

## Retirement Watch

# Giving linked to happiness in seniors

**Retirees define success by their generosity, and two-thirds say retirement is the best time to give**

Dec 20, 2015 @ 12:01 am

By David Baxter

Sir Winston Churchill once said, “We make a living by what we get. We make a life by what we give.” During their working years, many of your clients may define their success primarily by their career advancement or the size of their bank account, house or paycheck.

But according to a recent study by Merrill Lynch and Age Wave, in retirement a new definition of success emerges: Today's retirees are almost six times more likely to define success by their generosity (85%) than by their wealth (15%).

In fact, retirees who give are more likely than those who don't to report high levels of happiness (66% versus 52%) and sense of purpose (59% versus 43%). Therefore, helping clients to create a strategy that enables them to give in a way that is both impactful and personally rewarding can be a very important part of retirement preparation.

## NEW OPPORTUNITIES

According to statistics from Giving USA, total U.S. charitable donations and bequests by individuals and families reached a record high of \$286 billion last year. In addition, Americans contribute almost 8 billion hours a year through volunteering.

But while people of all age groups give generously, two-thirds of retirees say retirement is the best time to give back. With unprecedented free time, more savings and greater talents and skills to contribute, retirees contribute far more dollars and volunteer hours than younger age groups. 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 and nearly half (45%) of total volunteer hours.

## GIVING GAME PLAN

Retirees not only give more than younger age groups, but most also say that retirement can be a gateway to more fulfilling and impactful giving. Creating an effective retirement giving game plan requires careful planning and forethought, including:

1. Explore giving goals. Retirement can be an opportunity for clients to rethink their giving strategy, and to explore and discover what is most important to them. Important questions to ask include:

What are their top motivations for giving?

What charitable activities do they find most satisfying?

What are they most hoping to achieve?

What values are they hoping to express or bring to life?

Creating a budget is also an important step to help prioritize among different giving options, ensure your clients' financial security, and create lasting strategies to give to causes they care about throughout retirement.

2. Maximize impact. Among prior generations, mailing a check to a worthy cause was a standard way to give. Today there are a growing number of creative ways for clients to optimize the impact of their contributions, including opening a donor-advised fund account, using a charitable gift annuity, donating appreciated assets to reduce capital gains, creating a charitable trust and social impact investing.

Some clients may be interested in more hands-on giving, such as launching an encore career, where they work for pay (perhaps earning less than before retirement) in a field that enables them to give back. Others may even be interested in starting their own charitable program or organization. Although this approach has its challenges, one in five of today's retirees say they have an appetite to become hands-on “philanthropreneurs” and start their own nonprofit to address a need they care about.

3. Assess and refine the giving game plan. Generosity can be an ongoing journey in retirement. An annual assessment can measure giving activities against giving priorities, ensure clients' giving budgets are consistent with long-term financial security and identify which kinds of giving are working well and what can be improved. By evaluating goals and impact, clients can continue to build upon and find new ways to give back that meet their personal and family goals, values and aspirations in the years ahead.

*David Baxter is senior vice president at Age Wave, a provider of research on the aging U.S. population and its effect on businesses.*

Original URL: <http://www.investmentnews.com/article/20151220/FREE/312209997/giving-linked-to-happiness-in-seniors>