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Retirees Find Much to Like in Social Impact Investing

New report says giving by retirees will create a projected \$8 trillion 'longevity bonus'

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

Charitable giving by retirees will surge between now and 2035, and this will change the face of philanthropy, according to new data from Merrill Lynch and Age Wave.

The wide-ranging **report** released Tuesday says that as boomers retire over the next two decades, they will transform how people give during a stage of life already characterized by great generosity.

Sixty-five percent of retirees in the study said retirement was the best time to give back.

Moreover, boomers said they were more strategic than their parents, more hands-on and more demanding about how their financial contributions and volunteer time are used. Social impact investing, in particular, appeals to these donors.

Assuming giving rates among retirees remain at the level they are today, the report says, “we believe charitable financial giving from retirees over the next two decades will swell to an estimated \$6.6 trillion.”

Add to that a projected 58 billion hours of volunteer time over the next two decades valued at some \$1.4 trillion worth of services nationwide, assuming industry standard measures of the value of volunteer time.

“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.”

Three factors are converging to account for retirees’ surge in charitable giving, according to the report: the huge boomer generation transitioning to retirement, increasing longevity and high rates of cash donations and volunteerism among retirees, especially women.

Online quantitative research for the study was completed in July 2015 among a total of 3,694 adult respondents age 25 and older, including 762 silent generation respondents, 2,140 boomers, 373 Generation Xers and 419 millennials.

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.

How Retirees Give

Besides the amounts retirees will give, the longevity bonus is also about how they give, the report says.

Among earlier generations, mailing a check to a worthy cause was a standard way to give. The report identifies other ways retirees are giving to optimize the impact of their contributions.

Chief among these is social impact investing, which can include buying stocks or bonds and mutual funds or making other investments designed both to have a positive social or environmental impact and to garner financial returns.

Seventy-two percent of retirees said they found social impact investing appealing because it was more effective in getting results for causes they cared about.

In addition, 43% said that viewing rate of return helped measure how much impact their giving had. A similar percentage of respondents said they liked having the opportunity to profit from their charitable giving.

And 42% said social impact investing was a way to make corporation more socially responsible.

Other ways retirees are giving, according to the report:

- Leveraging technology innovations. Twenty-four percent of retirees said they had made online contributions during the previous 12 months.
- Launching an “encore career.” Seventy-two percent of pre-retirees age 50 and older said they wanted to keep working in retirement. Many would find fulfillment in a paying encore career in a field that enabled them to give back.
- Combining a vacation with volunteering at a travel destination, “voluntourism,” which provides opportunities for cultural immersion, learning and new friendships, as well as giving back.
- Becoming a mentor, either informally or through an established program, which can enable retirees to pass on their knowledge and connect with the next generation.
- Starting a program or an organization. Nineteen percent of retirees said they had an appetite to become hands-on “philanthropreneurs,” and start their own nonprofit to address a need they cared about.

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