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Steve Leimberg's Income Tax Planning Email Newsletter - Archive Message #103

Date:	**09-Nov-16**
From:	**Steve Leimberg's Income Tax Planning Newsletter**
Subject:	**Vincent D'Addona, Michael Geeraerts & Jim Magner on Basis Consistency Reporting for Unmatured Life Insurance Contracts: Does Basis Step-Up and How Do Executors and Beneficiaries Deal with Reporting?**

"The step-up in basis for a beneficiary who inherits property is one of the most powerful aspects of the Code. Especially with the top federal income tax rate being 39.6% and most Americans not having taxable estates above the $5.45M federal estate tax exemption, the step-up in basis is a critical tool for estate planners. When a decedent owns a life insurance policy insuring the life of another, does the beneficiary who inherits that policy get a step-up in basis? There is no case or ruling that clearly states that the basis step-up applies to unmatured life insurance policies, although many advisors believe that it should.

Advisors often discuss this theoretical issue. But now that basis consistency under Section 1014(f) is the law, along with reporting with Form 8971, this may no longer be just a theoretical question for many estates and beneficiaries. While permanent life insurance policies are often used primarily for their death benefit, lifetime access to cash values is a great feature, and having a higher basis means more of those cash values can be accessed income tax-free."

Vince D'Addona, **Michael Geeraerts** and **Jim Magner** provide members with commentary that focuses on the impact of the new basis consistency reporting requirements on unmatured life insurance contracts included in a decedent's estate.

Vincent M. D'Addona CLU®, ChFC®, AEP®, RICP, CExP®, MSFS is an advisor at **Strategies for Wealth** with 37 years of experience providing services in three core areas: Estate Planning, Exit Planning for the owners of closely held businesses and Investment Coaching. He is a nationally known practitioner with The Living Balance Sheet® and serves on the Living Balance Sheet design team and is a Living Balance Sheet faculty member. Vince has served as workshop sub-committee chair for the AALU 2010 annual meeting, in addition to being a featured speaker in 2005. Vince is a Life and Qualifying member of MDRT, Court of the Table for 28 years and Top of the Table for 14 years, and has spoken at the MDRT National Meeting. Vince is a member of the Forum400, Financial Planning Association, the National Association of Insurance and Financial Advisors, and the National Association of Estate Planning Councils. He has served as president of the New York City Chapter of the Society of Financial Services Professionals, and on the boards of the New York City Association of Insurance and Financial Advisors and the New York Estate Planning Council.

Michael Geeraerts, CPA, JD, CGMA®, CLU® is an advanced planning consultant at The Guardian Life Insurance Company of America. Prior to joining Guardian, Michael was a manager at PricewaterhouseCoopers LLP and a tax consultant at KPMG LLP. Michael's experiences range from preparing tax returns for middle-market companies, auditing billion dollar mutual funds' financial statements, to researching unique tax savings strategies for various companies. Michael has written articles for numerous national publications and has delivered continuing education courses to CPAs and attorneys on a variety of estate, business and income tax planning strategies.

Jim Magner is an advanced planning attorney at The Guardian Life Insurance Company of America.[i] Prior to joining Guardian, Jim was General Counsel for a national broker dealer/brokerage general agency. Jim previously worked as an Attorney-Advisor in the IRS's Office of Chief Counsel, in Washington, DC. While with the Office of Chief Counsel, Jim wrote private and public rulings on estate, gift, GST and charitable remainder trust issues. Jim's articles have appeared in such publications as Estate Planning, Tax Notes, the Journal of Financial Service Professionals and Steve Leimberg's newsletters. Jim has co-authored a number of books on estate and insurance planning topics, including Estate and Personal Financial Planning and Tools & Techniques of Life Settlement Planning.

Here is their commentary:

EXECUTIVE SUMMARY:

Section 1014(a)(1) states that "the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent [is] the fair market value of the property at the date of the decedent's death." The "step-up" in basis at death is something all estate planners know and use. With the current $5.45M federal estate tax exemption, many planners intentionally structure assets to be included in a decedent's estate so the beneficiaries will receive a step-up in basis. While many advisors are of the opinion that the basis step-up rules apply to an unmatured life insurance policy,[ii] there is no case or ruling to cite that clearly supports this.

Now that we have basis consistency rules and Form 8971 to worry about, this is now a real issue for executors and beneficiaries. Section 1014(f) states that the basis of certain property acquired from a decedent may not exceed its "final value [as] determined for purposes of" the federal estate tax, or if not finally determined, the value of that property as reported on a statement made under new Section 6035. A policy's value reported on Form 8971 that is required to be filed would appear to lock the beneficiary into that amount as his/her stepped-up basis, assuming that basis step-up applies to unmatured life insurance policies.

COMMENT:

Section 1014(a)(1) states that "the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent [is] the fair market value of the property at the date of the decedent's death." This provision of the Code is commonly referred to as property receiving a "step-up" in basis at death, and in recent years has been a political football the subject of significant back-and-forth between politicians and commentators alike, with one commentator referring to it as the "Angel of Death."[iii]

It is important to note that a beneficiary who inherits property from a decedent can obtain a "step-down" in basis if the property's fair market value on the date of the decedent's death is less than the decedent's basis in that asset, as Section 1014(a)(1) states that a beneficiary's basis will be the asset's fair market value. However, we will focus on the "step-up" in basis where the asset's fair market value at the date of the decedent's death is more than the decedent's basis in that asset.

Whether basis step-up should apply to unmatured life insurance policies can be seen in the following example posited by **Howard Zaritsky** and **Steve**

Leimberg in their treatise “Tax Planning with Life Insurance”:

Example 2-75

Sandra owns a $1 million whole life insurance policy on the life of her husband, Hal. Sandra dies before Hal. Sandra did not name a contingent owner in the policy application and the policy passes as part of her estate. Hal is executor of Sandra’s estate. Sandra left some personal effects to Hal, but she named the two children she had with Hal as residuary beneficiaries of her estate. The children now become the owners of the policy on Hal’s life.[iv]

As they note, and as anyone who has done research in this area will quickly confirm, there is no specific case or ruling providing authority for how basis is determined if the inherited policy is surrendered to the insurer.[v] Perhaps more importantly, there is no guidance on how post-death withdrawals from an inherited umatured policy will be taxed to the new policy owner – or how the carrier will report those withdrawals to the owner and the IRS.

Zaritsky and Leimberg go on to make the case that the general rule of basis step-up which applies to all inherited property should also apply to inherited life insurance policies. They note that the basis step-up rule should apply unless the policy falls within one of the specific statutory exceptions, identifying two that could arguably apply to a life insurance policy – namely property representing income in respect of a decedent (IRD)[vi] and annuities described in Section 72.[vii] They then demonstrate why life insurance is not IRD property and not a Section 72 annuity:

A decedent’s adjusted basis in items of IRD is carried over and becomes the recipient’s basis. A life insurance policy should not be an item of IRD, because IRD is income earned during lifetime by or accrued in favor of the decedent, but not paid until after the decedent’s death. More technically, IRD “refers to those amounts to which a decedent was entitled as gross income but which were not properly includable in computing his taxable income for the taxable year ending with the date of his death or for a previous taxable year under the method of accounting employed by the decedent.”

Thus, a life insurance policy owned by the decedent on the life of another and passing at the decedent’s death should not be IRD, because the policy was not a right to income to which the decedent was entitled during his or her lifetime.

It is merely an appreciated asset of the decedent's estate.[viii]

A step-up in basis under Section 1014 is not available for inherited annuities,[ix] however, life insurance policies should not be construed as annuities under Section 72:

Life insurance policies should not be denied a basis increase because they are "annuities described in Section 72." Section 72 covers the tax treatment of amounts received under an annuity contract. The phrase "annuities described in section 72" is broadly defined and refers to annuity contracts taxable under that section generally and not merely to "amounts received as an annuity." Some authorities have suggested that this exception to the general basis rules would apply to a life insurance policy owned by a decedent on the life of another. Certainly, payments under a life insurance contract can be taken in the form of an annuity, but the insurance policy inherited in this example is neither an annuity contract nor an annuity "described in section 72."[x]

What is clear is that advisors have little to rely on when counseling clients on this issue. Until the enactment of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (Act), this issue was in large part theoretical, but that may no longer be the case for many estates and beneficiaries.

The Basis Consistency Rule Forces the Issue

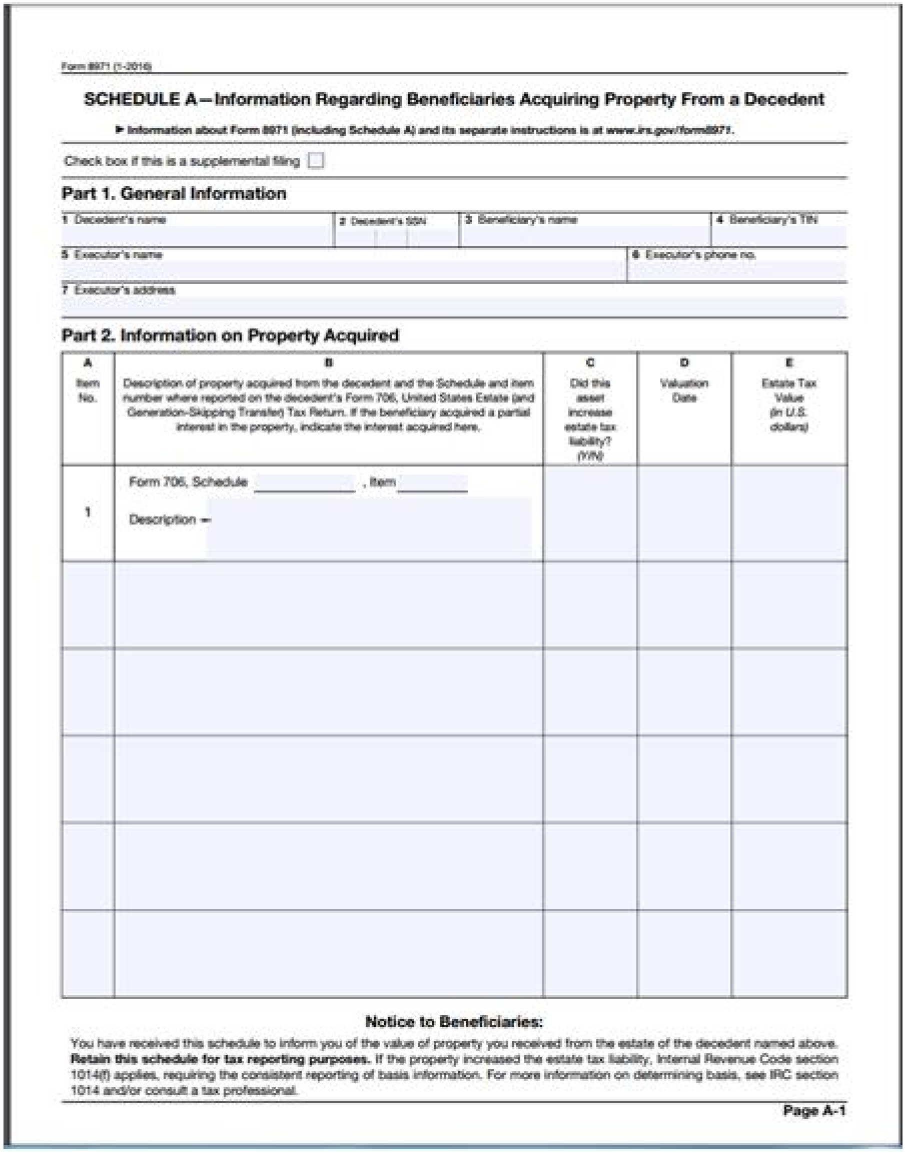
The Act added new Section 1014(f) to the Code, which states that the basis of certain property acquired from a decedent *may not exceed its* "final value [as] determined for purposes of" the federal estate tax, or if not finally determined, the value of that property as reported on a statement made under new Section 6035.[xi] Section 1014(f) introduced the concept of "basis consistency" into the advisor's lexicon, where the value of assets reported on a Form 706 becomes the asset's basis in the hands of its new owner. Leimberg Information Services has provided members with significant commentary on the basis consistency rules,[xii] and one commentator has noted that "Sections 6035 and 1014(f) are a relatively poor pair of statutes that are likely to provide little useful information to the beneficiaries and that may lead some beneficiaries to mis-report their basis by relying only on the initial values reported on the decedent's estate tax return. Still, this is now the law."[xiii]

Form 8971

An executor of an estate who is required to file Form 706 is now required to file Form 8971 with attached Schedule(s) A, and must also provide each beneficiary listed on Form 8971 with that beneficiary's Schedule A.[xiv] Form 8971 requires the following information be provided to beneficiaries:

- A description of the property, including any partial interests in property, acquired from the decedent and the schedule and item number where reported on the decedent's Form 706;
- Whether the asset increased estate tax liability;
- The valuation date; and
- The estate tax value in U.S. dollars.[xv]

A copy of the Schedule A is reproduced below:


Form 8971 (1-2016)

SCHEDULE A—Information Regarding Beneficiaries Acquiring Property From a Decedent

► Information about Form 8971 (including Schedule A) and its separate instructions is at www.irs.gov/form8971.

Check box if this is a supplemental filing ☐

Part 1. General Information

1 Decedent's name	2 Decedent's SSN	3 Beneficiary's name	4 Beneficiary's TIN
5 Executor's name			6 Executor's phone no.
7 Executor's address			

Part 2. Information on Property Acquired

A Item No.	B Description of property acquired from the decedent and the Schedule and item number where reported on the decedent's Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return. If the beneficiary acquired a partial interest in the property, indicate the interest acquired here.	C Did this asset increase estate tax liability? (Y/N)	D Valuation Date	E Estate Tax Value (in U.S. dollars)
1	Form 706, Schedule ______, Item ______ Description –			

Notice to Beneficiaries:

You have received this schedule to inform you of the value of property you received from the estate of the decedent named above. **Retain this schedule for tax reporting purposes.** If the property increased the estate tax liability, Internal Revenue Code section 1014(f) applies, requiring the consistent reporting of basis information. For more information on determining basis, see IRC section 1014 and/or consult a tax professional.

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On October 13, 2016, the IRS issued revised instructions to Form 8971. The prior draft of the Form 8971 Instructions included specific directions not to add attachments to Schedule A. The newly revised Instructions do not include a prohibition on attachments, which apparently means that a list of bulk assets can now be attached to Schedule A in lieu of a detailed description of each item.

The Basis Consistency Rule and Unmatured Life Insurance Contracts

The basis consistency rule only applies to property that increases a decedent's estate tax liability. On this point, commentators have noted, "It could be questioned which properties reported in an estate tax return specifically increase estate tax liability, but it could also be said that all properties contribute pro rata to all estate tax liability – an approach that harmonizes with general tax apportionment principles."[xvi]

When a Form 8971 is filed, it does not appear that a beneficiary has the ability to challenge the value reported by the executor.[xvii] But there appear to be three scenarios where beneficiaries could argue that an inherited policy qualifies for a basis step-up without being circumscribed by a potentially lower "estate tax value" that otherwise would have been reported on Form 8971:

- Form 8971 is not required if an estate is not required to file Form 706 because it is below the filing threshold of section 6018;
- The basis consistency rule does not apply to Form 706 returns filed in order to elect portability of a deceased spouse's unused exclusion amount; and
- Finally, assets that qualify for an estate tax deduction arguably do not increase the estate tax liability of an estate. As a result, assets for which the marital deduction or the charitable deduction will be claimed arguably won't increase estate tax, so the basis consistency rules appear not to apply where a decedent names a spouse or charity as contingent owner.[xviii]

A somewhat common scenario is where a parent or grandparent owns a life insurance policy insuring the life of a child or grandchild. Upon the parent's or grandparent's death, the policy is includible in the decedent's estate and would pass to the contingent owner, if any, or pursuant to the decedent's will or state's intestacy laws. Oftentimes, these juvenile policies are purchased when the insureds are young and many years later when the policy owner dies, the policy's fair market value[xix] is well in excess of the decedent's cumulative premium payments.[xx] The person who inherits the policy (e.g., the insured who is now an adult) will appreciate having a stepped-up basis to have access to more income tax-free money through tax-free policy distributions or a surrender of the policy.

If the decedent's estate did not have to file Form 706 because the estate was below the filing threshold or if Form 706 was filed simply to elect portability, the child's basis in the inherited policy would not be tied to the estate tax value. If the decedent's estate filed Form 706 and Form 8971, the child would be tied to the value reported on Form 8971 under the basis consistency rules.[xxi] Executors often value a life insurance policy for estate tax purposes by obtaining a Form 712 from the issuing carrier, although some executors may wish to obtain an independent valuation of the policy. Either way, the executor must attach Form 712 with Form 706.[xxii]

If the executor omits property from a Form 706 and does not correct this omission within the statute of limitations (e.g., three years from filing), the beneficiary's basis in the omitted property is zero.[xxiii] Also, if no Form 706 was filed and if the omitted property would have resulted in a Form 706 being required to be filed, all property receives a zero basis until Form 706 is filed.[xxiv] Therefore, it is critical for the executor to have a listing of all of the decedent's property, even property that passes by operation of law and by contract, such as a life insurance policy with a contingent owner.

Convincing Your Carrier that Basis Just Increased: Where Theory Meets Reality

Carriers do not generally update their records to reflect a stepped-up basis.[xxv] Policy owners can request for an update, but usually carriers will not change their records. Now that beneficiaries may receive Schedule A to Form 8971, perhaps they can show the Schedule A to carriers to prove that their basis should be adjusted under the Code. When an executor is required to file Form 706, the executor will get Form 712 to get the policy's value as of the decedent's date of death to report on Form 706. If the executor files Form 8971 and provides the policy's new owner with Schedule A, an interesting question is if the carrier will accept Schedule A (which presumably shows the Form 712 value) in order to update the carrier's basis records for purposes of Form 1099-R reporting. In order to even entertain this, a carrier is likely going to want some solid legal precedent stating that life insurance policies are eligible for a basis step-up as there is at least some ambiguity on the issue. Without legal precedent, carriers are unlikely to update their records for Form 1099-R purposes and will not generally want to imply that they are taking a position one way or the other on the basis step-up issue.

Absent the carrier updating its basis records for the Schedule A value, a new policy owner who takes a taxable withdrawal[xxvi] from the policy or surrenders[xxvii] the policy will receive a Form 1099-R showing the taxability of such transaction based on the cumulative premiums paid. Therefore, if the policy owner reports less income on his/her Form 1040 than what is reported on Form 1099-R, the IRS will inevitably question it.

Policy owners who inherit a life insurance policy from a decedent must keep records of their stepped-up basis, plus any subsequent premiums they pay. As the IRS will receive a copy of Schedule A to Form 8971, if filed, that should be sufficient to demonstrate the stepped-up basis to the IRS despite what the insurance carrier's Form 1099-R shows. But if Schedule A was not filed, the policy owner will want to have other support for his/her stepped-up basis in the policy, such as the decedent's executor obtaining a copy of Form 712 and providing a copy to the beneficiary.[xxviii] The beneficiary's tax advisors may have to also demonstrate to the IRS that the unmatured life insurance policy is eligible for a basis step-up.

Basis Step-Up to Fair Market Value: How Do Executors Value a Policy Anyway?

Section 1014(a)(1) states that a beneficiary steps-up his/her basis in inherited property to its fair market value. That should beg the question, how does one value a permanent life insurance policy? Those in the life insurance industry know that is not always an easy question to answer. Without going into the weeds on the issue, the answer will depend on many factors, such as the type of policy, when it was issued, and if further premiums are due, amongst other factors.[xxix] IRS guidance on policy valuations is outdated with respect to many of the "newer"[xxx] types of life insurance policies, which leads to uncertainty when valuing some types of life insurance policies for estate tax purposes. However, an executor who has to file a Form 706 needs to get Form 712 from the carrier[xxxi] and if the executor decides to deviate from the Form 712 valuation, the executor should be prepared to explain why if the IRS questions it.

HOPE THIS HELPS YOU HELP OTHERS MAKE A *POSITIVE* DIFFERENCE!

Vince D'Addona
Michael Geeraerts
Jim Magner

CITE AS:

CITATIONS:

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[i] Guardian, its subsidiaries, agents, and employees do not provide tax, legal, or accounting advice. Consult your tax, legal, or accounting professional regarding your individual situation. Not practicing for Guardian or any subsidiaries or affiliates thereof. 2016-31144 (Exp. 11/18).

[ii] The phrase "unmatured" is a term of art in the life insurance business and refers to a policy that has not paid its death benefit.

[iii] Leonard E. Burman, "President Obama Targets the 'Angel of Death' Capital Gains Tax Loophole," Tax Policy Center, January 18, 2015.

[iv] Zaritsky & Leimberg, Tax Planning with Life Insurance: Analysis With Forms (WG&L), ¶ 2.20[3][c], Adjusted Basis for an Inherited Life Insurance Policy.

[v] The death benefit from the policy would still be income tax-free. Section 101(a)(1). Absent some type of quid pro quo arrangement, inheriting a life insurance policy upon the policy owner's death is not a transfer for value under Section 101(a)(2).

[vi] Section 1014(c) provides that there is no step-up in basis for items of IRD identified in Section 691.

[vii] Section 1014(b)(9)(A) provides that there is no step-up in basis for "annuities described in section 72."

[viii] Zaritsky & Leimberg, Tax Planning with Life Insurance: Analysis With Forms (WG&L), ¶ 2.20[3][c] (quoting Treas. Reg. § 1.691(a)-1(b)).

[ix] Section 1014(b)(9)(A) ("annuities described in section 72").

[x] Zaritsky & Leimberg, Tax Planning with Life Insurance: Analysis With

Forms (WG&L), ¶ 2.20[3][c] (quoting Section 1014(b)(9)(A)).
[xi] Section 1014(f)(1).
[xii] Howard Zaritsky, "The Treasury's Proposed Regulations Implementing Consistent Basis Rules," Estate Planning Newsletter #2403; Hannah Mensch & Stacey Delich-Gould, "Treasury's Consistent Basis Regulations - A Primer," Estate Planning Newsletter #2397; Keith Schiller & Michael Jones: "Temporary Basis Consistency Regulations and How the IRS Says "No" to The Imitation Game," Estate Planning Newsletter #2396; Keith Schiller, "Due to Technical Difficulties, Your New Statute on Consistency with Basis Reporting Cannot Be Viewed in Its Entirety," Estate Planning Newsletter #2346; Mike Jones & DeeAnn Thompson, "How Tax Practice Is Affected by the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015," Estate Planning Newsletter #2334; Andrew Katzenstein & Michael Rosenblum, "Drive Carefully, the Highway Bill Enacts New Consistent Basis Reporting Rules," Estate Planning Newsletter #2333.
[xiii] Howard Zaritsky, **"**The Treasury's Proposed Regulations Implementing Consistent Basis Rules," Estate Planning Newsletter #2403.
[xiv] Form 8971 is also required with Form 706-NA, U.S. Estate Tax Return of Nonresident Noncitizen.
[xv] The value should not be reduced for "non-recourse indebtedness," so for a life insurance policy that has outstanding loans, the policy's gross fair market value would be reported. *See* Form 8971 Instructions; Prop. Treas. Reg. section 1014-10(a)(2) ("The existence of recourse or non-recourse debt secured by property at the time of the decedent's death does not affect the property's basis, whether the gross value of the property and the outstanding debt are reported separately on the estate tax return or the net value of the property is reported.").
[xvi] Mike Jones & DeeAnn Thompson, "How Tax Practice Is Affected by the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015," Estate Planning Newsletter #2334.
[xvii] *See* Preamble to Prop. Treas. Reg. sections 1.1014-10, 1.6035-1, 1.6035-2, 1.6035-3, 1.6662-8, 301.6721-1, 301.6722-1 ("One commenter requested the creation of a process to allow an estate beneficiary to challenge the value reported by the executor. There is no such process under the Federal law regarding returns described in section 6018. The beneficiary's rights with regard to the estate tax valuation of property are governed by applicable state law. Accordingly, the proposed regulations do not create a new Federal process for challenging the value reported by the executor.").
[xviii] Life insurance contracts typically allow the policy owner to name a

“contingent owner” so that ownership of the policy would change to the person or persons designated upon the policy owner’s death. In the absence of a contingent owner designation, ownership should change via the decedent’s intangibles clause in his/her will, or if there is no will pursuant to intestacy laws.

[xix] Regarding a life insurance policy’s fair market value, see Treas. Reg. Sections 20.2031-8 & 25.2512-6; Rev. Proc. 2005-25, 2005-1 C.B. 962.

[xx] A policy owner’s cumulative premiums paid, less any tax-free withdrawals, is usually the policy owner’s basis in the contract. Section 72(e)(6); Rev. Rul. 2009-13, 2009-21 I.R.B. 1029.

[xxi] If the child subsequently transfers the policy via gift, the subsequent owner will need the Schedule A information because the basis consistency rules apply “regardless of whether the owner on the date of the sale, exchange, or disposition is the same taxpayer who acquired the property from the decedent or as a result of the decedent’s death.” Prop. Treas. Reg. Section 1.1014-10(a)(1). The donor’s basis transfers to the donee. Section 1015(a).

[xxii] Form 706, U.S. Estate Tax Return (“attach Form(s) 712 for life insurance”).

[xxiii] Prop. Treas. Reg. Section 1.1014-10(c)(3)(i)(B).

[xxiv] Prop. Treas. Reg. Section 1.1014-10(c)(3)(ii).

[xxv] In the authors’ experiences, insurance carriers will not, even if requested, update their records to reflect a new policy owner’s stepped-up basis. If the new policy owner, who has a stepped-up basis under federal tax laws, surrenders the policy, the insurance carrier will issue a Form 1099-R based on the information in its records, so the gain or loss upon surrender shown on Form 1099-R will be based on the policy owner’s basis according to the carriers records, which is usually cumulative premiums paid. Similarly, carriers will not usually issue a Form 1099-R with box 2a blank and box 2b checked off as “Taxable amount not determined” just because a policy owner states that his/her basis is different from the carrier’s records. *See also* Treas. Reg. Section 301.6721-1 (penalties for failing to file correct information returns).

[xxvi] Withdrawals from a life insurance policy, which is not a modified endowment contract (MEC), are taxed under a first-in-first-out (FIFO) regime, so withdrawals up to the policy owner’s basis are income tax-free. Section 72. Clearly, maximizing a policy owner’s basis is important in this respect. Withdrawals (and policy loans) from a MEC are taxed under a last-in-last-out (LIFO) regime, so withdrawals are considered as coming from the policy’s gain first and then from basis. Section 72(e)(10). Taxable withdrawals from

MECs are also subject to a 10% penalty when policy owners are under age 59 ½. Section 72(v). Therefore, especially with MECs, a beneficiary's ability to step-up his/her basis in the MEC to fair market value could be critical.

[xxvii] The taxation of policy surrenders are governed by Rev. Rul. 2009-13 (difference between policy's cash surrender value and the policy owner's basis in the contract results in gain taxable as ordinary income).

[xxviii] Part II of Form 712 states that it "May also be filed with Form 706 . . . where decedent owned insurance on life of another." Form 712 reports the fair market value of a policy for gift and estate tax purposes.

[xxix] *See* Zaritsky & Leimberg, Tax Planning with Life Insurance: Analysis With Forms (WG&L), ¶ 3.03[5], Policy Inclusion in the Estate of Someone Other Than the Insured.

[xxx] The Treasury Regulations on valuing life insurance policies were issued several decades ago when there was predominantly annual renewable term life insurance and whole life insurance. However, since then carriers have created annual renewable term life insurance, universal life insurance, and variable life insurance. Many advisors believe that the rules in the Treasury Regulations are difficult to apply to these "newer" types of policies. See Treas. Reg. Sections 20.2031-8 & 25.2512-6.

[xxxi] Form 706, U.S. Estate Tax Return ("attach Form(s) 712 for life insurance").