Estate of Jennings, 10 T.C. 326 (1948)

When a will allows invasion of a trust corpus for a beneficiary's "care and maintenance," the standard is ascertainable, and the charitable bequest is deductible, especially when the beneficiary's needs are fixed and limited due to their physical condition at the time of death.

Summary

The Tax Court addressed the deductibility of charitable bequests from an estate where the will allowed the trustee to invade the corpus of a trust for the benefit of the decedent's surviving husband. The Commissioner argued that the possibility of invasion made the charitable bequests incapable of valuation. The court held that the power to invade the corpus was limited by an ascertainable standard ("care and maintenance"), and the husband's physical condition (severe paralysis and lack of cognitive function) made any substantial invasion improbable. Furthermore, the court ruled that the husband's life expectancy should be determined based on his actual health, not standard mortality tables.

Facts

The decedent's will established a trust for the benefit of her husband, James W. Jennings, granting the trustee the power to use income or principal for his "care and maintenance." The remainder of the residuary estate was bequeathed to named charitable organizations. At the time of the decedent's death, her husband was 73 years old, almost totally paralyzed, lacked cognitive function, and required extensive care. His condition was rapidly deteriorating and required the maximum care possible.

Procedural History

The Commissioner of Internal Revenue disallowed the estate's deduction for the charitable bequests, arguing that the power to invade the corpus made the bequests incapable of valuation. The Tax Court reviewed the Commissioner's determination.

Issue(s)

1. Whether the power to invade the corpus of the trust for the "care and maintenance" of the decedent's husband created an unascertainable standard, thus rendering the charitable bequests incapable of valuation and non-deductible.
2. Whether, in valuing the charitable bequests, the life estate of the decedent's husband should be determined using established mortality tables or the actual physical condition of the husband at the time of her death.

Holding

1. No, because the term "care and maintenance" provides an ascertainable

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standard, particularly considering the husband's existing physical condition and the maximum level of care he already received.
2. No, because the valuation should be based on the husband's actual physical condition and life expectancy at the time of death, not on standard mortality tables.

Court's Reasoning

The court reasoned that the words "care and maintenance" denote a fixed or ascertainable standard based on the beneficiary's accustomed manner of living and other circumstances. Citing *Ithaca Trust Co. v. United States*, the court emphasized that such provisions establish a standard for measuring the extent of permissible invasion. The court stated,

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