

Giving in Retirement: America's Longevity Bonus

A Merrill Lynch Retirement Study conducted
in partnership with Age Wave

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Introduction



Two-thirds (65%) of retirees say retirement is the best time in life to give back. How retirees give—through financial contributions or by volunteering their time and skills—will have important implications for how our nation’s challenges and needs will be met in the years ahead.

Generosity is at the heart of America. Total U.S. charitable donations reached a record high of \$358 billion last year. While corporations and foundations account for some of this amount, 80% of giving in the U.S. comes from individuals and families.¹ In addition, Americans contributed 7.7 billion hours in 2013 through volunteering for charities, nonprofits, and causes.² Based on rates of charitable donations, volunteering, and helping out neighbors and strangers in need, the U.S. ranks among the most generous nations in the world.³

But while people of all age groups give generously, the center of gravity of giving is about to shift. Over the next two decades there will be a surge in giving by retirees: America’s \$8 trillion “Longevity Bonus.” Three forces are converging to create this new phenomenon:

- The movement of the massive boomer generation into their retirement years
- Increasing longevity, which means more people may spend more years in retirement
- High rates of giving among retired men and women (especially women)—of both money and time

The impact of the “Longevity Bonus” is not only about how much retirees give, but also how they give. The *Giving in Retirement: America’s Longevity Bonus* Study is an in-depth exploration of the priorities, rewards, and challenges of giving in retirement.

The Study uncovers:

- How retirement transforms giving, and why retirees are able to give more, and with greater impact, than younger age groups
- How giving gives back, and why giving can be a key ingredient to make retirement happier, healthier, and more purposeful
- The #1 motivation for retirees to give
- How the boomer generation will give differently—and with more potential impact—than prior generations
- Seven strategies for teaching generosity to the next generation, and which strategy retirees say is the most effective
- How “giving while living” to family, rather than waiting until the end of life, is becoming the new norm
- How women are the more generous gender, and are increasingly taking control of giving in retirement
- The top barriers that limit giving by retirees, and what is most important when retirees seek guidance and advice
- The five giving conversations couples should have
- Methods and innovations that can make giving in retirement both more impactful and personally fulfilling

The following report summarizes the key findings of our Study.

Methodology



This research study, completed in July 2015, was conducted in partnership with Age Wave and executed by TNS via an online data collection methodology. The sample is nationally representative of age, gender, ethnicity, income, and geography. The survey was conducted among a total of 3,694 adult respondents age 25+. The generational distribution of the 3,694 respondents is: 762 Silent Generation (age 70-90), 2,140 Boomers (age 51-69), 373 Generation Xers (age 39-50), and 419 Millennials (age 25-38). Qualitative research—six focus groups among both pre-retirees and retirees, and interviews with national thought leaders on a variety of topics related to giving—was also conducted prior to the quantitative research.



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About Age Wave

Age Wave is the nation's foremost thought leader on population aging and its profound business, social, financial, health care, workforce, and cultural implications. Under the leadership of Founder/CEO Dr. Ken Dychtwald, Age Wave has developed a unique understanding of new generations of maturing consumers and workers and their expectations, attitudes, hopes, and fears regarding retirement. Since its inception in 1986, the firm has provided breakthrough research, compelling presentations, award-winning communications, education and training systems, and results-driven marketing and consulting initiatives to over half the Fortune 500. For more information, please visit www.agewave.com. (Age Wave is not affiliated with Bank of America Corporation.)

Source: Bank of America. Merrill Lynch represents multiple business areas within Bank of America's wealth and investment management division including Merrill Lynch (North America and International) and Private Banking and Investments Group. As of September 30, 2017, ML entities had \$2.25 trillion in client balances. Client Balances consists of the following assets of clients held in their ML accounts: assets under management (AUM) of ML entities, client brokerage assets, assets in custody of ML entities, loan balances and deposits of ML clients held at Bank of America, N.A. and affiliated banks.

The \$8 Trillion “Longevity Bonus”



Retirees lead the nation in giving. As the boomer generation retires, they will help create an \$8 trillion surge — the total value of retirees giving and volunteering.

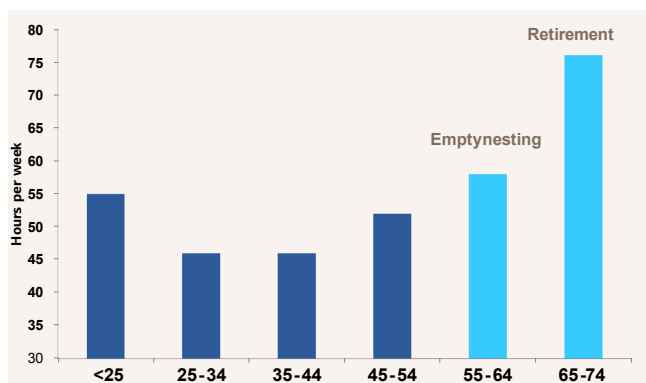
The Retirement Giving Potential

Giving back is important to Americans of all ages. However, younger Americans face many constraints on their giving: work schedules, the responsibilities and costs of raising a family, and daily expenses that often leave little extra time or money for either volunteering or charitable donations.

For many, retirement unleashes new opportunities to give. Retirees have the greatest amount of time, savings, life experiences, and skills they can contribute to charities, nonprofits, and causes.

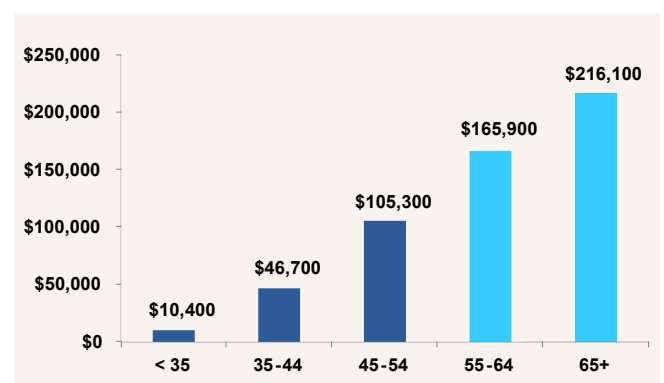
- *More time.* As people emptynest and retire from full-time work, they gain free time and become more available to engage in charitable giving and volunteering (FIG 1).
- *More savings.* Many retirees have accumulated savings—which are necessary to fund their retirement years—but part of which may be available to contribute to causes and needs they are passionate about (FIG 2).
- *More skills.* Retirees bring a lifetime of experience when they give back. According to our survey, 84% of retirees say an important reason they are able to give more in retirement is that they have greater skills and talents compared to when they were younger.

Figure 1: Discretionary time, by age group



Source: BLS Time Use Survey, 2014; discretionary time defined as time not spent for work, educational activities, sleeping, personal care, household chores, and caring for others

Figure 2: Median net worth, by age of household

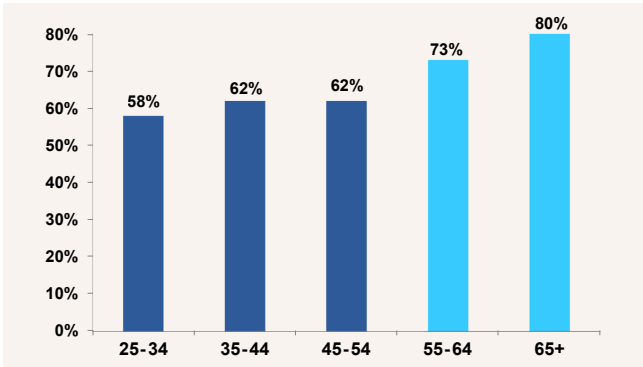


Source: Federal Reserve, “Changes in U.S. Family Finances from 2010 to 2013: Evidence from the Survey of Consumer Finances,” 2014

The Most Generous Americans

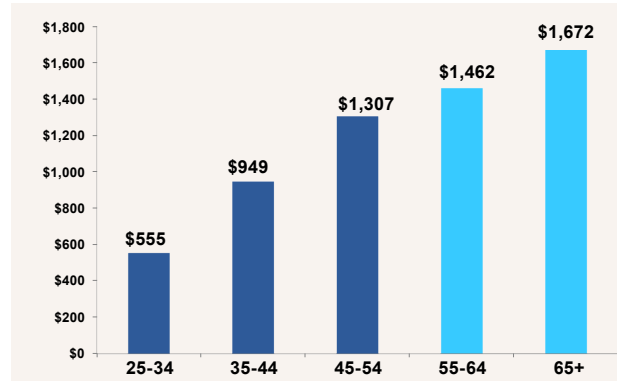
With more time, savings, and skills to contribute, two-thirds (65%) of retirees say retirement is the best time in life to give back. As people move to and through their retirement years, giving often escalates. Older adults are the most likely to donate money or goods to charities (FIG 3), and among those who give, contributions are by far the most dollars of any age group (FIG 4).

Figure 3: Percent who give money/goods to charities, nonprofits, or causes, by age



Base: Age 25+

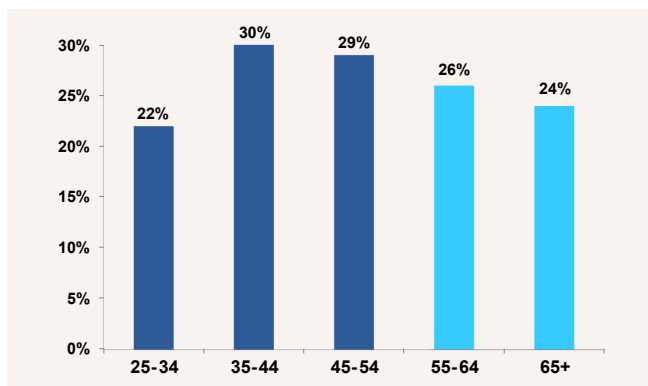
Figure 4: Average amount given to charities, by age



Base: Age 25+ who gave money/goods to a charity, nonprofit, or cause in the last 12 months

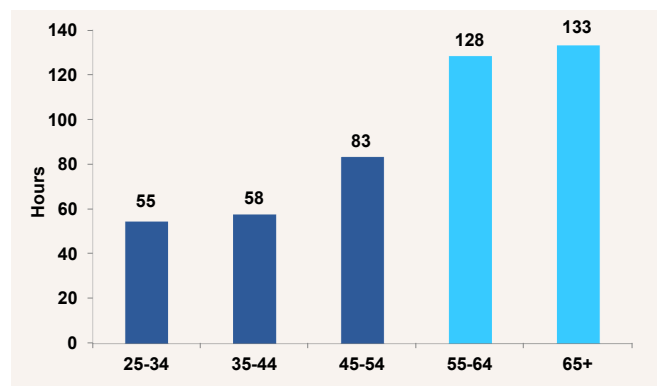
A similar pattern emerges when looking at volunteering. Currently, older adults are not the most likely to volunteer: The percentage of people volunteering is highest in midlife (FIG 5), often related to volunteer activities with their school-age children.⁴ But while midlife volunteers often have limited time to contribute, older adults give much more of their time. The average number of hours contributed by volunteers soars among older adults (FIG 6).

Figure 5: Percent who volunteer for a charity, by age



Source: Bureau of Labor Statistics, 2015

Figure 6: Average hours volunteered per year, by age

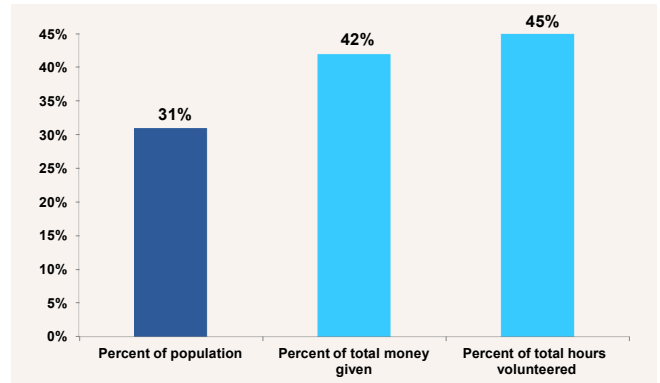


Base: Age 25+ who volunteered for a charity, nonprofit, or cause in the last 12 months

Without question, when considering contributions of both money and time, retirees lead the nation in giving. Although retirees account for less than a third (31%) of the adult U.S. population (age 25+), they contribute:

- 42% of money given to charity
- Nearly half (45%) of total volunteer hours (FIG 7)

Figure 7: Retirees as a percent of total U.S. adult (age 25+) population, financial contributions, and volunteer hours



Source: Calculations based on U.S. Census and "Giving in Retirement: America's Longevity Bonus" survey data



Giving with Greater Impact

In addition to giving more than younger age groups, retirees also give differently. Retirees report that retirement can be a gateway to more fulfilling and effective giving. Compared to before they retired, the majority of retirees say they now give in a way that is more focused, hands-on, and impact-oriented (FIG 8).

In fact, giving with impact is a priority for retirees. There are many motivations for giving, including having greater purpose, staying active and connected, expressing religious or spiritual beliefs, and charitable tax deductions. However, for retirees, “making a difference in the lives of others” is by far the top motivation to give, 5x more important than getting tax deductions (FIG 9).

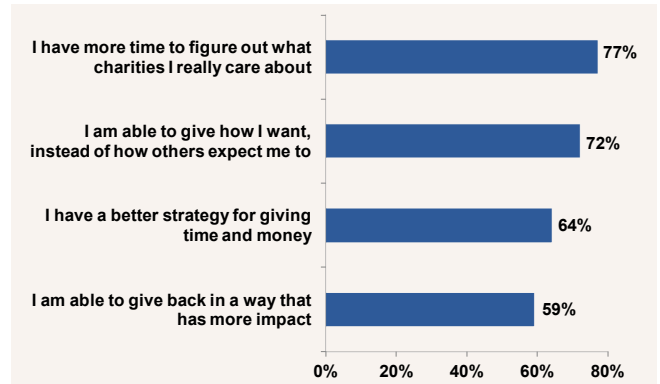
America’s “Longevity Bonus”

What is the future of retiree giving? To answer this question, this study calculated the Longevity Bonus, the total value of money and time that retirees are projected to give. Three forces will drive a surge in retiree giving over the next two decades:

- The movement of the massive boomer generation into their retirement years.
- Increasing longevity, which means more people will spend more years in retirement. The aging of the boomers and increasing longevity will drive the age 65+ population up by 57% (FIG 10).
- High rates of giving among retirees, who, as the survey found, have more free time and savings than younger adults, and give more generously than people in their working years.

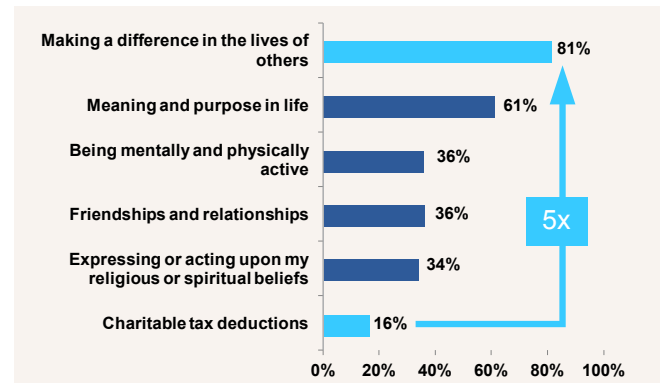
The combined effect of these three forces is the potential for tremendous growth in financial giving. Assuming giving rates among retirees remain at the level they are today, **we believe charitable financial giving from retirees over the next two decades will swell to an estimated \$6.6 trillion.**⁵

Figure 8: Compared to how I gave before I retired, in retirement ... (% agree)



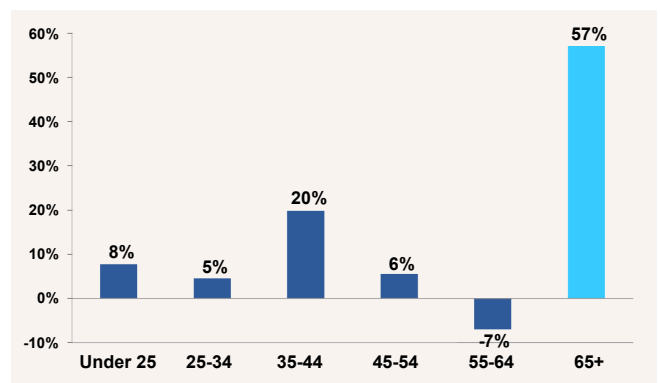
Base: Age 50+ retirees

Figure 9: Greatest motivations for charitable giving or volunteering among retirees



Base: Age 50+ retirees

Figure 10: Change in population by age group: 2016-2035



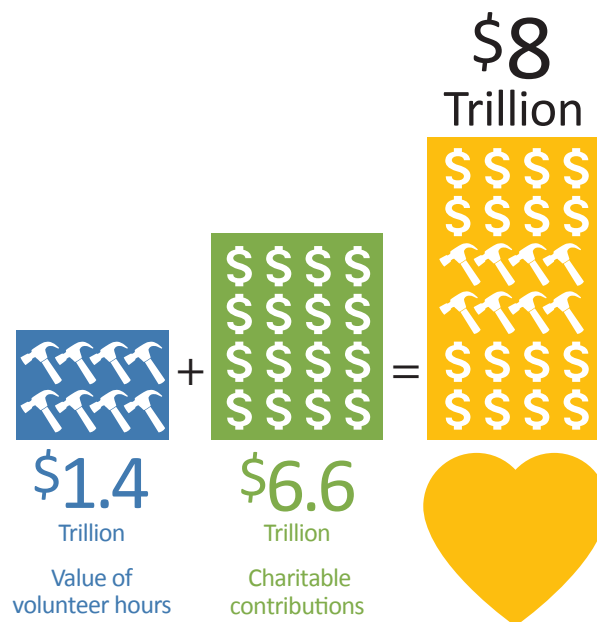
Source: U.S. Census Bureau, 2015

But it's not just about money. Retirees are projected to volunteer 58 billion hours over the next two decades. Assuming industry standard measures of the value of volunteer time, **we believe retiree volunteering will contribute almost \$1.4 trillion worth of services nationwide.**⁶

In total, we believe the value of giving by retirees, including both charitable giving and the value of volunteer hours, will create an estimated \$8 trillion Longevity Bonus cumulatively over the next two decades (FIG 11).

Figure 11: Estimated value of retiree charitable contributions: 2016-2035 (in \$ trillions)

America's Longevity Bonus (2016-2035)

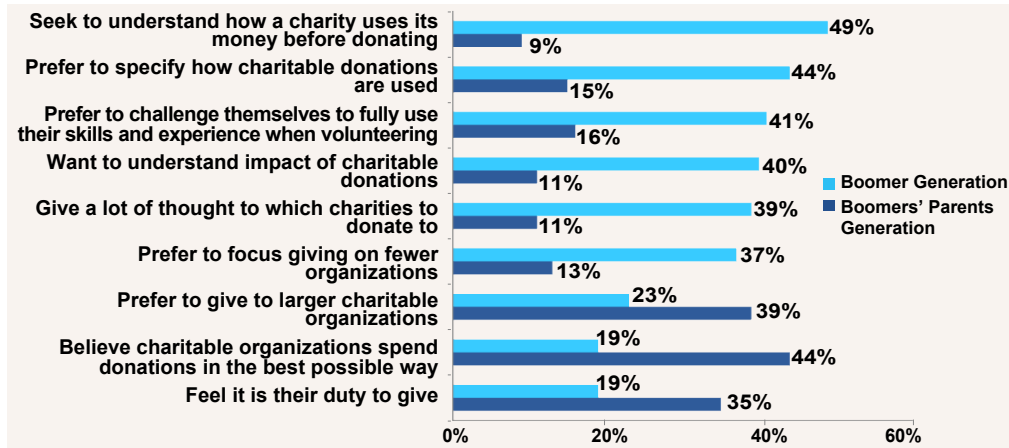


Source: Calculations based on data from the Center for Wealth and Philanthropy at Boston College, the U.S. Census, the U.S. Corporation for National Community Service, and Giving in Retirement: America's Longevity Bonus survey.

Boomers Will Transform Giving

The Longevity Bonus also means new kinds of giving are on the horizon. As the boomer generation moves into retirement over the next two decades, they are poised to transform how people give during a stage of life already characterized by high levels of generosity. Compared to their parents' generation, boomers say they are more strategic, hands-on, and demanding with how their time and financial contributions are used. They also say they are more likely to want to fully leverage the talents and skills developed over a lifetime when volunteering (FIG 12).

Figure 12: According to boomers, which generation is more likely to...



Base: Boomers (age 51-69)

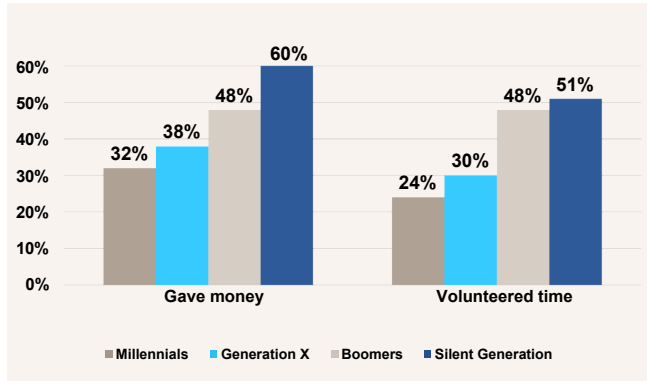


Retirement Giving Priorities

Today’s retirees give generously to a variety of causes. However, they are most likely to give to religious or spiritual charities, nonprofits, and causes. Among retirees who donate money or goods, about half (53%) donated to religious or spiritual organizations or causes in the past year (far more than, for example, to poverty relief (31%), disaster relief (26%), or educational institutions (19%)). Similarly, among retiree volunteers, almost half (48%) gave their time to religious/spiritual organizations or causes—three times the rate of retiree volunteering for any other type of recipient.

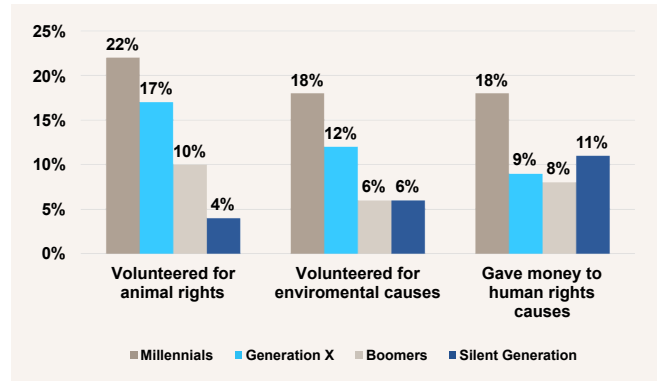
Future generations of retirees may change the giving landscape. Younger generations are less likely to give to religious or spiritual causes and more likely to give to animal rights, environment, and human rights causes (FIGS 13 and 14).

Figure 13: Percent who give to religious/spiritual charities, nonprofits, or causes, by generation



Base: Age 25+ who gave money or volunteered in the last 12 months; Bases vary

Figure 14: Percent who give to select causes, by generation



Base: Age 25+ who gave money or volunteered in the last 12 months; Bases vary

Giving Gives Back

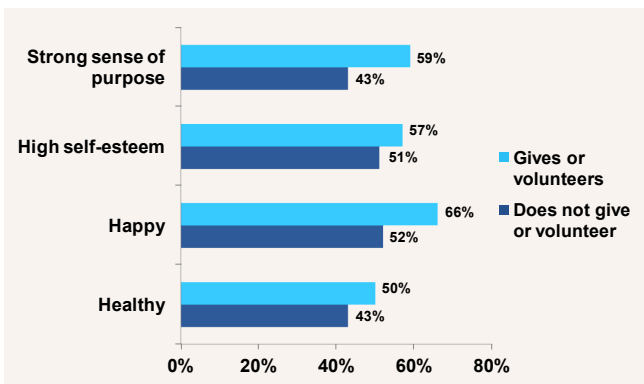


Giving is a key ingredient to a better retirement. Today's retirees are almost 6x more likely to define success by their generosity, rather than by their wealth.

Giving Transforms Retirement

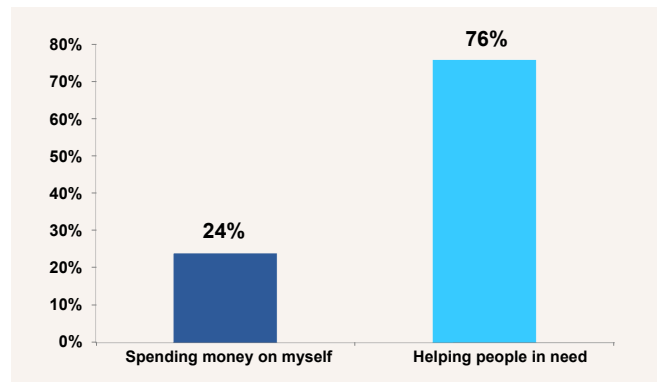
The Longevity Bonus has the potential to transform giving in the years ahead. But giving can also transform retirement. Seven in ten retirees (69%) say being generous is an important source of happiness in their retirement years. Retirees who give are more likely than those who don't to say they have a strong sense of purpose, high self-esteem, and are happy and healthy (FIG 15). Multiple studies have demonstrated that giving and volunteering are associated with lower rates of depression, blood pressure, and mortality.⁷ Retirees are 3x more likely to say "helping people in need" brings them greater happiness vs. "spending money on themselves" (FIG 16).

Figure 15: Percent of retirees who say they have/are ...



Base: Age 50+ retirees; includes giving and volunteering activities in the last 12 months

Figure 16: Which of the following brings you greater happiness in retirement?



Base: Age 50+ retirees

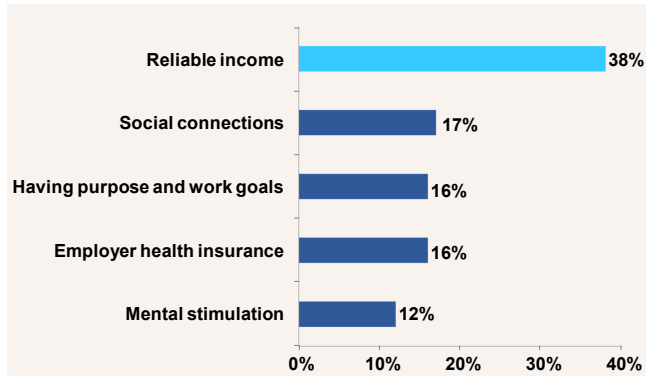
"We make a living by what we get. We make a life by what we give."

—Sir Winston Churchill

The Giving Connection

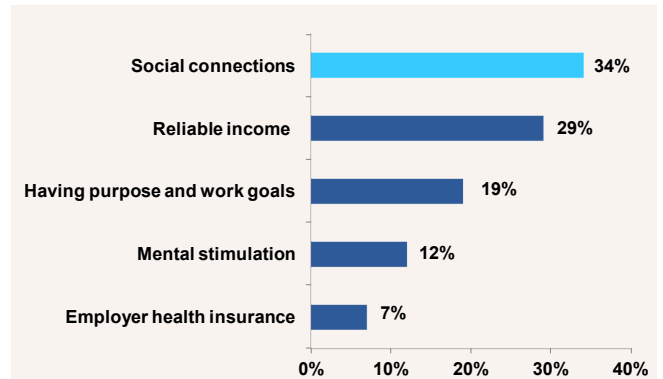
While pre-retirees predict “a reliable income” is what they’ll miss most after leaving work (FIG 17), retirees tell us instead that it is actually the social connections that they miss most (FIG 18). By helping retirees connect with other people who have similar interests, values, and passions, giving and volunteering can often help create new friendships to replace the social connections that can be lost when people retire. Eighty-five percent of retiree volunteers say they have developed important new friendships through their giving and volunteering activities.

Figure 17: Percent pre-retirees who say what they will miss most in retirement



Source: Merrill Lynch/Age Wave “Americans’ Perspectives on New Retirement Realities and the Longevity Bonus” Survey 2013, among pre-retirees

Figure 18: Percent retirees who say what they do miss most in retirement



Source: Merrill Lynch/Age Wave “Americans’ Perspectives on New Retirement Realities and the Longevity Bonus” Survey 2013, among retirees

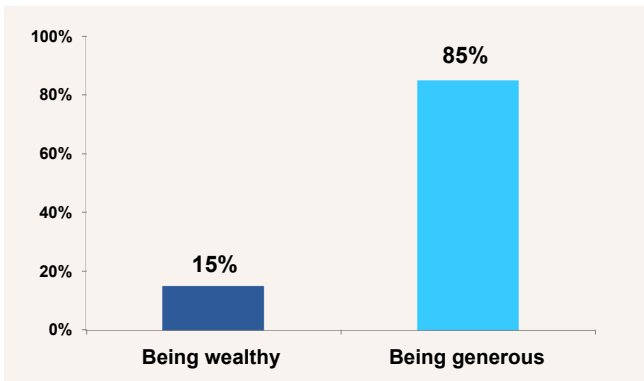


Success Redefined

During the working years, many people define their success by career advancement or the size of their bank account, house, or paycheck. But in retirement, a new definition of success emerges. Today's retirees are almost 6x more likely to define success by their generosity, rather than their wealth (FIG 19).

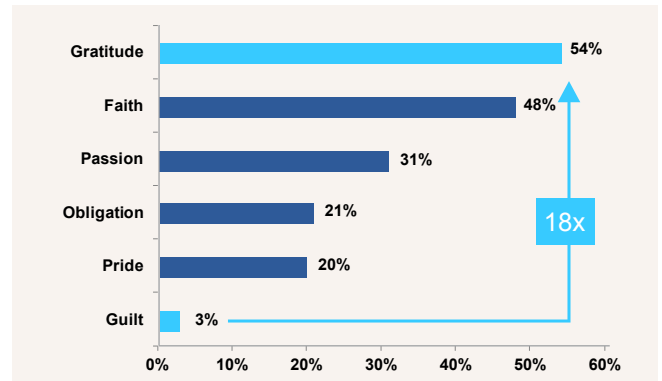
In fact, retirees say a top reason they want to give is because they are grateful for what they have had in their lives. They are 18x more likely to say they are motivated to give by feelings of "gratitude" rather than "guilt" (FIG 20).

Figure 19: Which of the following better defines success in retirement?



Base: Age 50+ retirees

Figure 20: Top motivations for retirees to give or volunteer

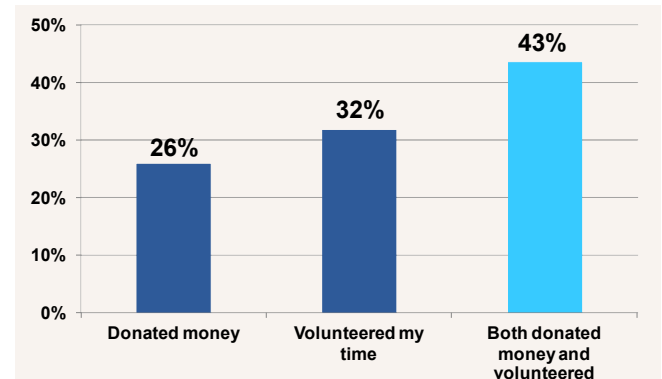


Base: Age 50+ retirees

Money + Time = Most Fulfilling Giving Experience

Giving money or time to a cause often creates a better retirement experience. But for the greatest personal payback, the best strategy is to do both. A quarter of retirees (26%) say that their most fulfilling giving experience was when they donated money, and a third say it was when they volunteered. However, retirees are most likely (44%) to say that their most fulfilling giving experience was when they combined their money and volunteering time and gave both to a charity, nonprofit, or cause they cared about (FIG 21).

Figure 21: In your most fulfilling giving experience, in what ways did you contribute?



Base: Age 50+ retirees

"Before I retired, I just wrote checks to charities. I didn't have time for anything else. In retirement, I give of my money, my time, and myself. Now I can really feel the difference I am making." —Focus Group Participant

Giving to Family



Giving to family is top of mind, including both creating a meaningful legacy and helping out family members in times of need.

A Legacy Is Now Much More Than Money

Some may think that an inheritance is principally about financial assets and real estate. While a financial inheritance can be an important part of one's legacy, today's retirees are 2x more likely to say it is very important to them to pass on "values and life lessons" vs. "financial assets or real estate". And perhaps even more surprisingly, younger generations are 2.5x more likely to say receiving values and life lessons is very important vs. receiving financial assets.

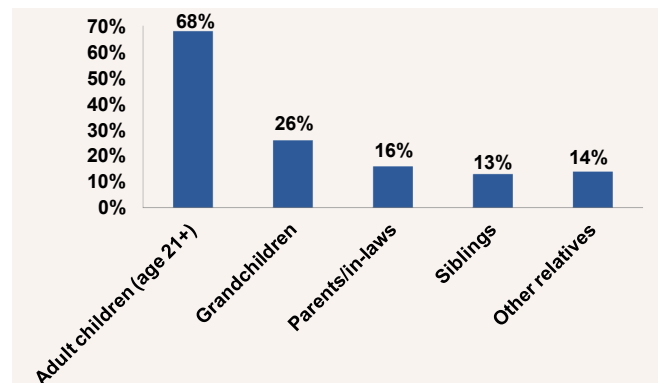
Giving While Living

Today, giving to family no longer means waiting until the end of life. Three in four retirees (77%) now prefer to give money to family throughout their retirement years. With today's unprecedented longevity, parents might live until their children are in their 50s, 60s, or even older. The times of greatest need in the lives of children are likely to be well before we pass away.

The Merrill Lynch/Age Wave 2013 study Family & Retirement: The Elephant in the Room, revealed that six in ten people (62%) age 50+ provide some kind of financial support to family members in the last five years. Financial help can extend in multiple directions, including to adult children, grandchildren, parents and in-laws, and siblings (FIG 22).

However, "giving while living" introduces a new challenge: Retirees must carefully balance generosity toward family with their own financial needs in retirement. Giving too much without accounting for future needs may jeopardize their retirement financial security—and ultimately require them to rely on support from their family.

Figure 22: Percent who provided financial support to family members in the last five years



Source: Merrill Lynch/Age Wave "Family & Retirement: The Elephant in the Room" Survey 2013; among age 50+ with adult children/grandchildren/parents/siblings/other relatives; bases vary



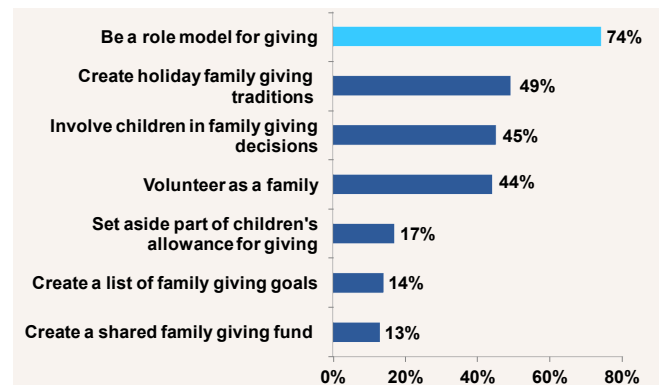
Sage Advice: How to Teach Generosity to the Next Generation

For many retirees, the importance of generosity is one of the values and life lessons they most want to pass on to the next generation. In our study, we interviewed thought leaders on giving from around the country to uncover seven best practices to teach generosity to the next generation:

1. Be a role model for giving by sharing your giving experiences and why they are meaningful for you.
2. Create family giving traditions during holidays, such as making a trip to local charities to donate together.
3. Involve children in family giving decisions so they can better understand how to set priorities, identify giving goals, and decide between giving options.
4. Volunteer as a family. According to our study, seven in ten (71%) retirees say volunteering and giving together deepens family relationships.
5. Set aside part of children's allowance for giving, so that giving can become a habit.
6. Create a list of family giving goals so that values can be discussed and shared among family members.
7. Create a shared family giving fund so that family members can better understand how to budget responsibly for their giving priorities.

The survey asked retirees to rank what they felt were the most effective ways to teach generosity. A top strategy, according to retirees, is “teaching by doing”—being a role model for the next generation through one’s own giving (FIG 23).

Figure 23: What are the most effective ways to teach generosity to the next generation?



Base: Age 50+ retirees



The More Generous Gender



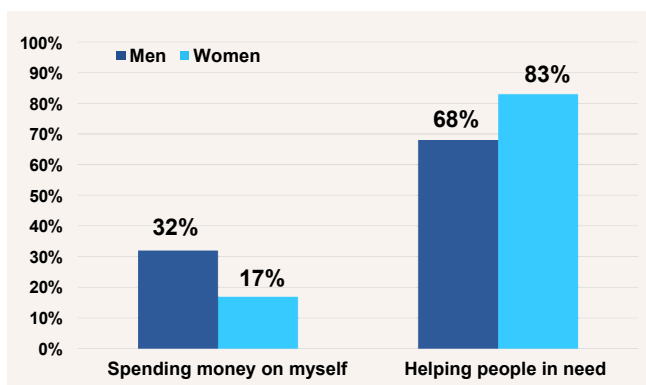
When it comes to giving, the genders are not equal. Women are more generous than men—and are leading the retirement giving revolution.

Our study uncovered six ways retired women are different from retired men. Women in retirement are more likely to:

- (1) prioritize giving;
- (2) give and volunteer;
- (3) be motivated by gratitude, faith, and passion;
- (4) take the lead in couples' giving decision-making;
- (5) prefer “giving while living” to family; and
- (6) control inheritance decisions and make charitable bequests.

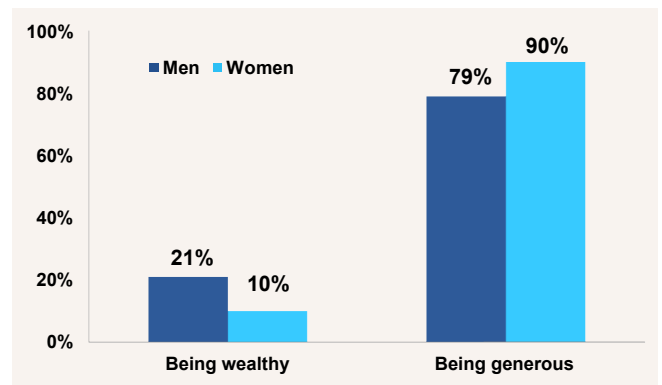
1. **Women are more likely to say giving is a high priority in retirement.** They are more likely than retired men to say that retirement is the best time in life to give back (68% vs. 62%). They are more likely than men to say that they get greater happiness from “helping people in need” than from “spending money on themselves” (FIG 24). Women are also more likely than men to define success in retirement by generosity vs. wealth (FIG 25).
2. **Women are more likely to give in retirement.** Compared to retired men, retired women are both more likely to contribute financially (81% vs. 71%) and to volunteer their time (29% vs. 22%) to charities, nonprofits, and causes.

Figure 24: Which of the following brings greater happiness at this time in your life?



Base: Age 50+ retirees

Figure 25: Which of the following better defines success in retirement?

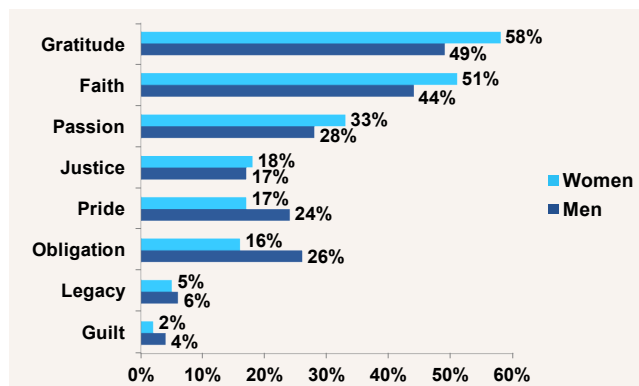


Base: Age 50+ retirees

3. **Women are motivated differently to give.** When it comes to motivations for giving, both genders are highly motivated by gratitude, faith, and passion—but women are even more so than men. Men more often than women say they are motivated to give out of a sense of obligation to a cause or their community, or out of the sense of pride they gain when making a difference (FIG 26).

4. **Married women are more likely than their husbands to take the lead on many giving decisions.** When married retirees make decisions regarding how and where they give, they often make the decisions together—particularly when it comes to making larger financial donations. However, when retired spouses plan how they will volunteer and make smaller financial donations, the decision is made jointly only about half the time—and women are significantly more likely than their husbands to be in charge (FIG 27).

Figure 26: Top motivations for retirees to give or volunteer



Base: Age 50+ retirees

Figure 27: Who takes the lead in making decisions regarding...?

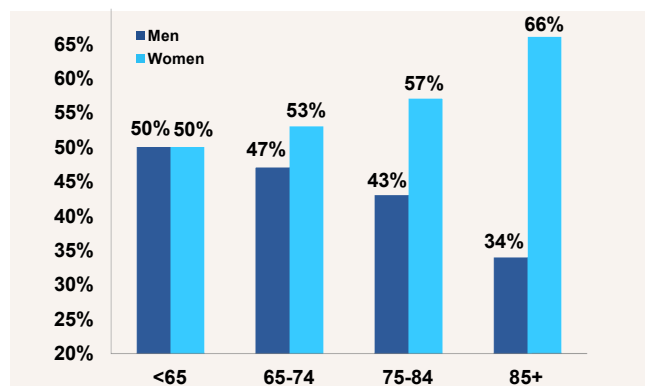
	Wife	Husband	Equal
Volunteering Activities	34%	22%	44%
Smaller Financial Donations	28%	18%	54%
Larger Financial Donations	12%	12%	74%

Base: Age 50+ married retirees

5. **Women are more likely to prefer to give while living.** When it comes to passing money on, retired women are even more likely than retired men to say they prefer to give money to family members while still alive, rather than passing it on as an inheritance (81% vs. 73%).

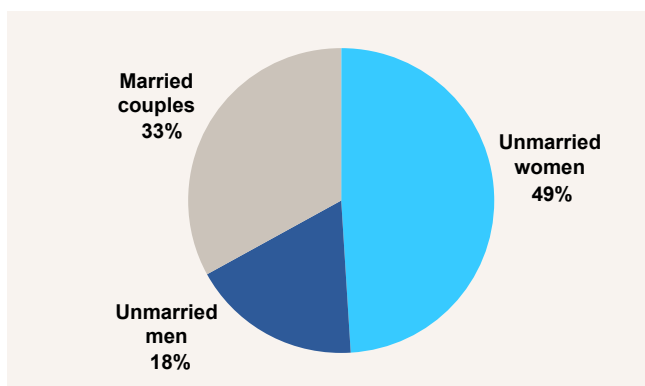
6. **In later life, women are increasingly the ones to control inheritance and giving decisions, both to family and charitable causes.** In part, women's growing influence is a result of their greater longevity. On average, women outlive men by six years,⁹ and in later life women significantly outnumber men. Among Americans age 85 or older, there are almost twice as many women as men (FIG 28). Women are 3x more likely than men to be widowed in later life,¹⁰ and therefore often decide how and where to pass on money and assets—both to family and charitable causes. Among people age 55+, unmarried women, including those who are widowed, divorced, or never married, already contribute nearly half (49%) of all charitable bequests (FIG 29).

Figure 28: Percent of U.S. men and women by age group



Source: U.S. Census Bureau, 2015

Figure 29: Who leaves charitable bequests?



Source: American Charitable Bequest Demographics, 2013; among age 55+



A Game Plan for Greater Giving



Creating a retirement giving game plan can empower retirees to unleash their Longevity Bonus.

Retirees are equipped with both greater potential and greater passion for giving, but they also face challenges. Retirees report that top barriers that limit their giving include knowing which charities to trust, having too many options to choose from, and financial limitations (FIG 30).

Today's giving landscape is complex, but with a sound game plan retirees can give with the greatest impact and personal fulfillment. This game plan includes:

1. Explore your giving goals
2. Maximize your impact
3. Assess and refine your giving game plan

1. Explore Your Giving Goals

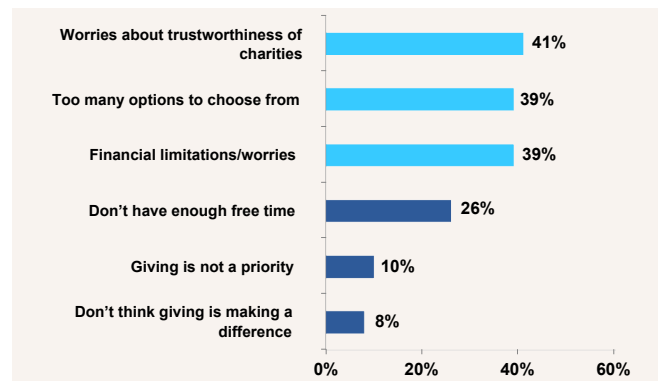
Before retirement, many people have little time to develop a giving strategy that addresses their goals, values, and priorities. Moreover, their giving activities may often be driven by needs and obligations such as volunteering for their children's schools or pitching in through workplace giving programs. Retirement can be an opportunity to rethink your giving strategy, and to explore and discover what is most important to you.

- What are your top motivations?
- What do you find most fulfilling when giving?
- What are you most hoping to achieve?
- What values are you hoping to express or bring to life?

Everyone has unique goals, and exploring and identifying these giving goals can be a very important first step in developing a giving game plan. In fact, when asked what is most important in the ideal giving guide or advisor, retirees say they are looking for someone who "understands my values and priorities" (FIG 31).

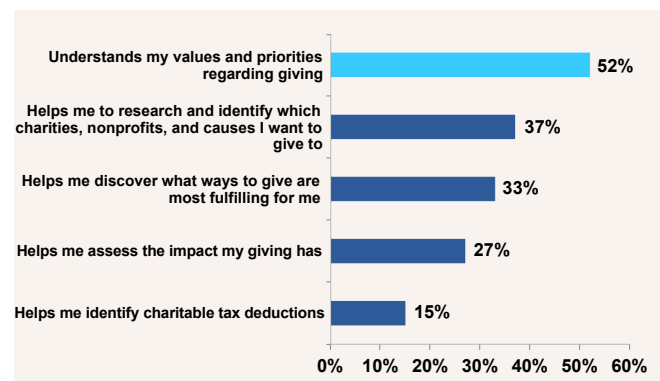
Creating a budget is also an important step to help prioritize among different giving options, ensure one's own financial security, and create a lasting strategy that enables you to give to causes you care about throughout retirement. However, four in five (80%) retirees who gave to a charity or nonprofit last year did not create a budget for how much to give. Similarly, the vast majority of people age 50+ have never budgeted and prepared for giving or providing financial help to other family members (88%)—even though they are highly likely to provide such support.¹¹

Figure 30: Top reasons retirees limit their giving



Base: Age 50+ retirees who give or volunteer

Figure 31: What is most important in the ideal person to guide and advise your giving activities?

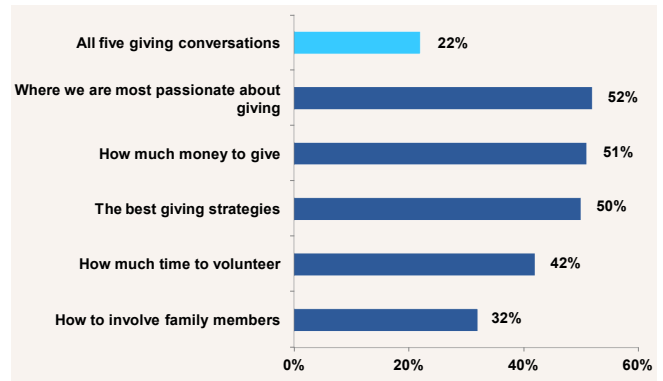


Base: Age 50+ retirees

For retiree couples, talking about and agreeing on their giving goals and strategy can help spouses and partners understand each other's priorities and enable them to give with the greatest impact. Three-quarters of married retirees (77%) say it is very important to have in-depth conversations about giving with their spouse. This study reveals five important conversations for spouses to have about giving:

1. Where we feel most passionate about giving
2. How much money to give
3. How much time to volunteer
4. The best giving strategies
5. How to involve family members in our giving

Figure 32: Percent have discussed/agreed with spouse regarding...



Base: Age 50+ married retirees

Though married retirees say discussions are important, there is still a significant absence of planning, discussion, coordination of giving priorities and activities between spouses. Only one in five retirees (22%) say they have addressed all five giving conversation topics with their spouse (FIG 32).

There is a payoff when spouses explore giving priorities and make giving decisions together. Retiree couples who have engaged in all five giving conversations are more likely than those who haven't to say that giving is an important source of happiness in their retirement (79% vs. 64%).

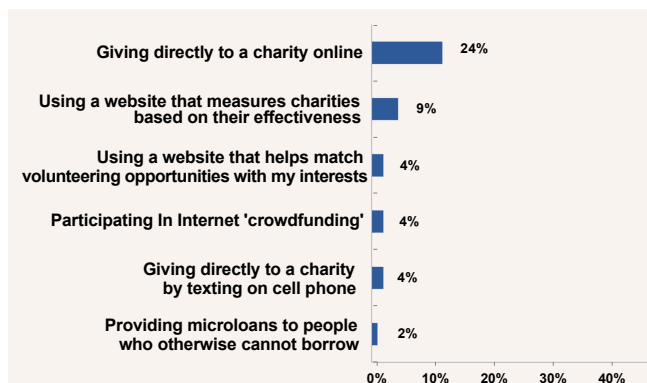


2. Maximize Your Impact

Among prior generations, mailing a check to a worthy cause was a standard way to give. Today, there are a growing number of ways to both research and identify giving options, and to give in ways that optimize the impact of your contributions. A few examples include:

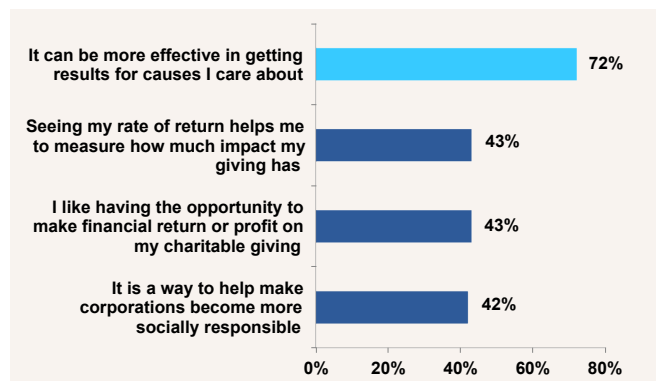
- **Leverage technology innovations.** Technology is creating new ways to identify, research, and give to charities and causes. These technologies are gaining popularity among younger generations, but they have been slower to catch on with retirees (FIG 33).
- **Launch an encore career.** Seven in ten (72%) pre-retirees age 50+ say they want to keep working after they retire.¹² Many find fulfillment in an “encore career,” where they work for pay (perhaps earning less than before retirement) in a field that enables them to give back.¹³
- **Engage in voluntourism.** Voluntourism, or “volunteer vacations,” combines a vacation with volunteering at a travel destination, and provides opportunities for cultural immersion, learning, and new friendships, as well as giving back.
- **Become a mentor.** Many retirees have a lifetime of valuable skills and experience. Becoming a mentor, either informally or through an established program, can be one form of volunteering that enables retirees to pass on their knowledge and connect with the next generation.
- **Start your own program or organization.** Although this approach has its challenges, one in five of today’s retirees (19%) say they have an appetite to become hands-on “philanthropreneurs,” and start their own nonprofit to address a need they care about.
- **Consider social impact investing.** This can include buying stocks or bonds, and mutual funds or making other investments designed to have a positive social or environmental impact in addition to financial returns.* Although retirees say financial returns from social impact investing can be appealing, the top benefit cited by retirees is that social impact investing is more effective in getting results for causes they care about (FIG 34).

Figure 33: Percent retirees who have used/participated in the last 12 months



Base: Age 50+ retirees

Figure 34: Compared to other ways of giving, what do you find most appealing about social impact investing?



Base: Age 50+ retirees

*Social impact investing is a relatively new and evolving investment opportunity which is highly speculative and involves a high degree of risk. An investor could lose all or a substantial amount of their investment.

- **Donate appreciated assets** to reduce capital gains. Rather than donating cash, giving appreciated assets such as stocks, mutual funds or real estate to a charity can be a win-win: This strategy may reduce the donor's capital gains tax on the asset's appreciation, while the charity receives the full market value of the gift.
- **Use an IRA or other retirement accounts.** There are multiple options such as donating distributions directly to charities; naming charities as beneficiaries; or leaving retirement accounts to charities upon death. Each option has different requirements and impacts on estate planning, as well as current and future taxes.
- **Open a donor advised fund account.** With a donor-advised fund account, donors make a charitable contribution and receive an immediate tax benefit, and then request gifts to their favorite charities from the account over time. Donor advised funds are simple to use and are becoming increasingly popular. In 2013, contributions to donor advised funds totaled \$17.3 billion—an 86% increase over the prior five years.¹⁴
- **Use a charitable gift annuity (CGA).** Many nonprofit organizations offer CGAs to their donors. CGAs are similar to regular commercial annuities, with an upfront donation in exchange for an annuity stream of income, now or deferred. The CGA contract is with the nonprofit organization instead of an insurance company. The upfront contribution is a charitable donation that creates a tax deduction.
- **Create a charitable trust.** Trusts can combine goals such as “splitting” the interest from assets donated to the trust. One form of charitable trust provides an income stream to the donor in exchange for the donation, while leaving remaining assets to a charity – or vice versa, where the trust assets provide income to charities while leaving assets to heirs. These methods can be complex and require outside assistance to set up.
- **Start a private foundation.** For specialized, more extensive goals or donations, a private foundation may make sense. Foundations have overhead in establishing and managing, but provide flexibility and control in supporting very specific causes and managing foundation assets that have been donated. Foundations are also complex with legal and tax assistance to set up and maintain annually.

3. Assess and Refine Your Giving Game Plan

Generosity can be an ongoing journey in retirement. You can periodically measure giving activities against giving priorities, maintain a giving plan consistent with your long-term financial security, and identify which kinds of giving are most fulfilling.

You may also want to assess whether your efforts have achieved the impact you want by following up on the results of programs you have donated to or volunteered for. Other ways to evaluate impact include speaking with other donors or volunteers about their experiences, or researching the reputation of the charitable organizations you support.

By evaluating your goals and impact, you can continue to build upon and find new ways to give back that meet your personal and family goals, values, and aspirations in the years ahead.



Unleashing Your Longevity Bonus



This study reveals how retirees are poised to unleash an \$8 trillion Longevity Bonus that has the potential to transform giving in the years ahead. Giving back in a way that is both impactful and personally rewarding requires careful planning and forethought, including:

1. Plan ahead for new ways you may want to give in retirement. Retirees have greater freedom and flexibility to give back, and giving can be an important part of happiness and fulfillment in retirement.
2. Look for ways to deeply engage with a charitable organization you have passion for, and combine contributions of both your money and time for greatest impact and fulfillment.
3. Seek ways to create new friendships through volunteering. Loss of social connections can be an unforeseen consequence of retirement, and giving and volunteering can be a great way to build connections with people who share similar interests and values.
4. When planning your legacy, and look for ways to effectively convey your values and life lessons, in addition to any financial assets, to the next generation.
5. Teach generosity to the next generations by leveraging the seven strategies. You may find that being a role model through your own giving is the most effective.
6. When “giving while living”—either to family members or charities—carefully balance your giving objectives with your own retirement financial security.
7. Develop a game plan for the most impactful giving in retirement—including (1) exploring your giving goals, (2) identifying creative avenues to optimize impact, and (3) continuing to assess and refine your giving game plan to both make a difference and create a more satisfying and purposeful retirement.



Endnotes



- ¹ Giving USA 2015: “The Annual Report on Philanthropy for the Year 2014”, The Giving USA Foundation.
 - ² “Volunteering and Civic Life in America,” 2014, Corporation for National and Community Service and the National Conference on Citizenship.
 - ³ World Giving Index 2014, “Charities Aid Foundation”. Based on Gallup surveys of 195,000 people in 153 nations. In this survey the U.S. ties for the #1 ranking in generosity.
 - ⁴ Volunteer Growth in America: A Review of Trends Since 1974, Corporation for National and Community Service and the National Conference on Citizenship, 2006.
 - ⁵ The retiree charitable financial giving estimate is based on the paper published by the Center for Wealth and Philanthropy at Boston College, released in May of 2014, “A Golden Age of Philanthropy Still Beckons: National Wealth Transfer and Potential for Philanthropy Technical Report” by Havens and Schervish. Our estimate uses data from their scenario, which assumes a 2% growth rate and a \$5 million estate tax exemption. Their 55-year estimates (2007-2061) for lifetime giving and bequests were scaled to 20 years. The lifetime giving potential was adjusted for percent of giving by retirees observed in our survey data. The percentage of giving by retirees was projected to reflect demographic changes forecasted by the U.S. Census Bureau over time. All numbers are in 2015 U.S. dollars. The estimate includes charitable bequests but does not include the value of any gifts or bequests to family members.
 - ⁶ The value of retiree volunteer hours is based on data from our survey, population projections from the U.S. Census Bureau, and the volunteer hourly value estimate from Corporation for National Community Service. U.S. Census Bureau projection data provided expected number of individuals by age group over the 20-year time horizon. Survey data on the likelihood of being retired, likelihood of volunteering, and average number of hours per volunteer by age group were used to create an estimate of the number of retiree volunteer hours. These hours were valued at a rate of \$23.63/hour based on inflation-adjusted estimates derived from figures published by the Independent Sector. All numbers are in 2015 U.S. dollars.
 - ⁷ Examples studies and publications supporting this point include: “A Prospective Study of Volunteerism and Hypertension Risk in Older Adults,” Rodlescia S. Sneed and Sheldon Cohen, 2013; Patricia A. Boyle, Lisa L. Barnes, Aron S. Buchman, and David A. Bennett, “Purpose in Life Is Associated With Mortality Among Community-Dwelling Older Persons,” Psychosomatic Medicine, June 2009; “Volunteering and mortality among older adults: findings from a national sample.” Musick MA, Herzog AR, House JS J Gerontol B Psychol Sci Soc Sci. 1999 May; 54(3):S173-80.
 - ⁸ Merrill Lynch/Age Wave 2013, “Family & Retirement: The Elephant in the Room.”
 - ⁹ Centers for Disease Control and Prevention 2014, “Health, United States.”
 - ¹⁰ U.S. Administration on Aging 2014, “Profile of Older Americans.”
 - ¹¹ Merrill Lynch/Age Wave 2013, “Family & Retirement: The Elephant in the Room.”
 - ¹² Merrill Lynch/Age Wave 2014, “Work in Retirement: Myths and Motivations Career Reinventions and the New Retirement Workscape.”
 - ¹³ You can learn more about the benefits and strategies to create an encore career at www.encore.org.
 - ¹⁴ 2014 Donor-Advised Fund Report, National Philanthropic Trust.
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