



# THE ART AND SCIENCE OF ESTIMATING BEQUESTS: *GIVING USA AT FIFTY*

Craig C. Wruck  
with Melissa S. Brown

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“IT IS THE MARK OF AN EDUCATED MIND TO REST SATISFIED WITH THE DEGREE OF PRECISION WHICH THE NATURE OF THE SUBJECT ADMITS AND NOT TO SEEK EXACTNESS WHERE ONLY AN APPROXIMATION IS POSSIBLE.”

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- ARISTOTLE

*Editor's note: The author thanks Giving USA managing editor Melissa Brown for providing technical advice to ensure an accurate description of bequest estimating formulas and procedures. Comments and recommendations regarding these procedures are solely the opinion of the author.*

As charitable gift planners, we are convinced that our efforts to promote and secure charitable bequests as well as other planned gifts are ultimately productive and add real value to our charitable organizations. Still, questions linger. How do you know that your planned giving program is successful? How do you compare to others nationally? Are you growing faster or slower than charitable bequest giving nationally? What value should a charitable bequest program be expected to add to your organization over time?

Such questions, especially when asked by volunteer leadership or senior management, demand a response. In order to answer confidently, gift planners need empirical data about the number and value of charitable bequests and planned gifts, and the trends in these types of gifts over time. However, when it comes to data regarding planned gifts, it turns out that Aristotle was right: we need to be satisfied with approximations, because exactness is not possible.

The reality is that there is no actual total of charitable bequest giving each year, no national clearinghouse for data regarding charitable bequests, and no organized effort to collect such data. What is more, with declining numbers of Federal Estate Tax returns filed each year, and ultimately

**Abstract:** Published by the American Association of Fund Raising Counsel, Giving USA has been an important annual source of data on charitable giving—including the number and value of bequest gifts—since 1955. Gift planners and their managers follow the trends reported in Giving USA, and often use this data to benchmark organizational expectations for bequests. The authors provide background on how the estimates are developed and revised and suggest strategies for improving the accuracy of bequest estimates. Syllabus for Gift Planners code: 1.01.02, 4.03. Keywords: Council for Aid to Education, Federal Estate Tax, research, statistics.

the possible elimination of the Federal Estate Tax completely, a significant source of factual data regarding charitable bequest giving is slipping away.

Fortunately, gift planners can rely on a 50-year set of estimates, consistently gathered and continuously adjusted as new data become available, as an index of sorts for charitable bequest giving. Since 1956, *Giving USA* has been the “yearbook of philanthropy,” an authoritative source of information about the level of private charitable giving in the United States each year. Gift planners, the media, and researchers rely on *Giving USA* as a source of data.

However, despite its reliability, many readers do not understand or appreciate the extent to which the numbers reported in *Giving USA* are based upon estimates rather than a precise accounting of charitable giving. In general, the previous year’s results initially reported in *Giving USA* are based upon carefully created estimates rather than actual data regarding giving levels. In subsequent editions of *Giving USA*, the figures for a given year are adjusted as reliable data become available.

The practice of using initial estimates allows *Giving USA* to report calendar year results in a timely manner. The process of subsequently revising previously published figures as better data become available ensures that an accurate historical record is created. This methodology has been applied consistently during the 50-year history of *Giving USA*. As a result, *Giving USA* presents a useful chronology of charitable giving in the United States, even though the most recent year’s figures are subject to change and tend to be somewhat less reliable than the more historical figures.

During the last few years, *Giving USA* has made material adjustments to previously reported charitable bequest figures. In an effort to improve the reliability of the charitable bequest figures, *Giving USA* appointed a Task Force on Bequest Estimates (see sidebar) to undertake a study and review of its methodology for estimating charitable bequest giving. The latest edition, *Giving USA 2005* (which reports contributions in 2004), is the first to employ the new methodology developed as a result of the work of the Task Force on Bequest Estimates. As a result, the 2004 bequest estimates are expected to be more accurate than in the past. In addition, the new methodology has been applied to adjust all years from 1989 through 2003 in

order to ensure a more accurate historical trend.

This article explores the history of *Giving USA*, the methodology used to arrive at the estimates, and discusses the changes made as a result of the work of the Task Force on Bequest Estimates. Charitable gift planners will benefit from a deeper understanding of the strengths and the limitations of the *Giving USA* estimates and, as a result, will be able to more confidently answer the question, “Are charitable bequests worth it?”

### History and Background of *Giving USA*

*Giving USA* was created by the American Association of Fundraising Counsel in order to present an annual summary of essential information about the charitable sector and specific data about the charitable contributions that power the work done by charitable and religious organizations across the country.

Over the past 50 years, *Giving USA* has changed and grown to incorporate increased research and information about the charitable sector. From the very first edition, the centerpiece of the report has been the estimates of charitable contributions made by individuals, estates, foundations, and corporations. Also included have been summarized data from other sources about the number and character of charitable organizations, as well as changes in population and other trends that might forecast changing demands for specific types of charitable services (health care, education and so forth).

In its latest versions, *Giving USA* has evolved into a 250-page volume offering a wealth of information that can be useful for gift planners, nonprofit managers and volunteers, plus historical data tables that illustrate long-term trends in giving and in funding of different types of charitable organizations.

Each *Giving USA* report is organized around three key types of information:

Estimates of contributions – The annual estimates of charitable contributions made by living individuals, from estates, by corporations, and by foundations for the previous year are historically the most widely used information presented by *Giving USA*. These are frequently cited by the media and used in other reports and presentations.

Summary of events – *Giving USA* also presents a summary of important events in the philanthropic world during the previous year. This reporting often provides helpful context for the reports of giving. For example, *Giving USA 2005* includes a report that Susan Buffett, who died during 2004, provided that approximately \$2.6 billion of her estate would be contributed to four foundations but that this bequest was not delivered to the foundations, by December 31, 2004, and so is not included in the tally of gifts from estates for 2004.

Summaries of other studies – Finally, *Giving USA* presents summaries of research and other studies about charitable giving. For example, the bequest chapter in *Giving USA 2005* provides a summary of an analysis by the U.S. Department of the Treasury showing by dollar amount and percentage the various different types of charitable organizations that received gifts from estates. It is notable that, based on estate tax returns filed in 2003, the Treasury report indicates that estates claimed deductions totaling \$6.32 billion for contributions made to “philanthropy and volunteerism” organizations (e.g., United Way organizations and Jewish federations), nearly 43 percent of the total amount claimed in charitable deductions by estates in 2003.

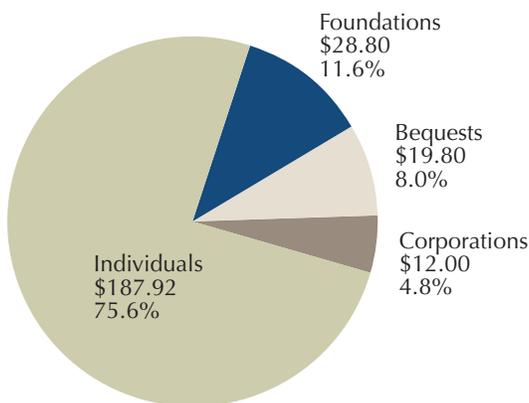
### ***Giving USA* Estimates of Charitable Giving**

Figure 1 shows the *Giving USA 2005* estimates for charitable giving in

2004. These estimates are based on the best data for 2004 available in March of 2005, when the report was compiled. This information is tentative and intended to be revised as new and more complete data become available.

The estimates are reviewed prior to release by the *Giving USA* Advisory Council on Methodology, a team of about 30 researchers and nonprofit leaders engaged in study of the charitable sector. Members include researchers from United Way of America, Association for Healthcare Philanthropy, Council for Aid to Education, Council for Advancement and Support of Education, the U.S. Department of the Treasury, the Bureau of Labor Statistics and other charitable, academic, or governmental entities. *Giving USA* is researched and written at the Center on Philanthropy at Indiana University, under the leadership of the Center's executive director, Gene Tempel, and the Center's director of research, Patrick Rooney, who is also a professor of economics.

2004 Contributions: \$248.52 Billion  
by Source of Contributions



Source: Giving USA Foundation™ — AAFRC Trust for Philanthropy/*Giving USA* 2005

### Bequest Estimate: What's included? What isn't?

Among the most frequently asked questions about *Giving USA* is, "What is included in the estimate of giving by bequest?" A deeper understanding of the process involved in the calculation of the *Giving USA* bequest estimates will provide the gift planner with an appreciation of the limitations of these data and allow him or her to correctly interpret and explain this important information for colleagues, managers and donors.

The *Giving USA* estimate for gifts made via estates is not a total of "planned gifts." The bequest total does not include contributions made by living individuals to planned gifts such as charitable trusts, pooled income funds, or in exchange for gift annuities. Since such contributions are claimed as charitable deductions on income tax returns filed by individuals, they are reported in *Giving USA* as a part of the individual giving estimate (at the discounted value used for the income tax charitable deduction).

*Giving USA* estimates the amount contributed by bequest each year using the three-step methodology described below. The methodology was revised for the 2005 edition of *Giving USA* to take advantage of data that have proven to be a more reliable predictor of the amount of bequest giving eventually reported on Federal Estate Tax returns.

**Step 1:** Estimate the total amount claimed as charitable deductions on Federal Estate Tax returns by estates over the filing threshold (\$1.5 million in 2004). In 2004, estate tax returns were expected to be filed by approximately 50,000 estates, out of more than 2.4 million adults who died in the United States.

- 1 Bequest receipts for higher education institutions in 2004\* \$2.445 billion**
- 2 Higher education bequests receipts as a percent of total charitable deductions reported on estate tax returns\*\* 15.1%**
- 3 Giving by bequest from estates that file returns (line 1/.151) \$16.2 billion**

\*This is an estimate by the Council for Aid to Education (CAE) which gathers data annually by surveying higher educational institutions which account for approximately 85 percent of all giving to colleges and universities (see [www.cae.org](http://www.cae.org)).

\*\*Based upon historical data, the CAE estimate for bequest contributions to higher education has been between 13 and 17 percent of the total amount that appears on Federal Estate Tax returns once those data are available. From 1989 through 2003, the CAE figure has averaged 15.1 percent of the actual total ultimately reported by the IRS. Thus, the CAE survey figure is divided by 0.151 to estimate total charitable bequest contributions expected to be claimed on Federal Estate Tax returns.

**Step 2:** Estimate the amount that charities received from estates below the Federal Estate Tax threshold (\$1.5 million in 2004).

1	Number of decedents age 55 to 64*	267,461
2	Percentage leaving charitable bequest**	4.7%
3	Number leaving bequest (line 1 x line 2)	12,571
4	Average net worth, this age group****	\$776,829
5	Total estimated net worth for estates leaving bequests (line 3 x line 4)	\$9,765,271,429
6	Percentage of net worth or gross estate value going to charity***	2.2%
7	Estimated amount to charity from estates of decedents, 55-64 (line 5 x 6)	\$214,835,971
8	Number of decedents age 65-74*	404,642
9	Percentage leaving charitable bequest**	4.7%
10	Number leaving bequest (line 8 x line 9)	19,018
11	Average net worth, this age group****	\$741,384
12	Total estimated net worth for estates leaving bequests (line 10 x line 11)	\$14,099,767,311
13	Percentage of net worth or gross estate value going to charity***	5.2%
14	Estimated amount to charity from estates of decedents, 65-74 (line 12 x line 13)	\$733,187,900
15	Number of decedents age 75+*	1,410,833
16	Percentage leaving charitable bequest**	4.7%
17	Number leaving bequest (line 15 x line 16)	66,309
18	Average net worth, this age group****	\$512,631
19	Total estimated net worth for estates leaving bequests (line 17 x line 18)	\$33,992,119,922
20	Percentage of net worth or gross estate value going to charity***	7.8%
21	Estimated amount to charity from estates of decedents, 75+ (line 19 x line 20)	\$2,651,385,354
<b>23</b>	<b>Includes estate tax returns and non-filing estates (line 7 + line 14 + line 21)</b>	<b>\$3,599,409,225</b>

\**Giving USA* selected deaths of adults aged 55 and above because prior research by the National Committee on Planned Giving found that age group to be the most likely to have a will. The number of deaths is reported annually by National Vital Statistics (see [www.cdc.gov/nchs/nvss.htm](http://www.cdc.gov/nchs/nvss.htm)). However, there are timing issues with the release of this data. For 2004, the figure is estimated based on values reported for 2003, and will be adjusted in future reports as new data are available.

\*\*The percentage of the more than 411,000 estates that filed a Federal Estate Tax return in 1997 that included a charitable contribution deduction. That number, 4.7 percent, is assumed to be representative of the proportion of all estates that make and fulfill a charitable bequest. While the assumption that the percent of non-filing estates including charitable contributions mirrors that of filing estates may be questioned (some research indicates that the number, but not the value, of contributions is higher among smaller estates). Still, this assumption is conservatively lower than the 8.0 percent of living individuals who say that they have included a charitable bequest in their estate plans. Estates are not always able to fulfill the charitable intent of a decedent, as debts, expenses, and bequests to heirs sometimes leave little in the remainder of the estate for charitable purposes. There is also some possibility that these surveys of living individuals overestimate the percentage of people having charitable provisions in a will, as there are several inherent biases in the surveys: people with an interest in the subject are more likely to respond, and some people try to tell the surveyor what they think are the right answers.

\*\*\*The percentage of gross estate value, by age range, left to charity by decedents whose estates filed Federal Estate Tax returns claiming a charitable contribution deduction. Decedents whose estates file a Federal Estate Tax return leave a higher percentage to charity as age rises: thus decedents aged 55 to 65 have approximately two percent of gross estate value in charitable deductions; decedents aged 75 and above have more than eight percent. These percentages from actual Federal Estate Tax returns are used for estates below the Federal Estate Tax threshold, too.

\*\*\*\*The gross estate value of all estates of decedents, by age range, based on average net worth data from the Survey of Consumer Finances.

The \$3.6 billion estimate for 2004 is more than double previous *Giving USA* estimates of charitable bequest gifts from estates below the Federal Estate Tax threshold. This increase results from more precise information about assets and percentage of assets donated to charity by decedents in given age ranges. Previously the estimate relied upon average bequest gift size as reported by charitable organizations' responses to a Giving USA survey. That average was less than \$30,000. The new methodology yields an average of \$36,767 per estate.

### Step 3: Total the two estimates

Estimate of giving by estates that file estate tax returns	\$16.20 billion
Estimate of giving by estates below \$1.5 million	+ \$3.60 billion
Total bequest estimate	\$19.80 billion

### Limitations of Available Data

Compromises are necessarily made when estimating the amount that is expected to eventually appear on Federal Estate Tax returns. These compromises have been carefully considered and accepted by the *Giving USA* Foundation, publisher of *Giving USA*, in order to enable *Giving USA* to provide timely reports of previous year giving. However, since information from Federal Estate Tax returns is ultimately the best continuing source of data, all *Giving USA* charitable bequest figures are adjusted as IRS data become available.

Nevertheless, even Federal Estate Tax return data have some limitations:

- Some contributions claimed on an estate tax return might have been paid out to the charitable beneficiary during years before the estate tax return is filed, so there are timing differences between receipt by the charitable organization and estate tax reporting to the IRS. *Giving USA* assumes that, from year to year, these timing differences more or less "even out." However, recently announced bequests in the billions of dollars from the estates of Mr. Hewlett, Mr. Annenberg, Mrs. Buffett and Mrs. Kroc point out the inherent weaknesses in that approach.

- Some gifts in the form of certain types of trusts may eventually be double-counted (once when the individual claims an income tax deduction for contributions to fund the trust and again if the trust is structured to revert to the estate and a testamentary contribution is made to a charitable beneficiary).
- Under certain circumstances, an estate tax return may be filed even when the asset value is below the Federal Estate Tax threshold (e.g., when an Executor files an estate tax return in order to qualify the estate for certain statutes of limitations). These estates are not included in the IRS tabulation of estate tax charitable contribution deductions.
- Some portion of certain deferred gifts is not included in *Giving USA* anywhere. For example, the amount that a donor contributes in exchange for a charitable gift annuity that exceeds the income tax charitable deduction value is not counted even though the total amount transferred is available to charity. The lack of an estimate of the magnitude of these deferred gifts is a significant gap in the data.
- An estimate must be made of the amount of gifts from estates below the Federal Estate Tax filing threshold. As that threshold increases through 2009, the accuracy of this estimate will become more critical since non-filing estates will make up a larger portion of the total reported bequest gifts.
- And finally, for 2010 (and beyond if the estate tax is permanently repealed), alternatives to IRS data will need to be developed and tested so that *Giving USA* can continue to present the best available information about contributions via charitable bequests in an environment where estate tax returns are not required at all.

Estimating the amount contributed by estates below the Federal Estate Tax threshold in the absence of IRS data will be a challenge due to a number of factors, including:

- Challenges to obtaining information from donors and executors about estates and their financial transactions.
- There is no reliable national source of data regarding

estates below the Federal Estate Tax threshold.

- Although research can be conducted at the very local level using probate court records, national or even regional studies would be extremely expensive and time-consuming.
- Surveys may over- or understate the frequency of charitable intent and value of charitable bequests.
- Even if accurate information could be gathered from living donors about the charitable provisions in their estate plans, estates are not always able to fulfill the charitable intent because of debts and other bequest provisions that must be paid first.
- It is difficult to obtain information from the recipients of charitable bequest contributions.
- Religious organizations have responded poorly to past survey efforts. However, these organizations are known to be the most frequent type of recipient of charitable bequests. *Giving USA's* previous attempts to survey religious organizations have resulted in response rates of less than five percent, far too small to provide data that can be generalized or to warrant continued survey efforts.
- The broader response rates to the *Giving USA* survey have been problematic. Of some 7,000 charitable organizations surveyed, approximately 1,000 responded. While this is an adequate overall response rate, most of the responses are from larger organizations, making it difficult to generalize about charitable bequest gifts from

the entire charitable sector, including small, medium and large organizations.

- Charitable organizations do not track whether or not their charitable bequest gifts come from estates required to file a Federal Estate Tax return. Thus, separating bequests that are from estates below the federal filing threshold is impossible.

In the event of a permanent repeal of the Federal Estate Tax, the most likely source of data will be nonprofit organizations, and the higher the percentage that responds annually, the better the estimates will be about gifts made by bequest. Obviously, charitable gift planners should have a vested interest in seeing to it that their organizations participate in such industry surveys. An expansion of *Giving USA* to include a comprehensive survey similar in scope to the

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Council for Aid to Education's annual Voluntary Support of Education (VSE) report would be a significant step toward filling this gap.

#### Recent Revisions to Bequest Estimates, 1989-2003

Each year, *Giving USA* includes revisions of estimates of the amount of charitable giving for previous years to reflect the most current data available, including final figures from the

IRS and from National Vital Statistics for preceding years. In the spring of 2005, after consultation with the Task Force on Bequest Estimates and the *Giving USA* Advisory Council on Methodology, *Giving USA* revised a series of estimates for gifts made through bequest to incorporate recent IRS data and to reflect an adjustment in the methodology used to estimate contributions made by estates below the Federal Estate Tax threshold.

### REVISIONS TO ESTIMATES OF GIVING THROUGH BEQUEST, 1989-2003 (BILLIONS OF DOLLARS)

<i>Giving USA</i> 2004	IRS data for amount claimed on	Revised est. for non-filing estates estate tax returns for year	<i>Giving USA</i> 2005	% change GUSA 2004 to GUSA 2005
1989	6.97	5.67	6.84	- 1.9%
1990	7.64	5.53	6.79	-11.1%
1991	7.78	6.25	7.68	- 1.3%
1992	8.15	7.98	9.54	17.1%
1993	8.54	7.29	8.86	3.7%
1994	10.01	9.33	11.13	11.2%
1995	10.73	8.71	10.41	- 2.9%
1996	11.48	10.21	12.03	4.8%
1997	12.63	14.27	16.25	28.7%
1998	13.62	10.86	12.98	- 4.7%
1999	15.61	14.58	17.37	11.3%
2000	17.86	16.78	19.88	11.3%
2001	17.74	16.57	19.80	11.6%
2002	19.15	17.83	20.90	9.1%
2003	21.60	14.77	18.13	-16.1%

Regular readers of *Giving USA* will note that *Giving USA* 2004 included an estimate for bequest giving in 2003 that was far above the previously reported figure for that year. This revision was based upon analysis of Federal Estate Tax return data for 2003. The initial figure reported for 2003 was based upon a survey sent to a representative sample of more than 7,200 charitable organizations. Results of the survey indicated an increase in bequest giving from 2002 to 2003, which led to an upward adjustment in the 2003 initial estimate (which had been reported in *Giving USA* 2004). However, when estate tax return data became available, it actually showed a decline

compared with 2002. However, it should be noted that even the adjusted figures only project the contributions from estates that do not file Federal Estate Tax returns. The unavailability of data from non-filing estates is a significant weakness in the estimation process.

After reviewing historical data about gifts made by estates, the Task Force on Bequest Estimates concluded that a survey of charitable organizations is not a reliable source of information about bequest contributions. Among the reasons for this unreliability is the fact that the survey did not reach the several

types of recipient—including private and community foundations—that account for a significant share of the dollar value of charitable bequests. In addition, the survey did not fully represent religious congregations, which account for a significant share of the number of charitable bequests.

No estimating procedure drawing from survey data can perfectly capture the changes in gifts through estates in part because, as shown by Federal Estate Tax filings, bequest giving is heavily skewed by a small number of very large estates. Nearly 40 percent of the total value of charitable contributions claimed on estate tax returns is from the 300 or so estates with gross estate value of \$20 million or more. That is two-fifths of the total value of charitable contribution deductions from about one-half of one-percent of the number of estate tax returns filed in a year. Nonetheless, it appears from the work of the Task Force on Bequest Estimates, that utilizing the CAE survey figures will result in improved estimates of the total amount of bequest giving and provide a better indicator of the direction and magnitude of change in bequest giving.

As illustrated here, estimates based upon CAE data closely track the actual amounts deducted as charitable contributions on estate tax returns.

### **There is More to be Done**

The revisions made in 2005 to the charitable bequest estimation methodology will strengthen the estimates as Federal Estate Tax return data continues to represent a smaller fraction of estates. In addition, these changes will be an important step if the Federal Estate Tax is permanently repealed. An important source of charitable bequest data will be lost if, due to repeal, there is no longer a need to file a Federal Estate Tax return. While the probate and estate closing process would continue to produce some public record of the financial value of estates, and although the likely imposition of carry-over basis capital gains taxation

would probably produce some required Federal reporting, the variability of these records and the time lag between the estate closing and the reportable transactions would render the information difficult to compile for national reporting purposes.

Some research has suggested that in the absence of a Federal Estate Tax, donors might shift their giving toward inter vivos contributions such as charitable trusts, gift annuities, and pooled income funds. While a trend toward lifetime and irrevocable commitments might be a boon to charities, at present there are no established or widely accepted methods to accurately track the value of these contributions. The result could be an understatement of the nominal value of charitable contributions at a time when the estimation of charitable bequest giving is becoming all the more difficult.

The data used to create the *Giving USA* estimates tend to be more representative of large scale charitable organizations. In order to address the gap in data from small to medium sized charities, *Giving USA* should adapt its survey questions and



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methodology to capture additional information from this sector. Although the response rate to the *Giving USA* survey is acceptable from an overall statistical point of view, additional steps ought to be taken to ensure even greater rates of response and to seek replies from currently under-represented categories. These steps would improve the underpinnings of the new estimation methodology.

In the same vein, there is additional work to be done in order to improve the estimation of charitable bequest giving to religious organizations and foundations. A parallel methodology should be considered to supplement information about bequests to foundations and to religious organizations.

Finally, consideration should be given to developing a method to extending invitations to major financial advisory service companies to share aggregate information about planned giving programs managed for their nonprofit clients and gifts made by their individual clients. Responses from the financial services sector could provide a significant source of additional data to improve the estimates.

### **Conclusion**

Charitable gift planners have long relied on the *Giving USA* report as an authoritative source for information on trends in charitable giving in the United States. With the latest revisions, *Giving USA* now presents an even more accurate and precise representation of the total value of charitable bequest giving. This information is useful to charitable organizations in designing and managing their planned giving programs and to charitable planners in anticipating the wishes of their donors and clients.

Readers and users of *Giving USA* should bear in mind that the initial reports are estimates—they are intended to show the general outline of charitable bequest giving. The subsequent revisions are much more reliable because they are based on actual data from tax returns. The use of initial estimates allows *Giving USA* to promptly report annual results. The subsequent revisions ensure that *Giving USA* maintains the longest running set of consistently reported data on charitable bequest giving.

Charitable gift planners need reliable information about all forms of planned giving. If requested, gift planners should promptly participate in *Giving USA* surveys. In addition, they should advocate within their organizations, the IRS, and others to gather the necessary data for understanding all types of charitable giving. While gift planners should applaud the efforts of *Giving USA* and the Task Force on Bequest Estimates to improve the estimates of charitable bequest giving, we should continue to work to develop ways to more precisely estimate other forms of planned gifts including charitable gift annuities, charitable remainder trusts and the full range of deferred gifts.

Gift planners should be aware of these limitations on the precision of the *Giving USA* charitable bequest data. Both the number and dollar value of charitable bequests reported are estimates and, although the estimates are refined as better data become available, the estimates are always an approximation of actual charitable bequest giving. Still, the *Giving USA* reports of charitable bequests represent 50 years of data, consistently estimated and reported. As such, the *Giving USA* reports provide an accurate overview of the growth and trends in charitable bequest giving in the United States. ■



## TASK FORCE ON BEQUEST ESTIMATES

In part because of concerns about the reliability of the results of surveys of charitable organizations, and following conversations with gift planners who raised questions about the bequest estimates and the process for estimating giving below the Federal Estate Tax threshold, Giving USA convened a task force in the fall of 2004 to review its approach to estimating charitable bequest giving. In partnership with the National Committee on Planned Giving, the Task Force on Bequest Estimates examined two broad questions:

- 1) How should Giving USA estimate charitable giving by bequest for the initial estimate released well before estate tax return data are available?
- 2) How should Giving USA estimate charitable giving by bequest for the estimate of giving by estates below the Federal Estate Tax threshold?

Members of the Task Force on Bequest Estimates included:

**NCPG:**

Reine Shiffman, Shiffman & Associates, Mendota Heights, MN  
Peter Witherell, American Cancer Society, Atlanta, GA  
Robert F. Sharpe, Jr., The Sharpe Group, Memphis, TN  
Barbara Yeager, National Committee on Planned Giving, Indianapolis, IN

**Giving USA Foundation:**

Leo P. Arnoult, Arnoult & Associates, Memphis, TN  
Henry (Hank) Goldstein, The Oram Group, New York, NY

**Center on Philanthropy:**

Patrick Rooney, director of research  
Melissa S. Brown, managing editor, Giving USA

**Boston College:**

John Havens, senior research associate, Center on Wealth and Philanthropy  
Paul Schervish, director, Center on Wealth and Philanthropy

**Other:**

David Joulfaian, U.S. Department of the Treasury

### Changes Resulting from Task Force Recommendations

The Task Force reviewed the key issues, examined various alternative approaches to estimating estate gifts both from filing and non-filing estates, and recommended that the Advisory Council on Methodology adapt changes in the estimating methods used in Giving USA. In general, the need for an estimate was affirmed, although changes to the estimation methodology were suggested as well as additional explanatory material in the Giving USA reports to make clear that the bequest figures do not include other types of planned gifts.

Also, at the recommendation of the Task Force, Giving USA has, for the first time, asked questions about new contributions to planned gifts (charitable trusts, charitable gift annuities, and pooled income funds) received at the largest charitable organizations (\$20 million or more in annual charitable contributions). Giving USA 2005 includes tables in each chapter summarizing the responses to questions about deferred giving. However, the response rate was considered too low to generalize national estimates about the extent of this type of giving.

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**Melissa S. Brown** works at the Center on Philanthropy at Indiana University, where she has responsibilities for applied research projects and for researching and writing the annual report *Giving USA*, a publication of the AAFRC Trust for Philanthropy. Brown worked as the Center's manager for fund raising from 1998 to 2001, and as manager of the annual fund from 1993 to 1996. Her career also includes positions with the Homeless Initiative Program in Indianapolis, Indiana, the Folger Shakespeare Library in Washington, DC, and the Atlanta-based national office of the Arthritis Foundation. She holds a bachelor's degree from Reed College, and a Master of Governmental Administration from the University of Pennsylvania.