

Retiree Philanthropy Set to Give Charities A Massive Boost

By Mark Henricks | 11/04/15 - 08:28 AM EST

Charitable organizations and causes could get \$8 trillion in donations over the next two decades from Baby Boomers partaking in a surge of post-retirement giving, according to a new survey by Bank of America, its Merrill Lynch unit and senior marketing firm Age Wave. In contrast to the popular vision of retirement as a time retirees reward themselves for a lifetime of work, 65% of those polled said retirement was the best time for giving to others.

The survey polled 3,600 people in varying income brackets and found that longer lifespans and improved health among retirees led to greater desire to share wealth as well as time, energy and talents with causes they cared about. “There's a massive bonus of retiree giving coming,” said Age Wave President and CEO Ken Dychtwald. The \$8 trillion figure included \$6.6 trillion in cash and volunteer hours valued at \$1.4 trillion.

Today's retirees are giving differently from past generations, Dychtwald said. “They want to be hands-on,” he said. “They want to get involved. They don't want to just sit back and hope that some charity or organization will do a great job.”

Bank of America's U.S. Trust division manages charitable trusts that wealthy clients use to manage giving and distribute gifts. In 2015, Merrill Lynch was fined \$8 million by the Financial Industry Regulatory Authority (FINRA) and required to pay \$90 million in restitution to clients, including 8,000 charities, that were overcharged for mutual funds sold to retirement plans.

The study examined a number of aspects of post-retirement giving. Lorna Sabbia, head of retirement and personal wealth solutions for Bank of America Merrill Lynch said, “One of the more fascinating insights that came out of the study is that even inheritance is being transformed.”

Instead of waiting until the older generation dies to bequeath assets to the next generation, today families are transferring wealth earlier, while benefactors are still alive. More than three-quarters of retirees said they didn't want to wait until the end to pass along their inheritance, Sabbia said.

Fidelity Charitable, a non-profit arm of the mutual fund company that manages donor-advised trusts, also recently released a survey that found many retirees planned to expand their giving during retirement. People approaching retirement sometimes place funds in donor-advised trusts with plans to dole out the money after retirement, said Amy Pirozzolo, vice president of marketing for Fidelity Charitable.

“They know they want to be more charitable but they may not know what causes they want to support,” Pirozzolo said. “This is a great way to take advantage of the tax deduction but then take time to decide who you want to grant that out to.”

One thing both studies found is that retiree givers want to make sure their gifts are making a difference and effectively supporting the causes they have chosen. “We definitely find that,” Pirozzolo said. “Two in five say they’re not satisfied with their giving. Only one in five thinks it is highly effective.”

The Bank of America survey said givers in retirement can be a tough but rewarding sell for donation-seekers. “They are more likely to be skeptical, more likely to be wary,” Dychtwald said. “And also more likely to pour themselves into something if it meets their needs.”

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