



## Talking Points on the Estate Tax

- The federal estate tax encourages wealthy individuals to donate portions of their estate to colleges, universities and independent schools. These charitable gifts help educational institutions achieve their teaching, research and public service missions.
- Currently, the first \$5.49 million of an individual's estate is exempt from taxation with the remainder subject to a 40 percent tax. Given the generous exemption level, only a small percentage of the wealthiest estates in the nation pay an estate tax.
- According to Giving USA 2017, bequests accounted for \$30.36 billion, or 8 percent, of the \$390 billion given to charity in 2016.<sup>i</sup> Bequests are an attractive giving vehicle for donors who may possess wealth in their estate but want to ensure they have access to those assets during their life.
- Studies by the Congressional Budget Office and the Brookings Institution suggest that full repeal of the estate tax would reduce charitable giving by 6 to 12 percent per year and reduce bequests by 16 to 28 percent.<sup>ii</sup>
- Elimination of the estate tax will eliminate a major tax incentive donors have to give portions of their estate to charity. The result will be less resources for student scholarships, facilities, faculty and research at educational institutions.
- As Congress considers tax reform legislation, we urge lawmakers to preserve the estate tax.

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<sup>i</sup> Giving USA 2017 <https://givingusa.org/>

<sup>ii</sup> *The Estate Tax and Charitable Giving*, Congressional Budget Office, July 2004

<http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/56xx/doc5650/07-15-charitablegiving.pdf>;

*Options for Reforming the Estate Tax*, The Brookings Institution, April 2005

<https://www.brookings.edu/articles/options-for-reforming-the-estate-tax/>