

TAX EXPENDITURE FOR EXCLUSION OF CAPITAL GAINS AT DEATH

Under the baseline tax system used by Treasury's Office of Tax Analysis (OTA) to determine tax expenditures, unrealized capital gains would be taxed when assets are transferred at death. A decedent's final income tax return would include unrealized capital gains from all assets held at death.

Under current law, however, unrealized capital gains on assets held at the owner's death are not subject to income tax. In addition, the cost basis of the decedent's assets transferred to beneficiaries is assigned the fair market value (FMV) of the assets at the owner's date of death, not the basis of the decedent. This step up in basis removes unrealized capital gains on assets held until death from the base of the income tax. Exempting unrealized capital gains on assets held at death is a tax expenditure.

Ideally, tax return data is used to estimate a tax expenditure. But only a small amount of tax data is available for determining the amount of unrealized capital gains held by decedents. The IRS receives estate tax returns for less than 1 percent of decedents, and these returns do not represent a statistical sample that can be used to provide estimates for the whole decedent population. Fortunately, more useful data is available from a different statistical sample.

Tax expenditure estimate based on SCF data

The tax expenditure estimate is calculated by combining information of untaxed capital gains held by families at various ages from the Federal Reserve Board's Survey of Consumer Finance (SCF) with mortality data by age from the U.S. Centers for Disease Control and Prevention (CDC). Synthetic decedents are imputed assets based on the portfolios held by (living) families of approximately the same age. The tax expenditure is then calculated using information on the unrealized gains in these (imputed) asset portfolios.

The SCF is a triennial survey of the financial and demographic characteristics of U.S. families. The results of the survey are weighted to provide an overall estimate of the financial characteristics of U.S. families. The SCF data used in the following discussion is from the 2010 SCF.¹

The SCF contains data on aggregate unrealized capital gains held by families, divided into several age cohorts based on the age of the head of the family. Unrealized capital gains in these cohorts are divided into three sources – real estate, business, and financial. This analysis will first concentrate on families led by people aged 75 or older.

¹ The SCF data used in this article came from an online SCF article - <http://www.federalreserve.gov/pubs/bulletin/2012/pdf/scf12.pdf>.



The CDC reported that the number of U.S. deaths among people 75 or older was 1.391 million in 2010. About one third of those 1.391 million were married. The SCF showed the average net worth per family led by someone 75 or older was \$677,800. After adjusting average net worth for the married decedents, combining the CDC and SCF data suggests the total net worth of the 1.391 million decedents was roughly \$800 billion.

The SCF data shows that for families led by those 75 or older, unrealized real estate capital gains accounted for 23.8 percent of net worth. The SCF divides real estate holdings into three categories – primary residence (73 percent of real estate assets), other residential property (17 percent), and nonresidential property (10 percent). This information suggests that unrealized capital gains on primary residences were 17.3 percent of net worth (\$135 billion), and unrealized capital gains on the other two real estate categories were 6.5 percent of net worth (\$50 billion). The SCF also showed that unrealized capital gains on business and financial assets for families led by people 75 or older were 8.6 percent of net worth (\$70 billion).

Up to \$500,000 of capital gains from the sale of most primary residences is exempt from income tax for all taxpayers under tax rules unrelated to the step-up in basis at death. Thus, most of the \$135 billion of unrealized capital gains on primary residences would be exempt from tax even if death was considered a realization event.² As a result, the unrealized capital gains on the assets of decedents 75 or older that would be taxed at death would be the \$120 billion in capital gains from business, financial, and real estate investments excluding primary residences. The use of capital loss carryforwards would reduce the \$120 billion in capital gains to \$115 billion.

The average marginal capital gains tax rate in 2010 was about 14 percent. Applying this tax rate to the \$115 billion in unrealized capital suggests the tax expenditure for not treating death as a realization event for those 75 or older would be \$16.1 billion for 2010.

Performing the same analysis for the other SCF age cohorts suggests an additional 2010 tax expenditure of \$11.1 billion for the 1.1 million U.S. decedents who were under age 75.³ Thus, the total expenditure for 2010 deaths is about \$27.2 billion based on SCF data.

To use the 2010 tax expenditure estimate as the basis for estimating tax expenditures annually through 2024 requires adjusting the 2010 data for changes such as stock market fluctuations, tax rate changes, and demographic changes. The stock market was essentially unchanged in 2011, but the S&P 500 increased 13 percent in 2012 and soared 30 percent in 2013. The maximum capital gains tax rate increased from 15 percent in 2010-2012 to 23.8 percent in 2013-2024.⁴ The aging of the baby boomers will increase the number of U.S. citizens in the age cohorts that have the highest death rates for the next couple decades.⁵

² The capital gains housing exclusion is estimated as a separate tax expenditure in the budget.

³ The 65-to-74 age cohort accounts for \$5.0 billion of the additional \$11.1 billion, the 55-to-64 cohort for \$4.1 billion, the 45-to-54 cohort for \$1.8 billion, and the under 45 cohort for \$0.2 billion.

⁴ The maximum statutory capital gains rate increased to 20 percent in 2013, but the Affordable Care Act created an additional 3.8-percent tax rate beginning in 2013 on investment income above threshold amounts.

⁵ The U.S. Census Bureau projects that the number of U.S. deaths will increase at an increasing rate until 2032.



Combining these changes produces tax expenditure estimates that increase very slightly from 2010 to 2011, increase somewhat more in 2012, increase very substantially in 2013, and then increase modestly through 2024 (assuming a constant increase in stock market prices).

Tax expenditure analysis using tax return data

Except for taxpayers who died in 2010, executors of estates of taxpayers who die with wealth above a threshold level have to file estate tax returns. An estate tax return lists the FMV of all of a decedent's assets on the date they died.⁶ But an estate tax return contains no information about the tax basis of the decedent's assets. The IRS does not need basis information because beneficiaries receive 'step-up basis.'

The executors of some decedents who died in 2010, however, had to file a new tax return that listed both the tax basis and FMV of nearly all assets held by the decedent. The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) repealed the estate tax for one year – 2010. The assets of taxpayers who died in 2010, however, would not receive step-up basis. The assets would receive 'modified carryover basis' (the tax basis of inherited assets for a beneficiary would be the lesser of the decedent's basis or the FMV on the date of death). The Tax Relief Unemployment Insurance Reauthorization and Job Creation Act of 2010 gave executors of estates for decedents who died in 2010 the choice of paying the estate tax (with step-up basis for beneficiaries) or opting not to pay the estate tax (with modified carryover basis for beneficiaries).

When an executor of a 2010 decedent's estate opted for modified carryover basis, the executor had to file Form 8939.⁷ The information provided by the executor on this form lists both the tax basis of nearly all of a decedent's assets and the FMV of the assets on the date the decedent died.⁸ Form 8939 is unique in containing both basis and FMV for assets held by actual decedents.

The IRS's Statistics of Income Division (SOI) compiled detailed data from all the 8939 forms filed, and not from just a sample of the returns filed, as is usual. SOI provided OTA with a partial data file in early 2014 that contained all 8939 forms SOI had processed as of early 2014.⁹ The partial file OTA received contains compiled information for 5,505 of the 8,058 form 8939s that were filed (68 percent).¹⁰ A more detailed discussion of the data from the 8939 forms processed is included in the appendix.

Decedents 75 or older accounted for 4,353 (79 percent) of the 8939 forms processed. These older decedents had a net worth of \$46 billion, an average of \$10.5 million, and untaxed

⁶ Or the value six months later, at the executor's choice.

⁷ In addition to allowing modified carryover basis for 2010 decedent assets, EGTRRA also allowed executors to allocate an additional \$1.3 million (plus an additional \$3.0 million for spouses) in basis to the decedent's basis.

⁸ A relatively small number of assets - mostly cash, 401(k) assets, and traditional IRA assets – did not have to be listed on Form 8939. These assets have \$0 basis and were not eligible for the additional \$1.3-million increase in basis.

⁹ SOI is processing the 8939 forms in order, based on the decedents' Social Security numbers.

¹⁰ SOI expects to provide OTA with a final file that contains compiled information for all 8,058 decedents by the end of 2014. SOI plans to include an article on the form 8939 data in an SOI Bulletin issue, probably in 2015.



appreciation of \$18.5 billion. But 5.4 percent of this untaxed appreciation was from assets (e.g. primary residences, retirement assets) where the appreciation would not necessarily be taxed as capital gains.¹¹ Removing the appreciation that would not be taxed as capital gains leaves \$17.5 billion in untaxed capital gains (38 percent of net worth) from the estates of decedents 75 or older.

Assuming the ages and estates of decedents for whom the 8939 forms have not yet been processed are similar to those for whom the 8939 forms have been processed suggests (1) a form 8939 was filed for 6,359 decedents 75 or older, and (2) untaxed capital gains accounted for 38 percent of net worth.¹²

Using the form 8939 data in the tax expenditure estimate

The 6,359 decedents 75 or older for whom form 8939 was filed represent only a tiny fraction (0.5 percent) of all 1.391 million decedents 75 or older, and form 8939 filers represents an even smaller share of decedents below age 75. Thus, this data is only of limited general use in updating the tax expenditure for the step-up in basis at death. The form 8939 data, however, can help inform the part of the tax expenditure that applies to very high net-worth decedents, because the 8939 data is a good sample of such taxpayers. In the form 8939 data, the average estate had a value of \$10.4 million, nearly 70 percent of estates had a net worth of at least \$2.5 million, and nearly 25 percent had a net worth of at least 10 million.

The form 8939 data suggests that very high net worth decedents had a slightly larger share of their estate in untaxed capital gains than is indicated by the SCF data. Untaxed capital gains (excluding gains from primary residences) accounted for 38 percent of the net worth of the 8939 decedents, whereas untaxed capital gains (excluding gains from primary residences) accounted

¹¹ As mentioned earlier, up to \$500,000 of capital gains on the sale of most primary residences is exempt from tax. When a beneficiary withdraws money from a retirement asset such as a traditional 401(k) or IRA account, the money is taxed as ordinary income because the money was contributed tax free.

¹² In addition to the 8939 forms for 2010 decedents, the IRS received 7,391 estate tax returns for 2010 decedents. Of these returns, 352 (5 percent) had an estate tax liability; the estate tax liability was \$0.2 billion. For comparison, the IRS received 27,349 estate tax returns for 2011 decedents; these returns had an estate tax liability of \$11.2 billion. Of the 7,391 decedents who died in 2010 for whom an estate tax form was filed, 5,170 (70 percent) were 75 or older. These 5,170 decedents had a net worth of \$25 billion, an average of \$4.8 million. The basis of their assets is unknown.

Only 2,832 of these returns had a total gross estate greater than the \$5-million estate tax exclusion amount. Some executors may have filed estate tax returns for married decedents with gross estates less than \$5 million to establish the amount of the estate tax exemption used for the decedent. Any unused estate tax exemption amount is 'portable' and is added to the estate tax exemption amount for the decedent's spouse.

Over 500 estate tax returns filed for 2010 decedents reported a total gross estate greater than \$20 million. Only 48 of these returns had an estate tax liability mostly because executors were able to apply the unlimited marital exemption for bequests to spouses. (Under the estate tax, step-up basis applies to all assets, even if there is no estate tax liability because of the unlimited marital deduction.)

Because executors were able to select which form to file for 2010 decedents, the data from the 8939 forms is not a perfect sample. Executors may have tended to file form 8939 for estates with certain financial characteristics and may have tended to file the estate tax form for estates with other financial characteristics. So the data from the 8939 forms may not be completely representative of all wealthy decedents. Nonetheless, the 8939 data does provide a unique view of the basis and FMV of most assets in the estates of many wealthy 2010 decedents.



for 31 percent of the top 6,359 net worth SCF decedents. This suggests the SCF data may slightly underestimate the percentage of unrealized capital gains for the largest estates among decedents age 75 or older. Thus, based on the 8939 data, the SCF-based tax expenditure for decedents age 75 or older was increased very slightly.

Final tax expenditure estimates

Combining the SCF estimates for decedents 74 or younger with the tax return-adjusted estimates for decedents 75 or older gives the following tax expenditure series:

2013 – \$44.800 billion (FY15 Budget tax expenditure was \$23.050 billion)¹³
2014 – \$60.370 billion (\$30.780 billion)
2015 – \$63.440 billion (\$32.370 billion)
2016 – \$66.670 billion (\$34.010 billion)
2017 – \$70.070 billion (\$35.750 billion)
2018 – \$73.630 billion (\$37.600 billion)
2019 – \$77.380 billion (\$39.580 billion)
2020 – \$81.320 billion
2021 – \$85.460 billion
2022 – \$89.810 billion
2023 – \$94.380 billion
2024 – \$99.180 billion

APPENDIX

As mentioned earlier, the 8939 data is unique because it contains both basis and FMV for a decedent's assets. Because this data is available nowhere else, this appendix will examine the 8939 data more closely.

Overall, the combined tax basis of assets was \$35.7 billion for the 5,505 decedents for whom we have data from form 8939. (See Table 1.) The FMV of these assets was \$58.7 billion, \$23.0 billion (65 percent) higher than the basis. (See Charts 1 and 2.)

The FMV for all assets owned by decedents is not known from form 8939 because executors were not required to list assets such as cash, 401(k)'s and IRAs. For the assets listed on the 8939 forms, 32 percent of the decedents had a net worth (excluding most cash and retirement assets) under \$2.5 million, 18 percent had a net worth between \$2.5 million and \$5 million, 26 percent had a net worth between \$5 million and \$10 million, 14 percent had a net worth between \$10 million and \$20 million, and 10 percent had a net worth over \$20 million. (See Table 2.)

Three asset classes – 'Other stock,' 'Closely-held stock' and 'Other real estate' – accounted for 52 percent of the total FMV of assets, but they accounted for 74 percent of the appreciation of all assets. The total FMV of 'Closely-held stock' was 354 percent higher than its basis, 'Other real

¹³ The FY15 Budget tax expenditure was based on data from estate tax returns, not on the SCF sample. Nearly all of the differences between the current estimates and those in FY15 Budget are caused by that change in the data. The new form 8939 data had only a very small effect on the FY15 estimates.



estate' was 97 percent higher, and 'Other stock' was 93 percent higher. 'State and local (S&L) bonds' accounted for 14% of the total FMV of assets but only accounted for 1 percent of the appreciation of all assets.

For most asset classes, the FMV was between 50 percent and 100 percent higher than the basis. The asset classes for which the FMV exceeded basis by the greatest percentage were 'Depletable/intangibles' (636 percent),¹⁴ 'Closely held stock' (354 percent), and 'Art' (241 percent). The asset classes for which the FMV exceeded basis by the lowest percentage were 'Mortgages and notes' (-4 percent),¹⁵ 'Federal bonds' (1 percent), and 'S&L bonds' (4 percent). Because the main attraction of bonds is a regular payment of interest with a return of principal, not price appreciation, it is not surprising that the different types of bonds were among the assets with the smallest appreciation.

On average, assets owned by decedents with over \$20 million in FMV appreciated 78 percent, but assets owned by decedents with less than \$20 million in FMV only appreciated 51 percent. Much of the reason for the difference in appreciation is that stocks appreciated much more for those with over \$20 million in FMV than they appreciated for all others. Stocks appreciated by 196 percent for decedents with more than \$20 million in FMV but only appreciated by 81 percent for decedents with less than \$20 million in FMV.

Age

Not surprising, most 8939 forms filed were for elderly decedents. Decedents 75 or older accounted for 79 percent of the forms filed and 78 percent of the FMV of assets of all decedents. (See Table 3.) The FMV of their assets exceeded basis by 60 percent, which is a little less than the 65 percent appreciation for assets held by those under age 75. The elderly decedents held a larger portion of their assets in bonds (20 percent) than decedents under age 75 (15 percent). The low appreciation in bonds helps explain why elderly decedents had a slightly lower appreciation in asset value than younger decedents.

Gender

Returns for male decedents accounted for 53 percent of the returns filed and 59 percent of the FMV for assets listed on these returns. (See Table 4.) Average appreciation for assets held by male decedents was 71 percent; average appreciation was 57 percent for female decedents.

For male decedents, 'Closely held stock' accounted for 5 percent of total basis but 16 percent of total FMV. For males, 'Closely held stock' appreciated by 480 percent. For female decedents,

¹⁴ A 'Depletable/intangible' is generally an asset where the tax basis of the asset is somewhat less than the purchase price. A taxpayer can take part of the value of the asset as a tax deduction. Taking the tax deduction also reduces the basis of the asset by the amount of the deduction. Thus, unlike most asset classes, which have a tax basis that generally does not change much, 'depletable/intangible' assets can have a significant basis reduction over time. Thus, most of the large difference between basis and FMV for these assets is not from an increase in the value of the assets, but rather, by a reduction in their basis.

¹⁵ The sharp drop in housing prices in the late 2000's pushed the value of some houses below the value of the mortgages on the houses. Thus, some owners of mortgages may have seen a significant drop in the value of the mortgages they own.



‘Closely held stock’ accounted for 4 percent of total basis and 8 percent of total FMV. For females, ‘Closely held stock’ appreciated by 176 percent.

Marital status

Widowed decedents accounted for 47 percent of the 8939 returns filed (38 percent of FMV), married for 39 percent (51 percent), and other for 14 percent (11 percent). (See Table 5.) Average appreciation was 63 percent for widowed, 69 percent for married, and 51 percent for other.

Holding period

Assets purchased before 1991 accounted for 20 percent of the FMV of total assets, assets purchased between 1991 and 2000 accounted for 11 percent, and assets purchased after 2000 accounted for 30 percent. The purchase date could not be determined for 39 percent of the assets. (See Table 6.)

FMV exceeded basis by 391 percent for assets purchased before 1991, 78 percent for assets purchased between 1991 and 2000, 13 percent for assets purchased after 2000, and 62 percent for assets with an unknown purchase date.

For ‘Other stock,’ appreciation was 569 percent for stock purchased before 1991, 148 percent for stock purchased between 1991 and 2000, and 23 percent for stock purchased after 2000. The story is similar for ‘Closely held stock’ – 732 percent appreciation for stock purchased before 1991, 79 percent for stock purchased between 1991 and 2000, and 51 percent appreciation for stock purchased after 2000.

The story is very different for state and local bonds – 24 percent appreciation for bonds purchased before 1991, 5 percent for bonds purchased between 1991 and 2000, and 3 percent appreciation for bonds purchased after 2000.

Comparison with other years of death

The data from the 8939 returns can be compared with the data from estate tax returns from surrounding years to see if asset holdings for returns from different years are similar.

The data show that the asset holdings across years are quite similar. (See Table 7.) As mentioned earlier, executors were not supposed to include cash and most retirement assets on the 8939 forms, but some did. As a result, cash and retirement assets together comprise a much lower percentage of total assets for 2010 decedents (3 percent) than for 2009 decedents (17 percent) or 2011 decedents (14 percent).

When cash and retirement assets are eliminated, the asset holdings across years look even more similar. Publicly traded stock accounted for somewhat more of total assets in 2010 (28 percent) and 2011 (30 percent) than in 2009 (21 percent), probably because of the 23-percent increase in the S&P 500 in 2009 and the 12-percent increase in 2010.



Closely-held stock, other limited partnerships, and other non-corporate business assets accounted for a greater percent of total assets in 2010 than in 2009 or 2011. The FMV of these assets may be difficult to determine precisely because their shares may not be traded on an organized exchange. Part of the reason they accounted for more of total assets in 2010 may be that the incentive for executors to take aggressive tax positions for 2010 decedents differed from the incentive for 2009 and 2011 decedents. For 2009 and 2011 decedents, FMV was used as the tax base for the estate tax, so executors would have had an incentive to declare a low FMV for assets that are difficult to value. With carryover basis for 2010 decedents, the FMV listed on the 8939 form generally did not matter much.



TABLE 1 - FORM 8939 DATA

Asset Class	Number of decedents holding given asset class	Percent of decedents holding given asset class	Basis of asset (\$ millions)	Percent of total basis	Fair Market Value of asset (FMV) (\$ millions)	Percent of total FMV	Amount of appreciation (\$ millions)	Percent appreciation	Percent of total appreciation
1 ALL	5,505	100%	35,685	100%	58,705	100%	23,020	65%	100%
2 Other stock	4,332	79%	8,237	23%	15,857	27%	7,620	93%	33%
3 Closely-held stock	888	16%	1,633	5%	7,410	13%	5,777	354%	25%
4 State and local bonds	2,982	54%	8,019	22%	8,362	14%	343	4%	1%
5 Cash	1,272	23%	1,095	3%	1,161	2%	66	6%	0%
6 Partnerships	1,360	25%	2,592	7%	4,247	7%	1,655	64%	7%
7 Retirement assets	463	8%	200	1%	430	1%	230	115%	1%
8 Federal bonds	1,210	22%	1,407	4%	1,424	2%	17	1%	0%
9 Residences	3,006	55%	1,752	5%	2,736	5%	983	56%	4%
10 Insurance	239	4%	62	0%	94	0%	32	52%	0%
11 Farm assets	479	9%	439	1%	1,146	2%	706	161%	3%
12 Other real estate	3,621	66%	3,816	11%	7,506	13%	3,691	97%	16%
13 Mortgages and notes	747	14%	1,645	5%	1,578	3%	-68	-4%	0%
14 Other bonds	2,006	36%	1,149	3%	1,217	2%	68	6%	0%
15 Depletable/intangible	379	7%	62	0%	459	1%	397	636%	2%
16 Futures, commodities, hedge	1,487	27%	1,228	3%	1,351	2%	123	10%	1%
17 Art	507	9%	221	1%	755	1%	534	241%	2%
18 Other non-corporate businesses	842	15%	1,386	4%	2,018	3%	632	46%	3%
19 All other	2,903	53%	742	2%	955	2%	213	29%	1%



TABLE 2 - FORM 8939 DATA, NET WORTH

Asset Class	Net Worth														
	Less than \$2.5 million			\$2.5-\$5 million			\$5-\$10 million			\$10-\$20 million			More than \$20 million		
	Count	Adj Bas (\$m)	FMV (\$m)	Count	Adj Bas (\$m)	FMV (\$m)	Count	Adj Bas (\$m)	FMV (\$m)	Count	Adj Bas (\$m)	FMV (\$m)	Count	Adj Bas (\$m)	FMV (\$m)
1 ALL	1,752	1,008	1,725	974	2,553	3,669	1,450	6,750	10,131	787	7,062	10,669	542	18,312	32,512
2 Other stock	1,062	260	454	815	659	1,051	1,279	1,871	3,232	700	1,749	3,224	476	3,697	7,896
3 Closely-held stock	99	27	37	141	77	151	257	212	463	210	296	688	181	1,020	6,070
4 State and local bonds	484	144	156	630	627	650	958	1,634	1,690	546	1,723	1,779	364	3,891	4,088
5 Cash	239	40	43	200	71	82	420	307	326	249	238	241	164	439	470
6 Partnerships	173	26	40	227	100	150	412	280	427	304	346	559	244	1,840	3,071
7 Retirement assets	101	17	28	63	17	29	147	52	138	89	54	106	63	60	130
8 Federal bonds	213	23	26	238	72	75	370	192	198	222	186	192	167	934	934
9 Residences	832	145	287	524	223	358	805	431	638	476	379	579	369	574	873
10 Insurance	40	2	5	36	9	11	75	12	16	55	23	33	33	17	30
11 Farm assets	118	20	80	64	31	92	154	84	289	79	98	256	64	206	428
12 Other real estate	888	161	388	642	315	596	1,031	696	1,448	617	799	1,549	443	1,845	3,525
13 Mortgages and notes	68	20	20	112	67	67	230	230	244	177	301	285	160	1,026	962
14 Other bonds	400	48	51	390	112	117	630	282	306	349	218	226	237	488	517
15 Depletable/intangible	62	1	12	53	1	17	120	18	76	80	8	56	64	34	299
16 Futures,commodities, hedge	271	29	32	287	76	90	425	183	207	290	201	217	214	739	805
17 Art	52	1	6	74	4	15	140	18	47	112	33	67	129	165	621
18 Other non-corporate businesses	81	10	21	112	44	57	245	104	217	223	230	380	181	998	1,343
19 All other	528	32	39	518	47	61	880	144	171	552	179	233	425	339	450

Asset Class	Distribution of assets (FMV)					Distribution of appreciation					Percent appreciation				
	Net worth					Net worth					Net worth				
	< \$2.5 m	\$2.5-\$5 m	\$5-\$10 m	\$10-\$20 m	> \$20 m	< \$2.5 m	\$2.5-\$5 m	\$5-\$10 m	\$10-\$20 m	> \$20 m	< \$2.5 m	\$2.5-\$5 m	\$5-\$10 m	\$10-\$20 m	> \$20 m
1 ALL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	71%	44%	50%	51%	78%
2 Other stock	26%	29%	32%	30%	24%	27%	35%	40%	41%	30%	74%	59%	73%	84%	114%
3 Closely-held stock	2%	4%	5%	6%	19%	1%	7%	7%	11%	36%	38%	96%	118%	133%	495%
4 State and local bonds	9%	18%	17%	17%	13%	2%	2%	2%	2%	1%	8%	4%	3%	3%	5%
5 Cash	3%	2%	3%	2%	1%	0%	1%	1%	0%	0%	7%	15%	6%	1%	7%
6 Partnerships	2%	4%	4%	5%	9%	2%	4%	4%	6%	9%	55%	50%	52%	62%	67%
7 Retirement assets	2%	1%	1%	1%	0%	1%	1%	3%	1%	0%	61%	69%	164%	98%	116%
8 Federal bonds	1%	2%	2%	2%	3%	0%	0%	0%	0%	0%	11%	5%	3%	3%	0%
9 Residences	17%	10%	6%	5%	3%	20%	12%	6%	6%	2%	99%	60%	48%	53%	52%
10 Insurance	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	111%	29%	32%	44%	79%
11 Farm assets	5%	3%	3%	2%	1%	8%	6%	6%	4%	2%	294%	201%	244%	161%	108%
12 Other real estate	23%	16%	14%	15%	11%	32%	25%	22%	21%	12%	141%	89%	108%	94%	91%
13 Mortgages and notes	1%	2%	2%	3%	3%	0%	0%	0%	0%	0%	1%	0%	6%	-5%	-6%
14 Other bonds	3%	3%	3%	2%	2%	0%	0%	1%	0%	0%	5%	4%	8%	4%	6%
15 Depletable/intangible	1%	0%	1%	1%	1%	2%	1%	2%	1%	2%	1114%	1233%	313%	579%	791%
16 Futures,commodities, hedge	2%	2%	2%	2%	2%	0%	1%	1%	0%	0%	10%	19%	13%	8%	9%
17 Art	0%	0%	0%	1%	2%	1%	1%	1%	1%	3%	299%	255%	164%	105%	276%
18 Other non-corporate businesses	1%	2%	2%	4%	4%	2%	1%	3%	4%	2%	119%	30%	108%	65%	35%
19 All other	2%	2%	2%	2%	1%	1%	1%	1%	1%	1%	20%	32%	19%	30%	33%



TABLE 3 - FORM 8939 DATA, AGE

Asset Class	Age																	
	Less than 55			55-64			65-74			75-84			85-94			Greater than 94		
	Count	Adj Bas (\$m)	FMV (\$m)	Count	Adj Bas (\$m)	FMV (\$m)	Count	Adj Bas (\$m)	FMV (\$m)	Count	Adj Bas (\$m)	FMV (\$m)	Count	Adj Bas (\$m)	FMV (\$m)	Count	Adj Bas (\$m)	FMV (\$m)
1 ALL	131	837	1,233	303	1,939	3,743	718	5,550	7,860	1,579	10,131	18,416	2,190	14,094	22,342	584	3,134	5,112
2 Other stock	89	196	279	220	366	614	543	1,063	1,799	1,247	2,375	4,295	1,744	3,372	6,955	489	865	1,915
3 Closely-held stock	39	34	211	86	149	1,206	167	452	696	276	532	3,967	260	413	1,179	60	53	152
4 State and local bonds	46	99	99	132	285	308	349	877	916	833	2,097	2,181	1,271	3,666	3,820	351	996	1,037
5 Cash	34	23	27	73	53	53	158	155	166	362	306	315	533	450	484	112	108	116
6 Partnerships	39	69	93	72	71	132	185	653	868	430	768	1,290	509	881	1,580	125	149	284
7 Retirement assets	18	7	8	38	13	24	91	37	79	147	70	152	146	63	152	23	10	15
8 Federal bonds	20	12	12	54	38	39	135	112	113	340	247	257	518	861	860	143	138	143
9 Residences	80	80	89	196	184	211	452	357	485	942	492	767	1,069	523	909	267	114	274
10 Insurance	7	4	10	16	8	14	46	15	25	69	19	23	80	14	19	21	2	2
11 Farm assets	14	27	43	36	32	67	65	57	110	145	127	329	182	178	513	37	18	84
12 Other real estate	90	126	130	232	366	583	549	729	1,310	1,127	1,151	2,337	1,329	1,253	2,719	294	190	428
13 Mortgages and notes	14	8	8	36	69	68	108	234	238	225	577	533	293	563	535	71	195	196
14 Other bonds	33	26	26	94	45	46	246	133	137	576	324	349	823	509	532	234	113	126
15 Depletable/intangible	6	0	3	20	8	28	46	3	11	115	16	85	149	33	304	43	1	28
16 Futures, commodities, hedge	36	36	39	95	40	54	218	259	291	432	428	441	565	386	437	141	79	89
17 Art	9	13	56	20	13	15	72	52	142	129	47	189	212	68	245	65	27	108
18 Other non-corporate businesses	40	47	67	86	110	191	154	204	261	271	357	673	236	643	785	55	24	40
19 All other	74	28	31	186	90	90	423	160	212	855	197	231	1,089	219	312	276	49	77

Asset Class	Distribution of assets (FMV)						Distribution of appreciation						Percent appreciation					
	Age						Age						Age					
	< 55	55-64	65-74	75-84	85-94	> 94	< 55	55-64	65-74	75-84	85-94	> 94	< 55	55-64	65-74	75-84	85-94	> 94
1 ALL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	47%	93%	42%	82%	59%	63%
2 Other stock	23%	16%	23%	23%	31%	37%	21%	14%	32%	23%	43%	53%	42%	68%	69%	81%	106%	121%
3 Closely-held stock	17%	32%	9%	22%	5%	3%	45%	59%	11%	41%	9%	5%	522%	708%	54%	646%	186%	185%
4 State and local bonds	8%	8%	12%	12%	17%	20%	0%	1%	2%	1%	2%	2%	1%	8%	5%	4%	4%	4%
5 Cash	2%	1%	2%	2%	2%	2%	1%	0%	0%	0%	0%	0%	19%	0%	7%	3%	8%	7%
6 Partnerships	8%	4%	11%	7%	7%	6%	6%	3%	9%	6%	8%	7%	34%	85%	33%	68%	79%	90%
7 Retirement assets	1%	1%	1%	1%	1%	0%	0%	1%	2%	1%	1%	0%	15%	83%	116%	118%	142%	40%
8 Federal bonds	1%	1%	1%	1%	4%	3%	0%	0%	0%	0%	0%	0%	2%	2%	1%	4%	0%	4%
9 Residences	7%	6%	6%	4%	4%	5%	2%	1%	6%	3%	5%	8%	11%	14%	36%	56%	74%	139%
10 Insurance	1%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%	157%	86%	65%	20%	33%	53%
11 Farm assets	3%	2%	1%	2%	2%	2%	4%	2%	2%	2%	4%	3%	57%	108%	92%	159%	188%	375%
12 Other real estate	11%	16%	17%	13%	12%	8%	1%	12%	25%	14%	18%	12%	3%	59%	80%	103%	117%	125%
13 Mortgages and notes	1%	2%	3%	3%	2%	4%	0%	0%	0%	-1%	0%	0%	1%	-1%	2%	-8%	-5%	0%
14 Other bonds	2%	1%	2%	2%	2%	2%	0%	0%	0%	0%	0%	1%	2%	4%	3%	7%	5%	12%
15 Depletable/intangible	0%	1%	0%	0%	1%	1%	1%	1%	0%	1%	3%	1%	1151%	235%	245%	428%	822%	1897%
16 Futures, commodities, hedge	3%	1%	4%	2%	2%	2%	1%	1%	1%	0%	1%	0%	7%	35%	12%	3%	13%	12%
17 Art	5%	0%	2%	1%	1%	2%	11%	0%	4%	2%	2%	4%	320%	19%	173%	300%	258%	292%
18 Other non-corporate businesses	5%	5%	3%	4%	4%	1%	5%	5%	2%	4%	2%	1%	41%	74%	28%	89%	22%	63%
19 All other	3%	2%	3%	1%	1%	2%	1%	2%	3%	1%	1%	2%	11%	1%	33%	18%	43%	57%



TABLE 4 - FORM 8939 DATA, GENDER

Asset Class	Gender					
	Female			Male		
	Count	Adj Basis (\$m)	FMV (\$m)	Count	Adj Basis (\$m)	FMV (\$m)
1 ALL	2,578	15,336	24,002	2,927	20,349	34,703
2 Other stock	2,034	3,789	7,393	2,298	4,448	8,464
3 Closely-held stock	272	676	1,864	616	957	5,546
4 State and local bonds	1,459	3,644	3,808	1,523	4,375	4,554
5 Cash	604	516	532	668	580	629
6 Partnerships	541	1,372	2,102	819	1,220	2,145
7 Retirement assets	181	60	155	282	141	275
8 Federal bonds	589	414	420	621	992	1,004
9 Residences	1,397	801	1,294	1,609	951	1,441
10 Insurance	75	13	16	164	49	78
11 Farm assets	179	141	413	300	299	732
12 Other real estate	1,609	1,460	2,671	2,012	2,356	4,836
13 Mortgages and notes	316	647	651	431	999	927
14 Other bonds	978	554	593	1,028	595	624
15 Depletable/intangible	171	35	357	208	27	102
16 Futures, commodities, hedge	672	449	485	815	779	867
17 Art	249	104	297	258	117	458
18 Other non-corporate businesses	282	378	558	560	1,008	1,460
19 All other	1,336	284	394	1,567	458	560

Asset Class	Distribution of assets (FMV)		Distribution of appreciation		Percent appreciation	
	Gender		Gender		Gender	
	Female	Male	Female	Male	Female	Male
1 ALL	100%	100%	100%	100%	57%	71%
2 Other stock	31%	24%	42%	42%	95%	90%
3 Closely-held stock	8%	16%	14%	14%	176%	480%
4 State and local bonds	16%	13%	2%	2%	5%	4%
5 Cash	2%	2%	0%	0%	3%	9%
6 Partnerships	9%	6%	8%	8%	53%	76%
7 Retirement assets	1%	1%	1%	1%	159%	96%
8 Federal bonds	2%	3%	0%	0%	1%	1%
9 Residences	5%	4%	6%	6%	62%	52%
10 Insurance	0%	0%	0%	0%	28%	58%
11 Farm assets	2%	2%	3%	3%	194%	145%
12 Other real estate	11%	14%	14%	14%	83%	105%
13 Mortgages and notes	3%	3%	0%	0%	1%	-7%
14 Other bonds	2%	2%	0%	0%	7%	5%
15 Depletable/intangible	1%	0%	4%	4%	919%	274%
16 Futures, commodities, hedge	2%	2%	0%	0%	8%	11%
17 Art	1%	1%	2%	2%	184%	292%
18 Other non-corporate businesses	2%	4%	2%	2%	48%	45%
19 All other	2%	2%	1%	1%	39%	22%



TABLE 5 - FORM 8939 DATA, MARITAL STATUS

Asset Class	Marital status								
	Married			Widowed			All other		
	Count	Adj Basis (\$m)	FMV (\$m)	Count	Adj Basis (\$m)	FMV (\$m)	Count	Adj Basis (\$m)	FMV (\$m)
1 ALL	2,156	17,573	29,733	2,564	13,850	22,547	785	4,262	6,426
2 Other stock	1,729	3,800	7,353	2,036	3,445	6,660	567	992	1,844
3 Closely-held stock	469	812	3,674	288	582	3,257	131	239	479
4 State and local bonds	1,168	3,708	3,870	1,466	3,140	3,266	348	1,170	1,225
5 Cash	542	536	567	563	442	462	167	118	132
6 Partnerships	682	1,423	2,673	525	1,012	1,349	153	156	226
7 Retirement assets	224	108	225	166	68	167	73	24	39
8 Federal bonds	478	409	418	589	913	917	143	85	89
9 Residences	1,276	821	1,292	1,301	686	1,076	429	245	367
10 Insurance	126	35	56	80	17	23	33	10	15
11 Farm assets	223	211	508	196	183	480	60	45	157
12 Other real estate	1,553	2,115	4,354	1,559	1,207	2,172	509	494	981
13 Mortgages and notes	337	845	820	329	701	679	81	98	79
14 Other bonds	764	489	514	975	520	554	267	139	149
15 Depletable/intangible	163	47	348	161	13	72	55	3	39
16 Futures,commodities, hedge	631	730	780	657	378	447	199	121	124
17 Art	175	128	405	258	77	308	74	17	42
18 Other non-corporate businesses	463	996	1,406	264	221	342	115	169	269
19 All other	1,188	361	469	1,304	244	316	411	136	169

Asset Class	Distribution of assets (FMV)			Distribution of appreciation			Percent appreciation		
	Marital status			Marital status			Marital status		
	Married	Widowed	Other	Married	Widowed	Other	Married	Widowed	Other
1 ALL	100%	100%	100%	100%	100%	100%	69%	63%	51%
2 Other stock	25%	30%	29%	29%	37%	39%	94%	93%	86%
3 Closely-held stock	12%	14%	7%	24%	31%	11%	353%	460%	100%
4 State and local bonds	13%	14%	19%	1%	1%	3%	4%	4%	5%
5 Cash	2%	2%	2%	0%	0%	1%	6%	4%	13%
6 Partnerships	9%	6%	4%	10%	4%	3%	88%	33%	44%
7 Retirement assets	1%	1%	1%	1%	1%	1%	108%	144%	60%
8 Federal bonds	1%	4%	1%	0%	0%	0%	2%	0%	5%
9 Residences	4%	5%	6%	4%	4%	6%	57%	57%	50%
10 Insurance	0%	0%	0%	0%	0%	0%	61%	33%	54%
11 Farm assets	2%	2%	2%	2%	3%	5%	141%	162%	248%
12 Other real estate	15%	10%	15%	18%	11%	22%	106%	80%	99%
13 Mortgages and notes	3%	3%	1%	0%	0%	-1%	-3%	-3%	-20%
14 Other bonds	2%	2%	2%	0%	0%	0%	5%	6%	7%
15 Depletable/intangible	1%	0%	1%	2%	1%	2%	646%	476%	1128%
16 Futures,commodities, hedge	3%	2%	2%	0%	1%	0%	7%	18%	3%
17 Art	1%	1%	1%	2%	3%	1%	217%	301%	150%
18 Other non-corporate businesses	5%	2%	4%	3%	1%	5%	41%	55%	60%
19 All other	2%	1%	3%	1%	1%	2%	30%	29%	24%



TABLE 6 - FORM 8939 DATA, YEAR ACQUIRED

Asset Class	Year acquired											
	2001-2010			1991-2000			Pre-1991			Unknown		
	Count	Adj Basis (\$m)	FMV (\$m)	Count	Adj Basis (\$m)	FMV (\$m)	Count	Adj Basis (\$m)	FMV (\$m)	Count	Adj Basis (\$m)	FMV (\$m)
1 ALL	4,219	15,630	17,607	3,312	3,545	6,319	3,488	2,437	11,959	4,183	14,074	22,820
2 Other stock	2,734	2,879	3,542	1,738	567	1,407	1,265	415	2,775	2,934	4,375	8,134
3 Closely-held stock	266	529	800	225	292	524	389	520	4,327	260	291	1,760
4 State and local bonds	2,068	3,864	3,982	809	285	299	247	38	47	1,725	3,831	4,034
5 Cash	498	269	277	92	21	24	62	16	20	875	789	840
6 Partnerships	779	1,057	1,368	355	622	1,085	217	105	322	471	808	1,472
7 Retirement assets	124	64	122	47	7	18	44	6	13	299	122	277
8 Federal bonds	793	1,003	1,006	108	13	16	56	3	3	481	388	398
9 Residences	709	705	693	639	419	605	1,368	424	1,109	332	203	329
10 Insurance	47	21	34	21	7	7	79	9	13	126	25	40
11 Farm assets	146	151	230	133	69	161	192	86	351	218	133	404
12 Other real estate	1,842	1,827	2,181	1,179	694	1,425	1,639	607	2,339	1,084	688	1,561
13 Mortgages and notes	499	891	873	80	134	111	24	10	17	274	609	577
14 Other bonds	1,433	698	724	194	23	25	65	7	8	883	421	459
15 Depletable/intangible	89	10	17	60	4	17	109	5	57	200	44	368
16 Futures,commodities, hedge	920	705	775	170	91	92	59	27	23	672	405	462
17 Art	83	44	102	85	34	78	100	13	99	375	130	476
18 Other non-corporate businesses	455	717	689	207	201	360	166	108	365	291	359	603
19 All other	1,272	195	195	562	59	66	406	38	69	2,142	450	625

	Distribution of assets (FMV)				Distribution of appreciation				Percent appreciation			
	Year acquired				Year acquired				Year acquired			
	2001-2010	1991-2000	Pre-1991	Unknown	2001-2010	1991-2000	Pre-1991	Unknown	2001-2010	1991-2000	Pre-1991	Unknown
1 ALL	100%	100%	100%	100%	100%	100%	100%	100%	13%	78%	391%	62%
2 Other stock	20%	22%	23%	36%	33%	30%	25%	43%	23%	148%	569%	86%
3 Closely-held stock	5%	8%	36%	8%	14%	8%	40%	17%	51%	79%	732%	505%
4 State and local bonds	23%	5%	0%	18%	6%	0%	0%	2%	3%	5%	24%	5%
5 Cash	2%	0%	0%	4%	0%	0%	0%	1%	3%	14%	20%	7%
6 Partnerships	8%	17%	3%	6%	16%	17%	2%	8%	29%	74%	208%	82%
7 Retirement assets	1%	0%	0%	1%	3%	0%	0%	2%	91%	153%	105%	126%
8 Federal bonds	6%	0%	0%	2%	0%	0%	0%	0%	0%	22%	24%	3%
9 Residences	4%	10%	9%	1%	-1%	7%	7%	1%	-2%	44%	162%	62%
10 Insurance	0%	0%	0%	0%	1%	0%	0%	0%	61%	10%	50%	56%
11 Farm assets	1%	3%	3%	2%	4%	3%	3%	3%	52%	132%	310%	204%
12 Other real estate	12%	23%	20%	7%	18%	26%	18%	10%	19%	105%	286%	127%
13 Mortgages and notes	5%	2%	0%	3%	-1%	-1%	0%	0%	-2%	-17%	63%	-5%
14 Other bonds	4%	0%	0%	2%	1%	0%	0%	0%	4%	12%	22%	9%
15 Depletable/intangible	0%	0%	0%	2%	0%	1%	1%	4%	69%	396%	1004%	738%
16 Futures,commodities, hedge	4%	1%	0%	2%	4%	0%	0%	1%	10%	1%	-13%	14%
17 Art	1%	1%	1%	2%	3%	2%	1%	4%	133%	126%	642%	267%
18 Other non-corporate businesses	4%	6%	3%	3%	-1%	6%	3%	3%	-4%	79%	237%	68%
19 All other	1%	1%	1%	3%	0%	0%	0%	2%	0%	11%	83%	39%



TABLE 7 - COMPOSITION OF NET WORTH

<u>Asset class</u>	<u>All listed assets</u>			<u>Listed assets, excluding cash and retirement</u>		
	2009 deaths 1/	2010 deaths 2/	2011 deaths 3/	2009 deaths 1/	2010 deaths 2/	2011 deaths 3/
1 Personal residence	6%	5%	5%	8%	5%	6%
2 Other real estate	11%	10%	8%	13%	10%	10%
3 Real estate partnerships	3%	3%	4%	4%	3%	4%
4 Closely held stock	9%	13%	8%	11%	13%	9%
5 Publicly traded stock	18%	27%	26%	21%	28%	30%
6 State and local bonds	11%	14%	11%	13%	15%	13%
7 Federal savings bonds	0%	0%	0%	0%	0%	0%
8 Other federal bonds	2%	2%	1%	3%	2%	2%
9 Corporate and foreign bonds	1%	2%	2%	2%	2%	2%
10 Bond funds	0%	0%	0%	0%	0%	0%
11 Unclassifiable mutual funds	1%	1%	1%	1%	1%	1%
12 Cash assets	12%	2%	9%			
13 Insurance, face value	2%	0%	2%	2%	0%	2%
14 Insurance, policy loans	0%	0%	0%	0%	0%	0%
15 Farm assets	4%	2%	3%	4%	2%	4%
16 Private equity and hedge funds	1%	1%	2%	2%	2%	2%
17 Other limited partnerships	4%	7%	3%	5%	7%	4%
18 Other noncorporate business assets	2%	3%	2%	2%	4%	3%
19 Mortgages and notes	4%	3%	3%	5%	3%	4%
20 Retirement assets	5%	1%	5%			
21 Depletables/intangibles	1%	1%	1%	1%	1%	1%
22 Art	1%	1%	2%	2%	1%	3%
23 Other assets	<u>2%</u>	<u>1%</u>	<u>2%</u>	<u>2%</u>	<u>1%</u>	<u>2%</u>
TOTAL	100%	100%	100%	100%	100%	100%

1/ Based on estate tax returns filed in 2010, most of which were 2009 deaths.

2/ Based on actual 2010 deaths.

3/ Based on estate tax returns filed in 2012, most of which were 2011 deaths.

