United States Vs. Ryerson

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Court : US Supreme Court

Decided On : 1941

Appeal No. : 312 U.S. 260

Appellant : United States

Respondent : Ryerson

Judgement :

UNITED STATES v. RYERSON - 312 U.S. 260 (1941)
U.S. Supreme Court UNITED STATES v. RYERSON, 312 U.S. 260 (1941)

312 U.S. 260

UNITED STATES
v.
RYERSON et al.
No. 494.

Argued Jan. 7, 1941.
Decided Feb. 3, 1941.

Messrs. Robert H. Jackson, Atty. Gen., and J. Louis Monarch, Sp. Asst. to Atty. Gen., for the United States.

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Mr. William N. Haddad, of Chicago, Ill., for respondent.

Mr. Justice DOUGLAS delivered the opinion of the Court.

The question here is the same as that in Guggenheim v. Rasquin, 312 U.S. 254 , 61 S.Ct. 507, 85 L.Ed. --, decided this day. Consequently the decision of the Circuit Court of Appeals holding that cash-surrender value on the dates of the gifts was the proper method of valuing single-premium life insurance policies for gift-tax purposes (7 Cir., 114 F.2d 150) must be reversed, unless the elapse of time between the issuance of the policies and the making of the gifts calls for a different result. The single-premium policies here involved were taken out by the insured in 1928 and 1929. They were assigned as gifts in December, 1934, when the insured was 79 years old. The cost of the policies was less than their cash-surrender value at the dates of the gifts. But the cost of replacing the policies at the then age of the insured would have been in excess of their cash-surrender value. We think that such cost of replacement, as held by the District Court, is the best available criterion of the value of the policies for the purposes of the gift tax. The elapse of time between issuance and assignment of the policies does not justify the substitution of cash-surrender value for replacement cost as the criterion of value. We cannot assume with respondents that at the dates of the gifts the policies presumably had no insurance, as distinguished from investment value to the donor. Here, as in the case where the issuance of the policies and their assignment as gifts are simultaneous, cash-surrender value reflects only a part of the value of the contracts. The cost of dupli- cating the policies at the dates of the gifts is in absence of more cogent evidence the one criterion which reflects both their insurance and investment value to the owner at that time. Cf. Vance on

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Insurance, 2d Ed., pp. 332, 333; Speer v. Phoenix Mutual Life Ins. Co., 36 Hun. 322. The fact that the then condition of an insured's health might make him uninsurable emphasizes the conclusion that the use of that criterion will result in

placing a minimum value upon such a gift.

Reversed.