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## Retirees to Add \$8 Trillion to Economy Through Charity: Report

Retirement is an ideal time to give back, an Age Wave-Merrill Lynch survey found



*Retirees are expected to volunteer 58 billion hours of their time over the next two decades.*

Advisors who want to serve all of a particular client's needs should make sure they are well-versed in philanthropic planning. A survey released Thursday by Merrill Lynch and Age Wave found that retirees are more likely to give to causes and charities they care about than other age cohorts.

Retirees account for 31% of adults over 25, the report found, and contribute 42% of charitable donations and 45% of volunteer hours. Age Wave and Merrill Lynch believe volunteer hours will reach 58 billion hours over the next two decades among retirees, for an estimated \$1.4

trillion in services. That, plus \$6.6 trillion in charitable donations, and the total value of retirees' collective giving spirit will create an \$8 trillion "longevity bonus," according to the report.

Today's report, "Giving in Retirement: America's Longevity Bonus," is part of a series Merrill Lynch and Age Wave have been conducting since 2013. Earlier iterations addressed challenges older Americans face with their families, work, health and homes as they get closer to retirement. The newest study was conducted in July 2015, with more than 3,600 respondents. The study found two-thirds of retirees feel retirement is the best time to give back to causes they believe in, either through philanthropic efforts or volunteering their time. The study cited research from the Giving USA Foundation's 2015 giving report, which found total U.S. charitable donations reached a record high of \$358 billion last year, 80% of which came from individuals and families.

A 2014 report by the Corporation for National and Community Service and the National Conference on Citizenship found Americans of all ages contributed 7.7 billion hours of volunteer time in 2013. However, three factors are coming together to create a longevity bonus from older givers: the sheer number of boomers entering retirement; longer life spans, and thus longer retirements; and higher rates of giving among older men and women.

Compared to other age groups, retirees have more time, savings and skills they've accumulated throughout their lives to make retirement an ideal time for charitable efforts. In fact, 84% of retirees in the survey said their skills were an important factor in their ability to give more than when they were younger.

The report found empty nesters have between 55 and 60 hours of discretionary time — time they aren't spending on work, educational activities, sleeping, personal care, household chores and caring for others — per week, and retirees have about 75 hours per week.

Compared to current retirees, boomers are more likely to research how a charity uses its funding before making a donation and to specify how their donations are used. Current retirees are also more likely to support religious or spiritual organizations, while younger generations prefer to volunteer or give money to animal rights, environmental or human rights organizations.

"This made us wonder if the 1.2 million not-for-profits in America have heard the wake-up call yet to the 65 million retirees who want to help, but want a certain set of condition met for them to do so," Ken Dychtwald, founder and CEO of Age Wave, said on a webinar discussing the results of the survey.

Pre-retirees said they think they'll miss their regular paycheck most after they retire, but the retirees in the survey said the emotional stimulation of social connections were the biggest thing

they missed about working. Volunteering can help meet that need. Eighty-five percent of respondents said they made new friendships as a result of their volunteer work.

“If we can envision a future in which retirees are giving more to their communities, are giving more to their families, are sharing their wisdom and skills, then the entire narrative for the aging of America changes,” Dychtwald said.

The report found that during their working years, respondents defined success by where they were in their careers or the size of their bank account, house or paycheck. In retirement, generosity was the most common measure of success — 85% cited it, compared with 15% of retirees 50 and older who said being wealthy was how they measured success.

Furthermore, retirees were motivated more out of gratitude than guilt for what they had: 54% versus 3%. By comparison, the Silent Generation was more likely to make donations because they felt they had a duty to do so.

### **Men and Women**

Retirees as a group are more generous than other age groups, but among retirees, women are more likely to prioritize charitable giving, the report found. They’re more likely than men to give their time (29% versus 22%) and their money (81% versus 71%).

They were also more likely to get more satisfaction than men from being generous and helping people in need.

“Women have a different mentality about giving in retirement,” Gillian Howell, national philanthropy executive for the Philanthropic Solutions Group at U.S. Trust, said on the webinar. “Retired women are even more likely than retired men to say that retirement is the best time to give back.”

Both men and women are motivated by gratitude, faith and passion, but women were to a higher degree. Men were more likely to say a sense of obligation, desire for a legacy and guilt were motivations in their philanthropy.

Part of women’s growing influence in charitable giving is due to their longer life spans, Howell said. They live an average six years longer than men, and there are twice as many women 85 or older as men of that age.

Unmarried women, including widows, are particularly generous. Half of the people 55 and older who leave charitable bequests are unmarried women. A third are married couples.

## **Next-Gen Giving**

This predilection for generosity is leading to a change in the way retirees pass inheritances to younger generations, according to Lorna Sabbia, head of retirement and personal wealth solutions for Merrill Lynch. More than three-quarters of respondents said they're giving money to family members while they're still alive instead of waiting until their death to pass it on in a will.

“Giving while living introduces a new challenge,” Sabbia said, one that advisors have probably already identified: “Retirees have to carefully balance their generosity toward their families with their own financial needs in retirement.”

The importance of generosity is one of the most important values retirees want to pass on, the survey found, and younger generations were 2.5 times more likely to say receiving values and life lessons from their parents is more important than receiving financial assets.

The report identified seven ways retirees can pass those life lessons on to their children and grandchildren:

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. The study found 71% retirees say volunteering and giving together deepens family relationships.
5. Set aside part of children's allowance for giving so it 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.

Dychtwald concluded the webinar by saying that the “problem” of aging Americans isn't really a problem. “It strikes me as truly ironic that we spent thousands of years trying to extend our lives and have more and more older people and now that we're doing a pretty good job, we call it a problem.”

If there is a problem with a greater percentage of older Americans, it's the "absence of imagination and creativity regarding what wonderful purpose all this longevity and maturity might serve."

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