 of Title 55, and deferred payments and estates for years are discounted to present value using the interest rate specified in § 55-269.1.

2. The value of an insurance policy that is irrevocably transferred during the lifetime of a decedent is the cost of a comparable policy on the date of transfer or, if such a policy is not readily available, the policy's interpolated terminal reserve. The value of any premiums paid on an insurance policy owned by another person is the amount of the premiums only and not the insurance purchased or maintained with

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60 such premiums.

61 3. *An initial interest in property owned as a joint tenant with survivorship is valued at the time the*
62 *interest is acquired, and a further interest received upon the death of a cotenant is valued at the*
63 *cotenant's death. Property owned jointly by persons married to each other shall be rebuttably presumed*
64 *to have been acquired with contributions of equal value by each tenant. The mere creation of an*
65 *indebtedness secured by jointly owned property is not a contribution to its acquisition, but any*
66 *satisfaction of an indebtedness is a contribution. An interest in a tenancy by the entirety shall be valued*
67 *as if it were an interest in a joint tenancy with survivorship. Joint accounts in financial institutions shall*
68 *be valued in accordance with the provisions of Chapter 2.1 (§ 6.1-125.1 et seq.) of Title 6.1.*

69 D. As used in this section, the terms "estate" and "property" shall include insurance policies,
70 retirement benefits exclusive of federal social security benefits, annuities, pension plans, deferred
71 compensation arrangements, and employee benefit plans to the extent owned by, vested in, or subject to
72 the control of the decedent on the date of his death or the date of an irrevocable transfer by him during
73 his lifetime.