

A close-up photograph of a man with a shaved head and a goatee, wearing a dark blue suit, a light blue shirt, and a patterned tie. He is holding a pair of black binoculars to his eyes with both hands. The background is a bright blue sky with white, fluffy clouds. The overall image conveys a sense of vision, foresight, and professional focus.

# Charitable Bequest Demographics

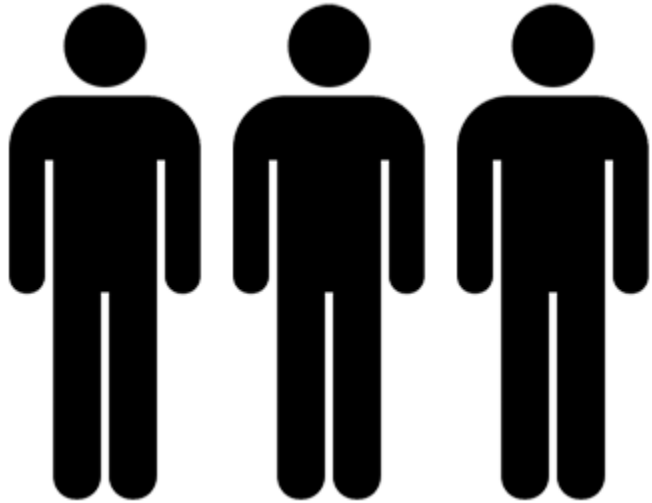
Dr. Russell James  
Texas Tech University

What do we  
know about who  
makes charitable  
plans and  
charitable  
bequests?



Dr. Russell James  
Texas Tech University

# Previous studies



## One time survey

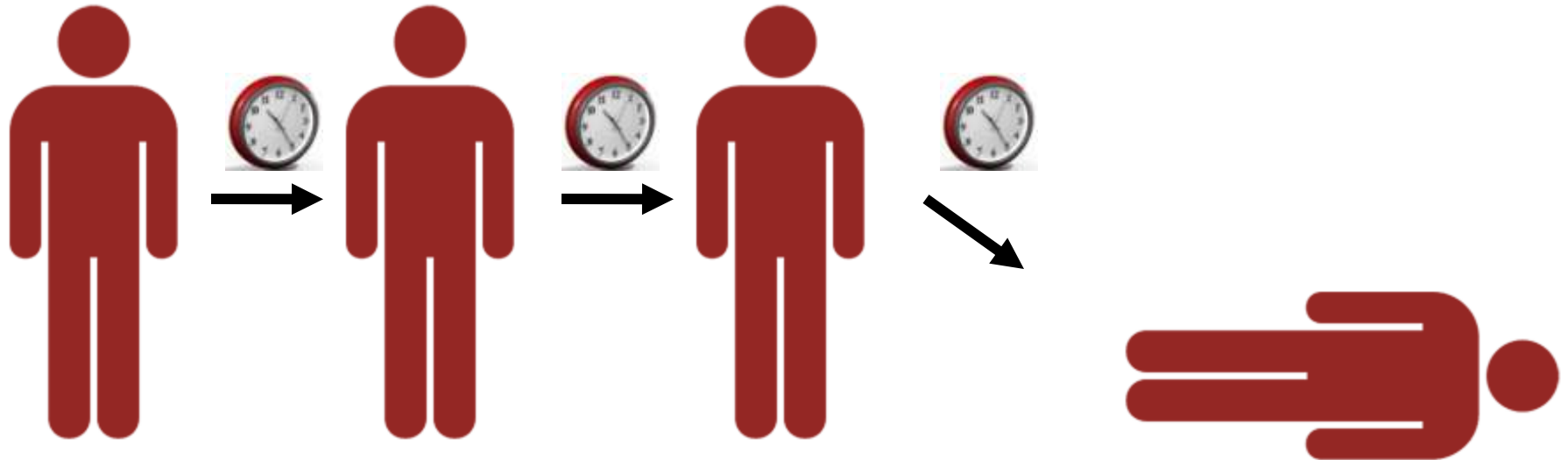
- Non-response bias if the whole survey was about charitable giving



## After death distributions

- Only for taxable estates
- Rare single county probate studies

# Current study



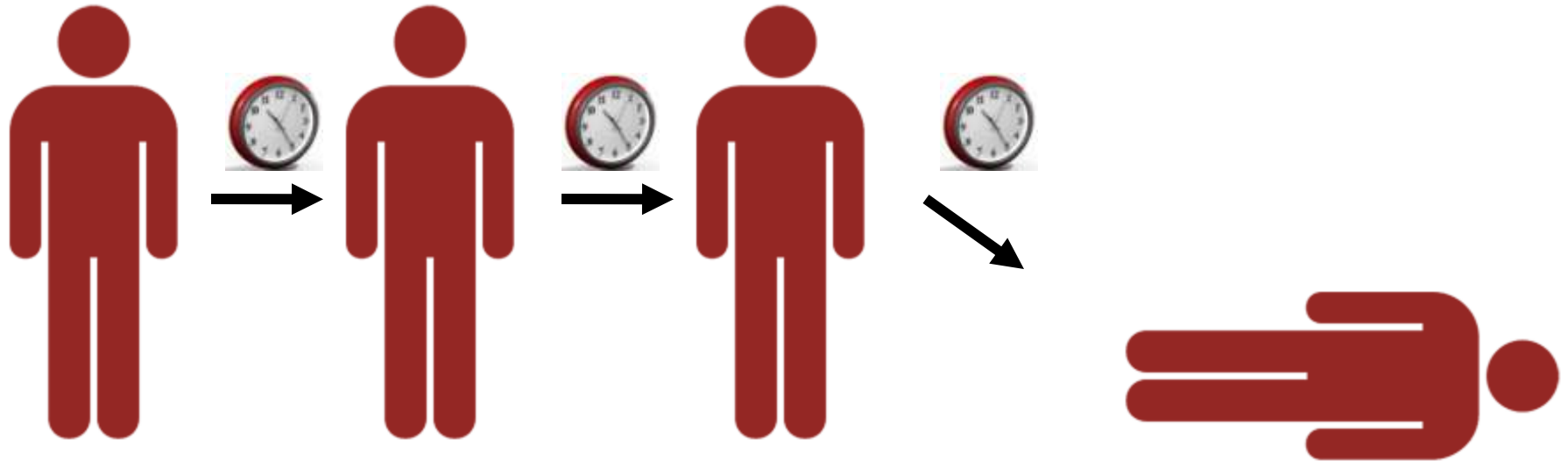
## Longitudinal

Same people asked every two years

## Distributions

After death nearest relatives are asked about final distributions

# New Questions



## Changes

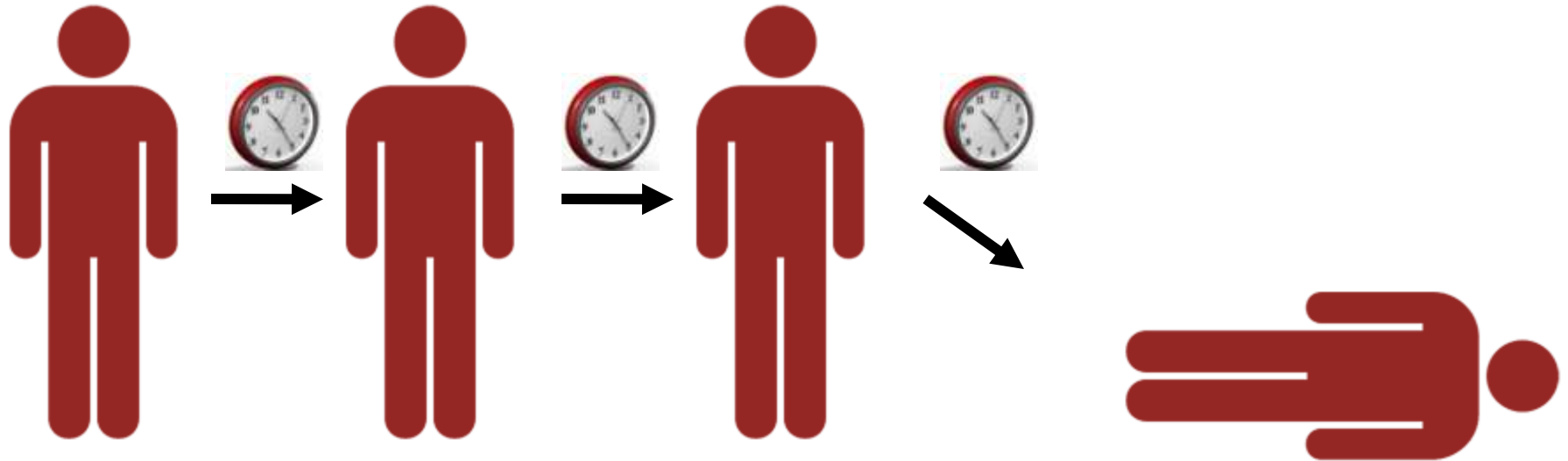
Not just who has charitable plans but  
when do they add and drop them

## Intentions v.

## Outcomes

Did during life plans result in after  
death distributions

# Details



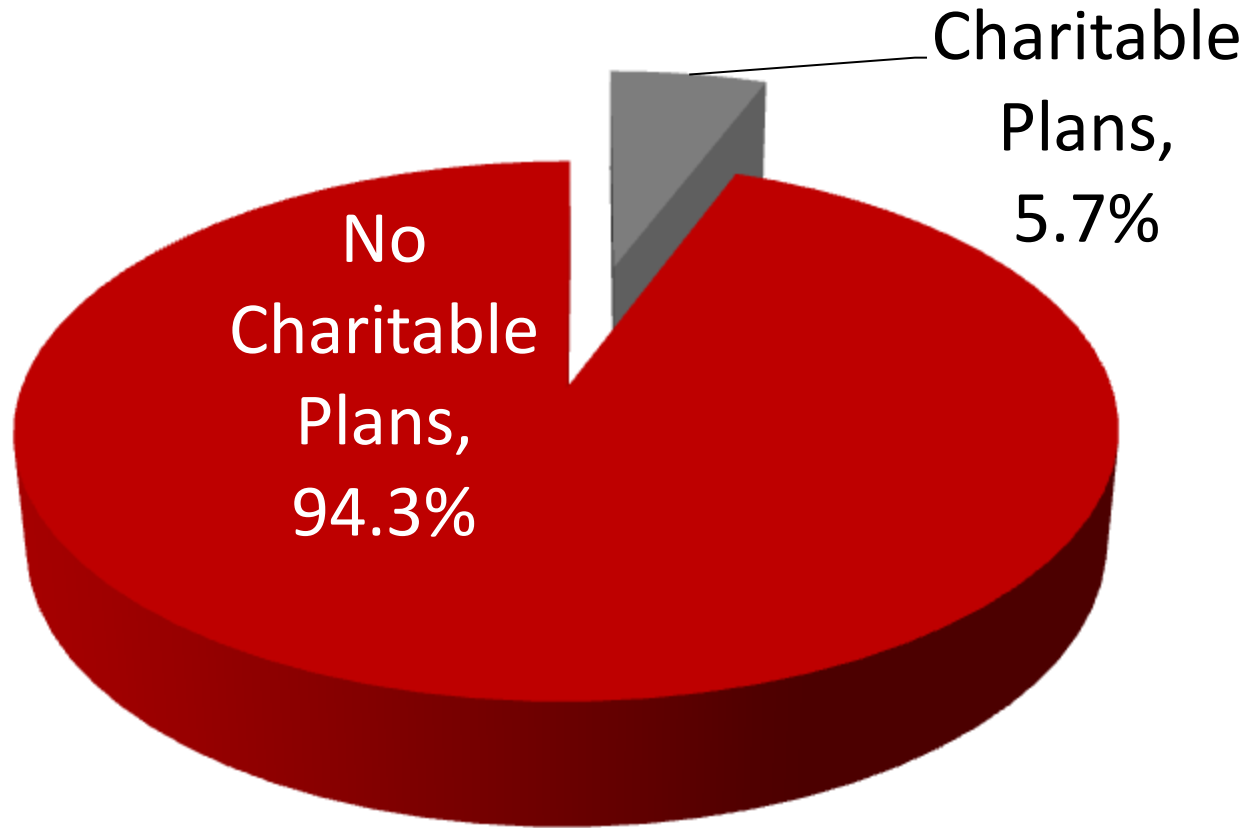
- Nationally representative of over 50 population since 1998.
- Over 20,000 people per survey.
- In person interviews, some follow up by phone.

- Started in 1992
- Questions within larger Health & Retirement Study
- Respondents paid

What share of people  
over 50 in the U.S. have  
“made provisions for  
any charities in [their]  
will or trust?”



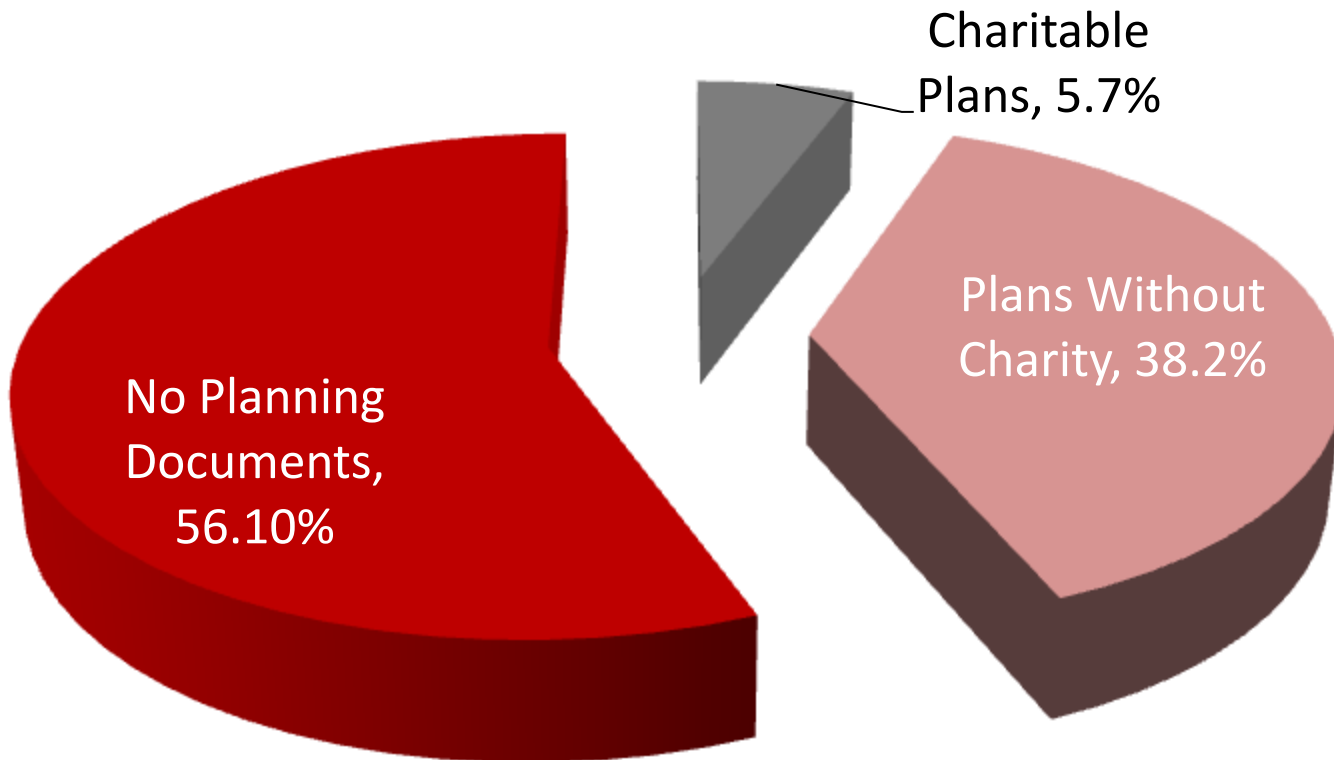
# U.S. Over 50 Population



\* Weighted nationally representative 2006 sample



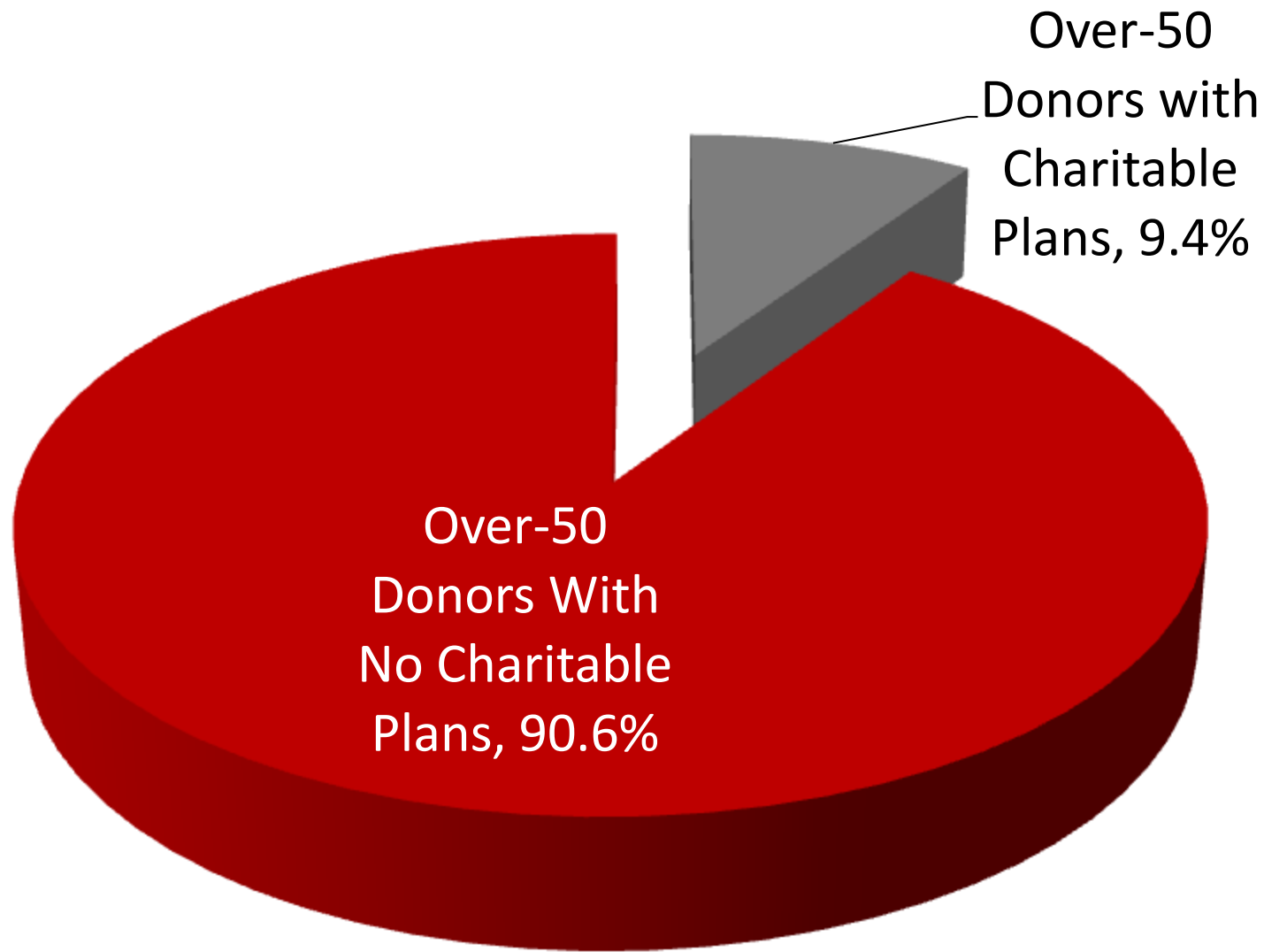
# U.S. Over 50 Population



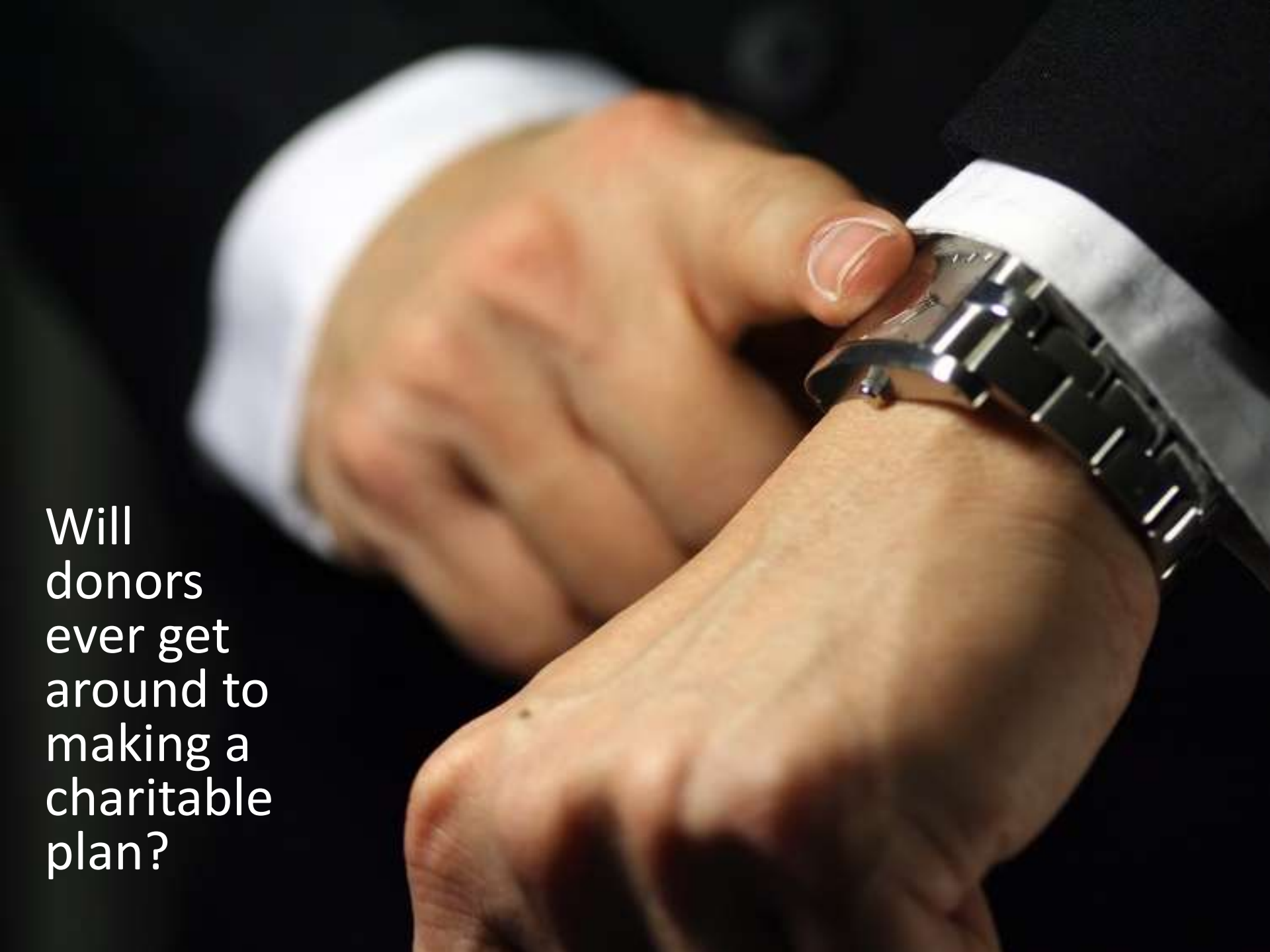
\* Weighted nationally representative 2006 sample



**What share of over-50 charitable donors giving over \$500 per year indicate that they have a charitable estate plan?**



\* Donors giving \$500+ per year, weighted nationally representative 2006 sample



Will  
donors  
ever get  
around to  
making a  
charitable  
plan?

A woman in a grey business suit is climbing a silver ladder against a blue sky with light clouds. She is holding binoculars to her eyes and looking upwards. The ladder is positioned on the left side of the frame.

**Projecting based on  
age, gender and  
mortality or tracking  
actual post-death  
distributions**



**88%-90% of donors  
(\$500+/year) over age  
50 will die with no  
charitable estate plan.**



You mean 90% of our donors will die without leaving a gift?



You mean we could generate 9 times more estate gifts from our current donors?



Among donors (\$500+)  
over 50 with an estate  
plan, what is the single  
most significant factor  
associated with having a  
charitable estate plan?

Age? Education?  
Wealth? Income?

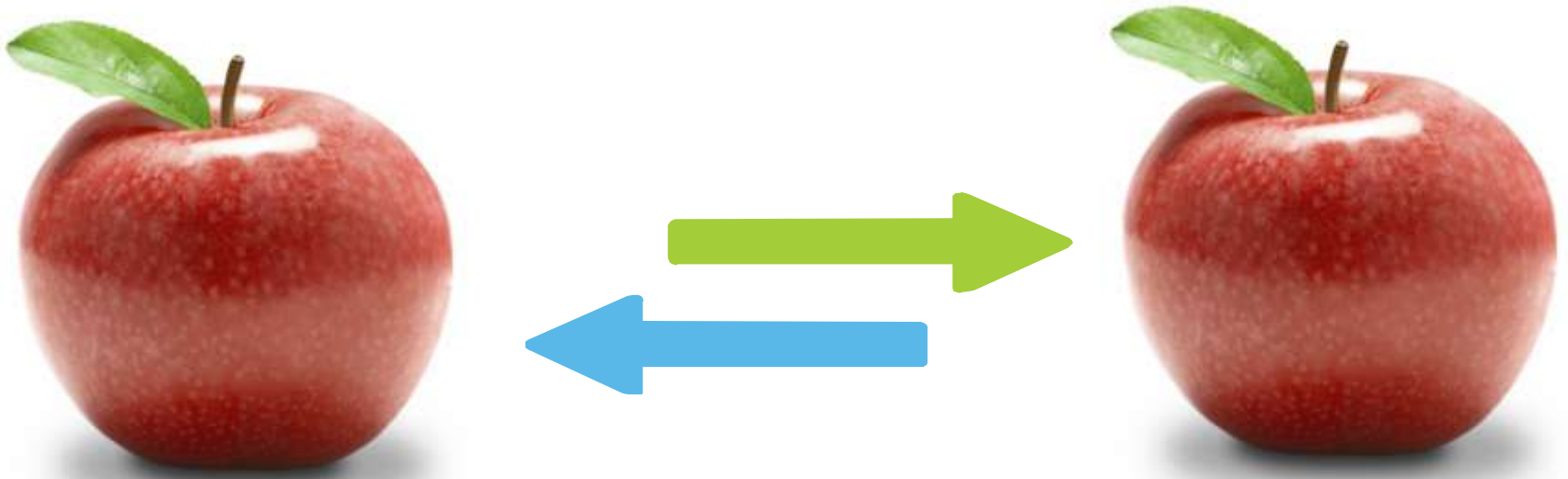


## Among Donors (\$500+) with an Estate Plan

Family Status	% indicating a charitable estate plan
No Offspring	50.0%
Children Only	17.1%
Grandchildren	9.8%



# Regression: Compare only otherwise identical people



Example: The effect of differences in education among those making the same income, with the same wealth, same family structure, etc.

# Likelihood of having a charitable plan

(comparing otherwise identical individuals)

• Graduate degree (v. high school)	+4.2 % points
• Gives \$500+ per year to charity	+3.1 % points
• Volunteers regularly	+2.0 % points
• College degree (v. high school)	+1.7 % points
• Has been diagnosed with a stroke	+1.7 % points
• Is ten years older	+1.2 % points
• Has been diagnosed with cancer	+0.8 % points
• Is married (v. unmarried)	+0.7 % points
• Diagnosed with a heart condition	+0.4 % points
• Attends church 1+ times per month	+0.2 % points
• Has \$1,000,000 more in assets	+0.1 % points
• Has \$100,000 per year more income	not significant
• Is male (v. female)	not significant
• Has only children (v. no offspring)	-2.8 % points
• Has grandchildren (v. no offspring)	-10.5 % points

# Find your estate donor...



**A**

**makes substantial  
charitable gifts,  
volunteers regularly,  
and has  
grandchildren**



**B**

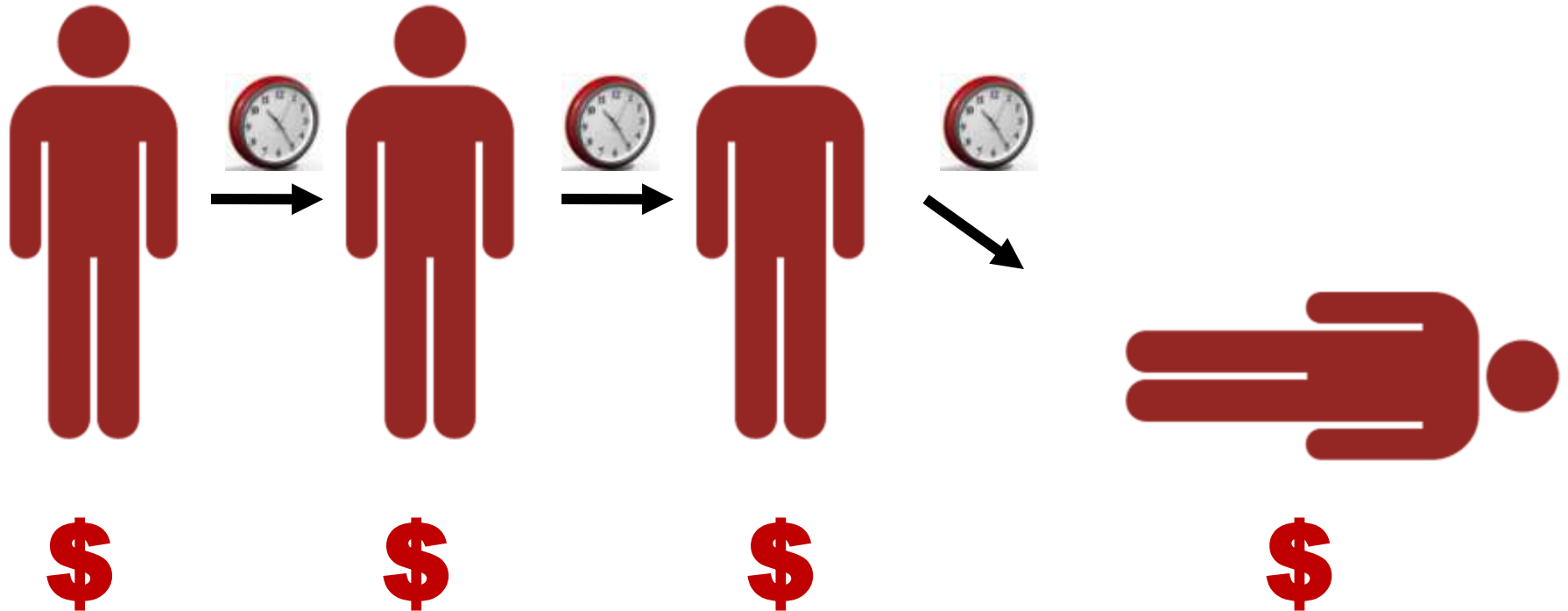
**doesn't give to charity,  
doesn't volunteer,  
and has no children**

From an Australian study by Christopher Baker including 1729 wills:

“Australian will-makers without surviving children are ten times more likely to make a charitable gift from their estate”



How did giving during life compare with post death transfers?



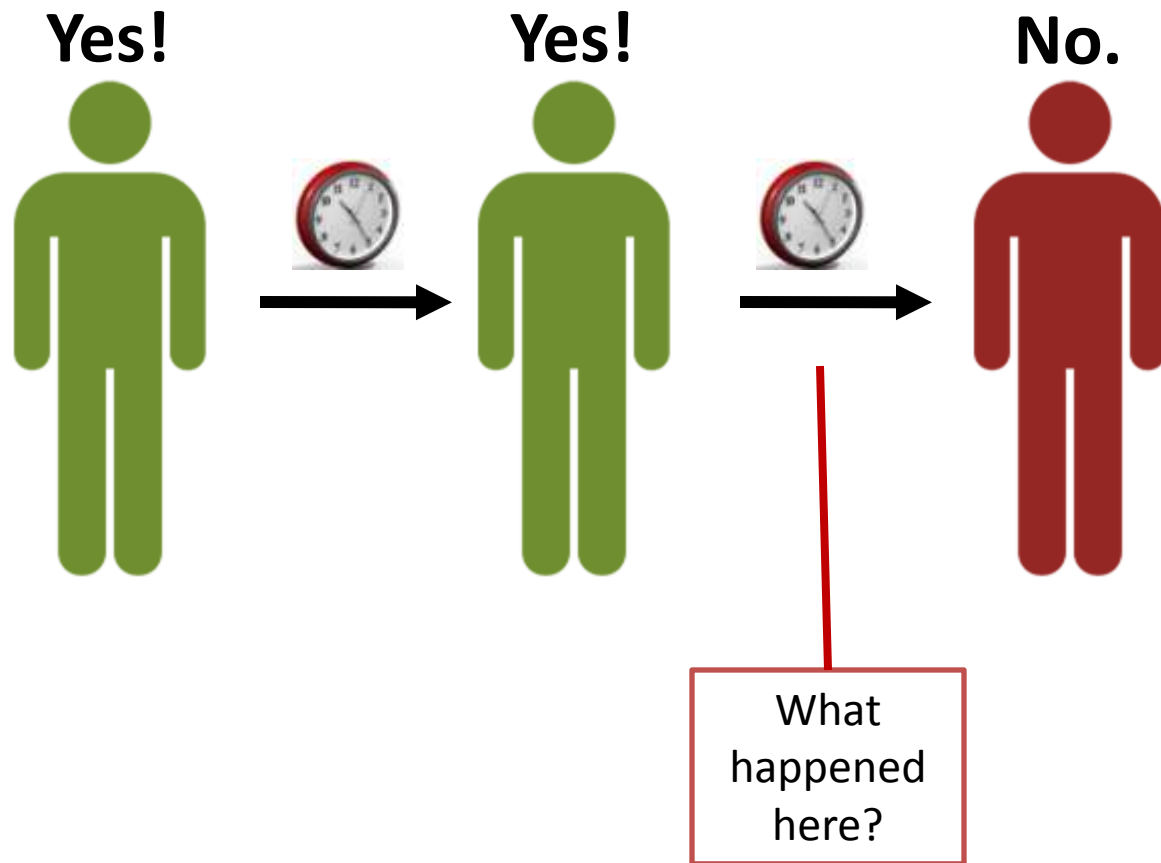


# Estate giving and annual giving for 6,342 deceased panel members

Offspring	Last Annual Volunteer Hours	Average Annual Giving	Average Estate Giving	Estate Gift Multiple
No Children	32.6 (6.6)	\$3,576	\$44,849	12.6
Children Only	25.4 (7.1)	\$1,316	\$6,147	4.7
Grandchildren	23.2 (2.1)	\$1,497	\$4,320	2.9
Total	24.3 (1.8)	\$1,691	\$8,582	5.1

# When did people drop charitable plans?







# Factors that triggered dropping the charitable plan

1. Becoming a grandparent	0.7226* (0.2997)
2. Becoming a parent	0.6111 <sup>†</sup> (0.3200)
3. Stopping current charitable giving	0.1198* (0.0934)
4. A drop in self-rated health	0.0768 <sup>†</sup> (0.0461)

## Some factors that didn't seem to matter:

Change in income

Change in assets

Change in marital status

\*Fixed effects analysis including 1,306 people who reported a charitable plan and later reported no charitable plan. Coefficients show relative magnitude of factors.



**When did people add  
charitable plans?**

## Factors that triggered adding a new charitable plan

- Starting to make charitable gifts .1531<sup>†</sup> (.0882)
- An improvement in self-reported health .0927\* (0.0446)
- A \$100k increase in assets .0061\*\* (.0023)

One factor dramatically reduced the likelihood that a new charitable plan would be added:

- The addition of the first grandchild -.4641<sup>†</sup> (.2732)

How often did planned bequests  
produce a post-death gift?



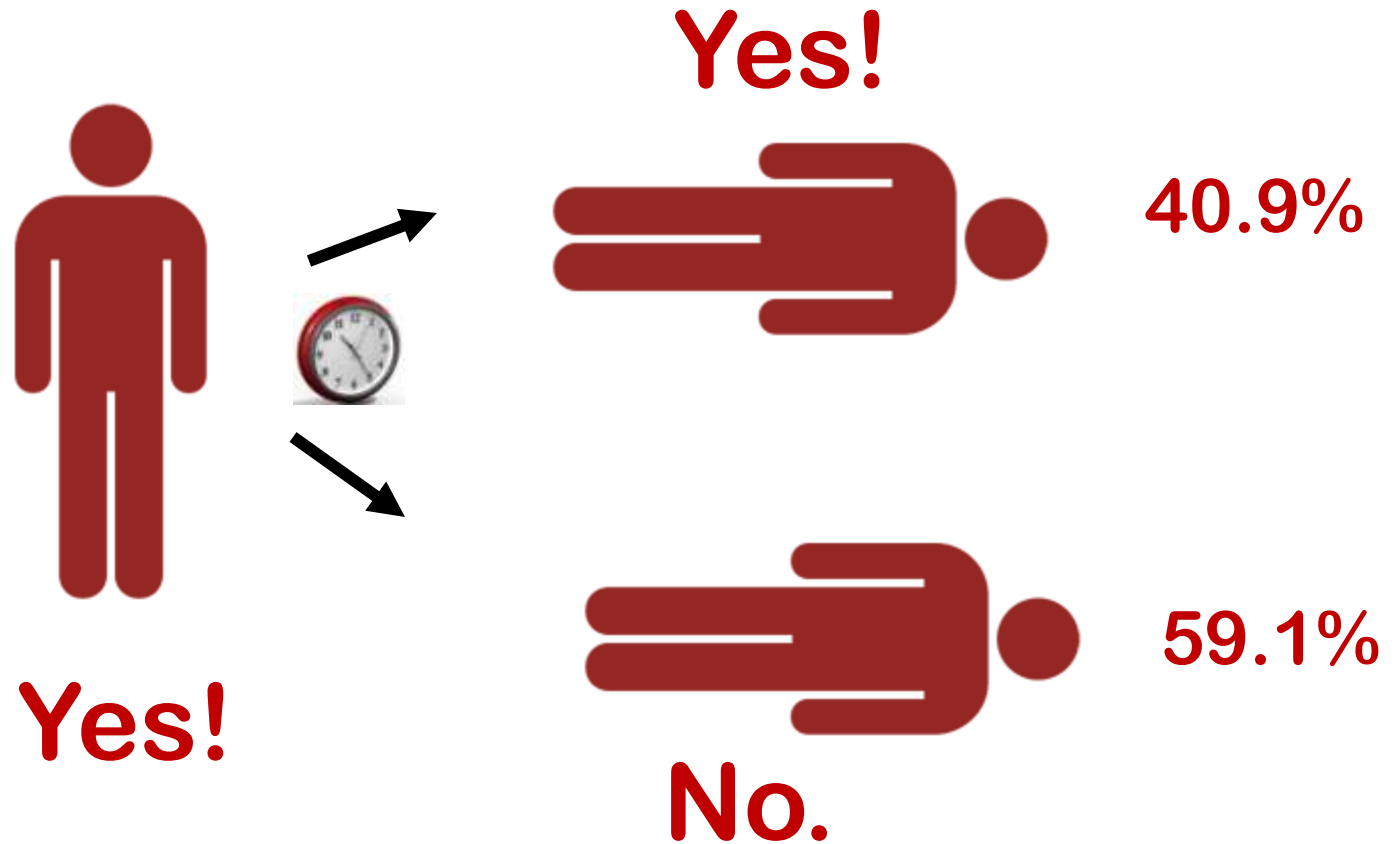
**Yes!**

**Yes!**

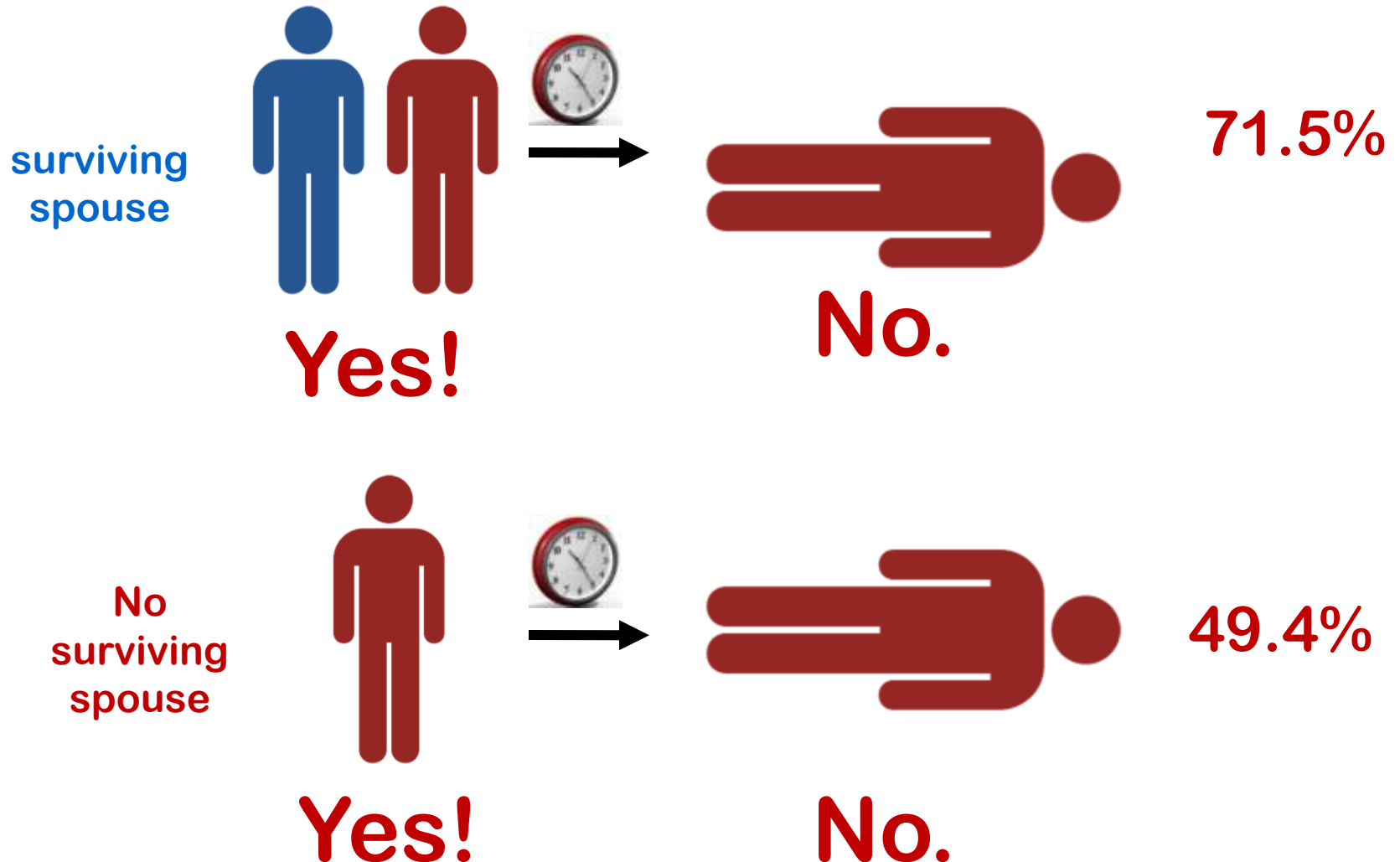
**Yes!**

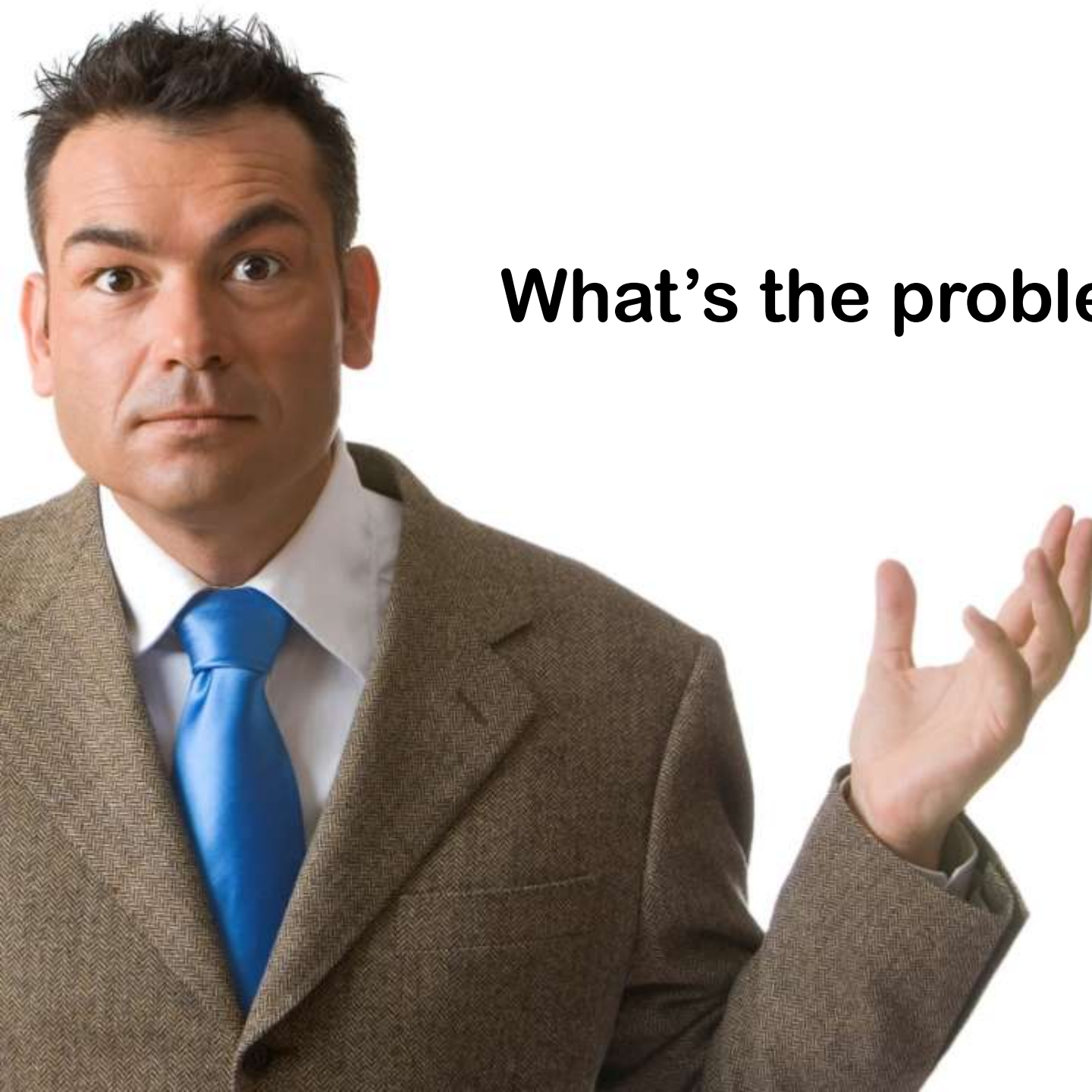
**No.**

# How often did planned bequests produce a post-death gift?



# How often did planned bequests produce a post-death gift?





**What's the problem?**

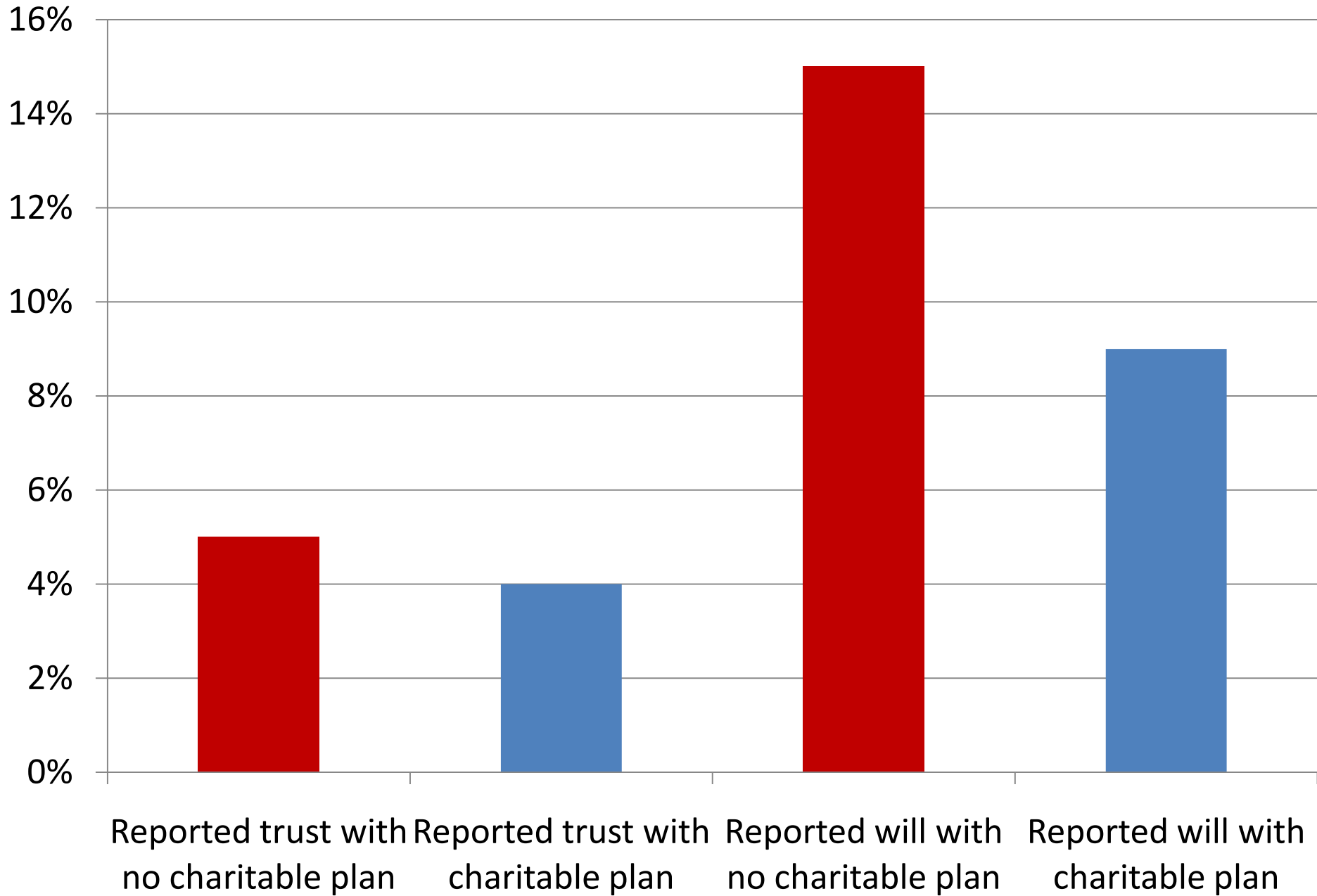




Are mischievous  
heirs stealing the  
documents?



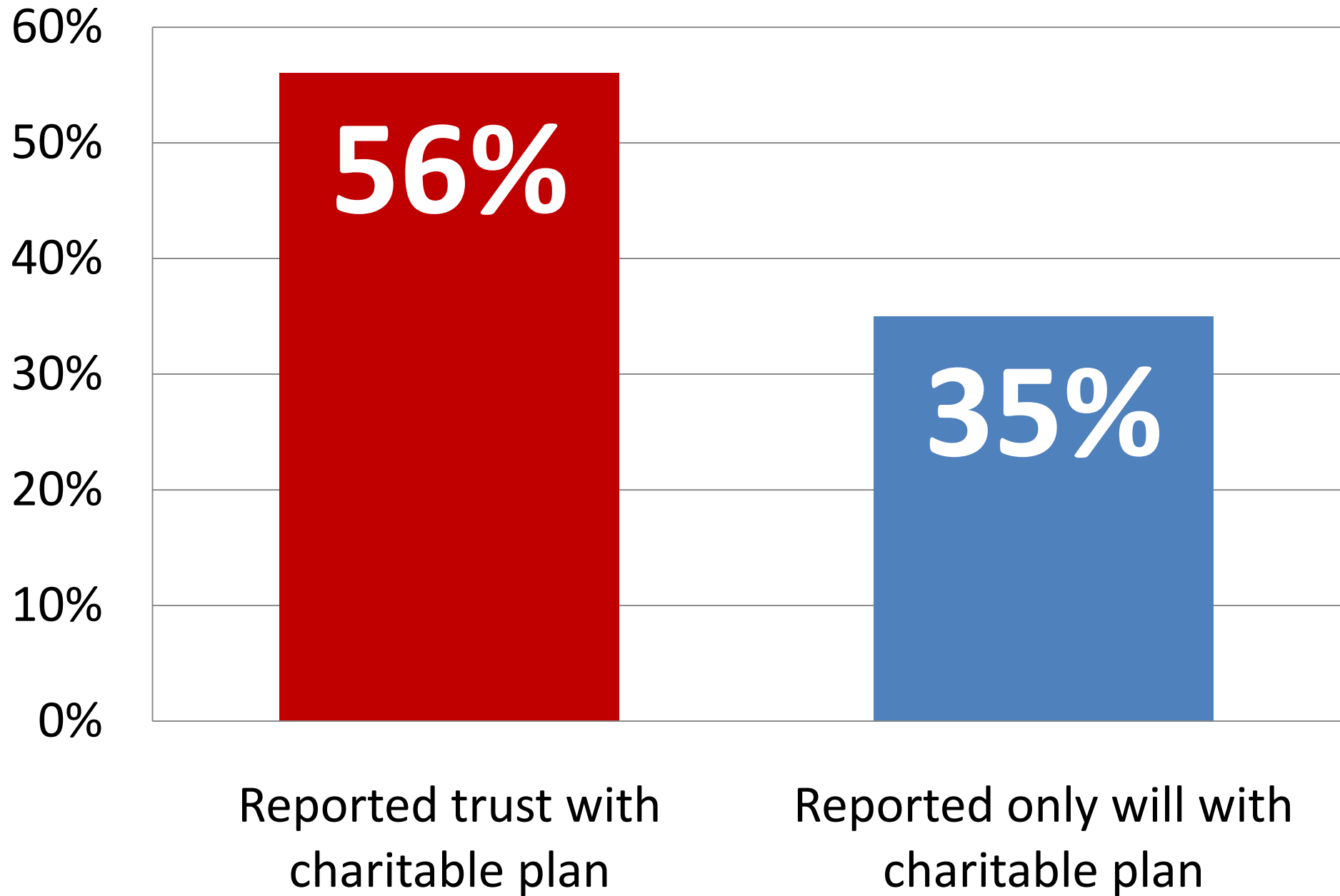
# No estate documents found





**Does choice of  
planning  
document matter?**

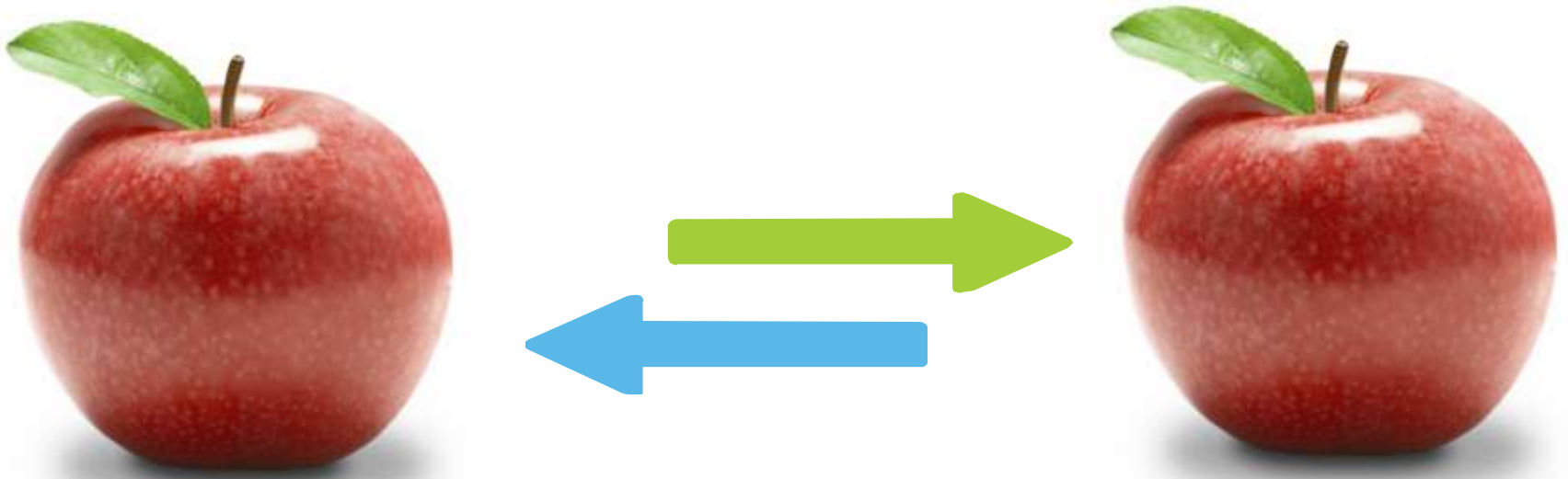
# Estates generating a charitable gift



# Does document choice really matter or is it just the people who are different?

Variable	Decedent had reported a funded inter vivos trust	Decedent had reported only a will
Charitable estate distribution	56%	35%**
Household assets prior to death	\$1,120,591	\$378,361**
Household income prior to death	\$78,496	\$51,326
Married	47.5%	46.3%*
Had child(ren) and grandchild(ren)	58.8%	55.5%
Had child(ren) only	7.5%	9.6%
Age	83.2	80.6 *
Male	37.5%	40.6%
No estate documents found	3.7%	9.2% <sup>†</sup>
n	80	218

# Regression: Compare only otherwise identical people

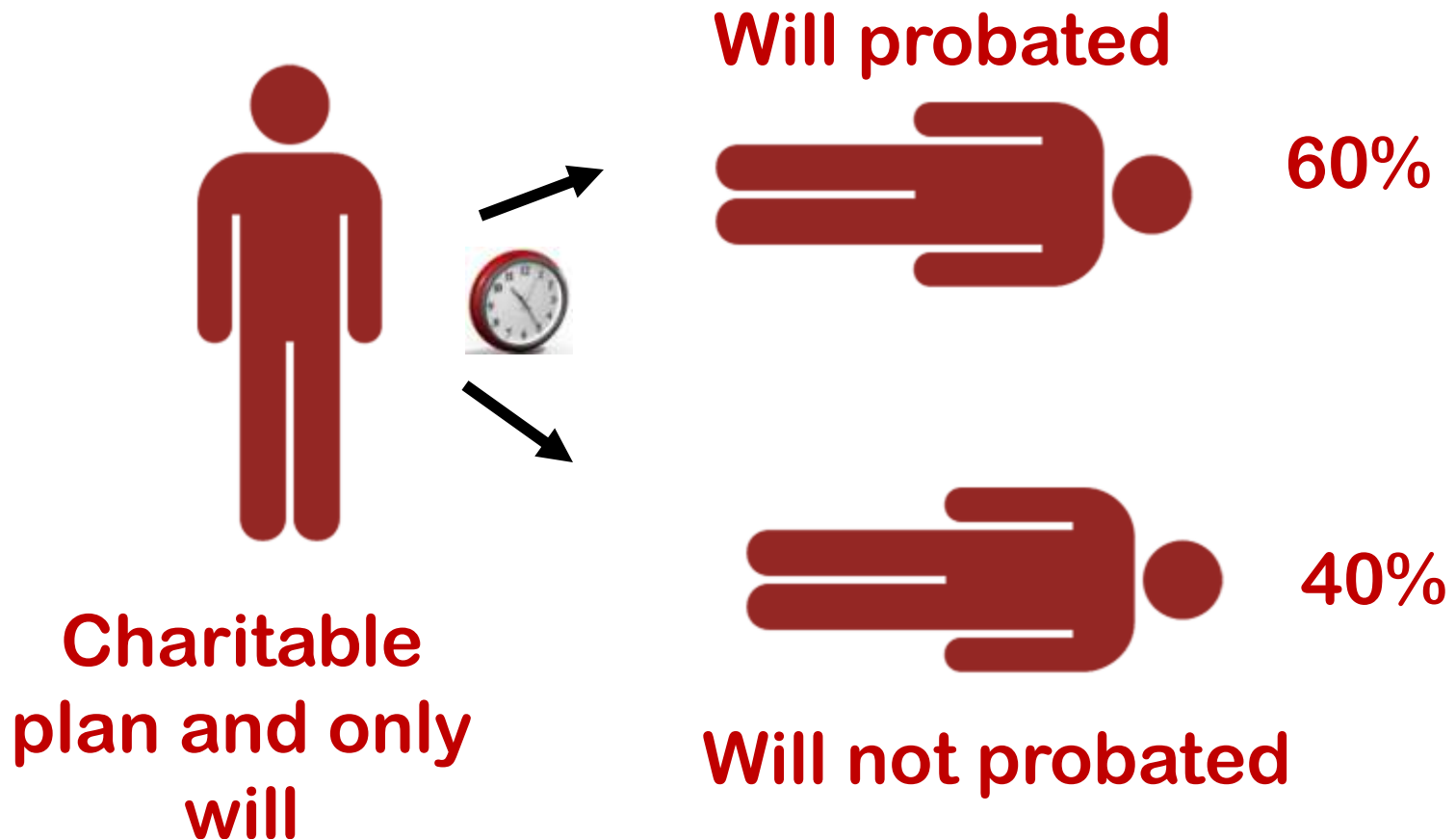


Example: The effect of differences in trusts among those with same education, income, wealth, family structure, etc.

# Trust increases likelihood of charitable transfer by 14-15 % points

Independent Variables	Linear Probability Model	Linear Probability Model
Intercept	0.3532 (0.0328)**	-0.1882 (0.2913)
I.V. Trust (Funded)	0.2093 (0.0633)**	0.1461 (0.0629)*
Wealth (100k)		0.0037 (0.0022) <sup>†</sup>
Self-reported Health		-0.0174 (0.0241)
Income (100k)		0.0435 (0.0198)*
Married		-0.1632 (0.0644)*
Children and Grandchildren		-0.1172 (0.0600) <sup>†</sup>
Children Only		-0.2012 (0.1027) <sup>†</sup>
White		0.0429 (0.168)
Black		-0.1111 (0.2113)
Age		0.0084 (0.0029)**
Male		-0.0405 (0.0599)

# Why are trusts more effective?





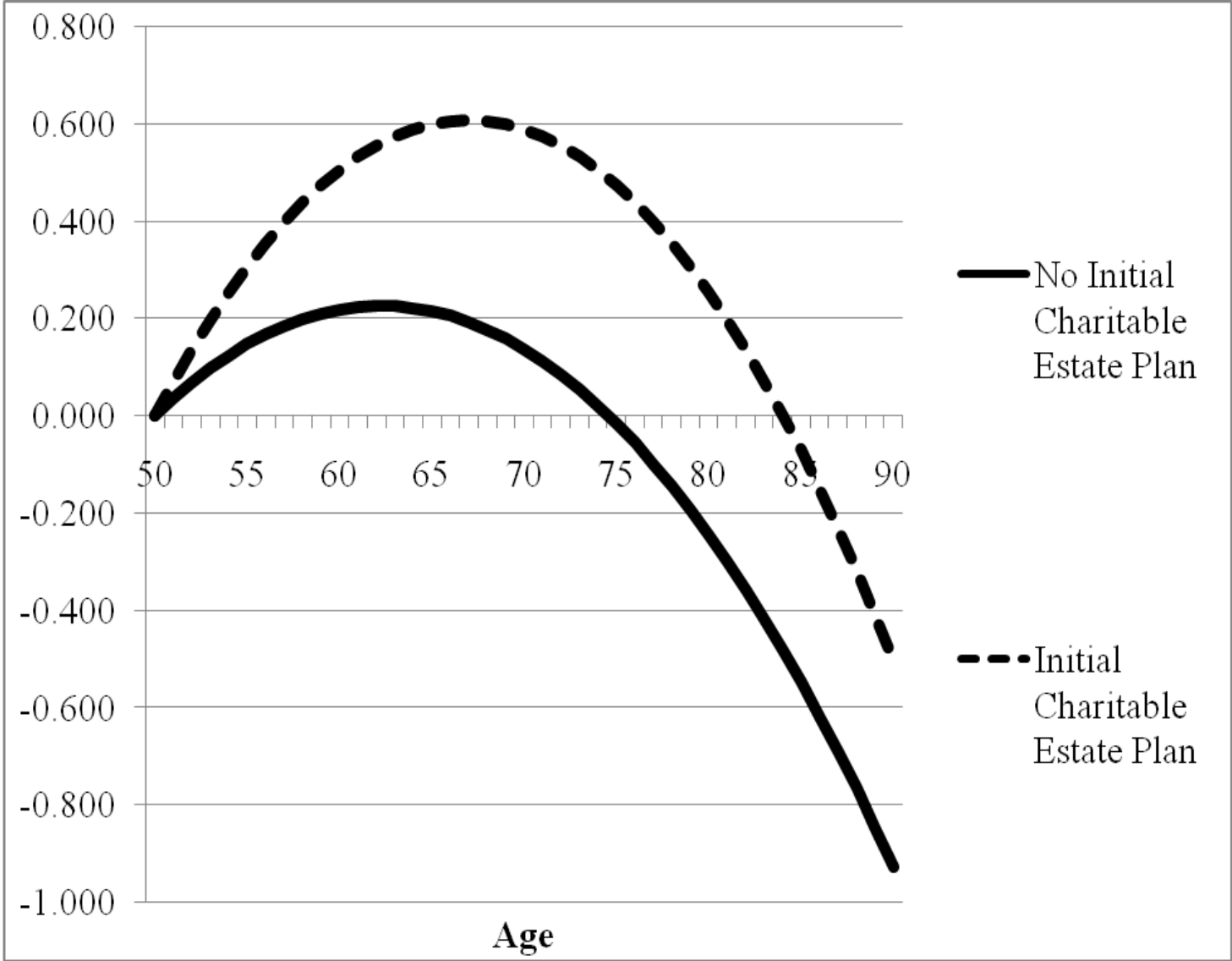
Consider using a phrase such as “a dollar amount equal to 10% of my gross estate for federal estate tax purposes”




Do the estates of people  
who make charitable  
estate plans grow  
differently than the  
general population?



After making their plan, charitable estate donors grew their estates 50%-100% faster than did others with same initial wealth

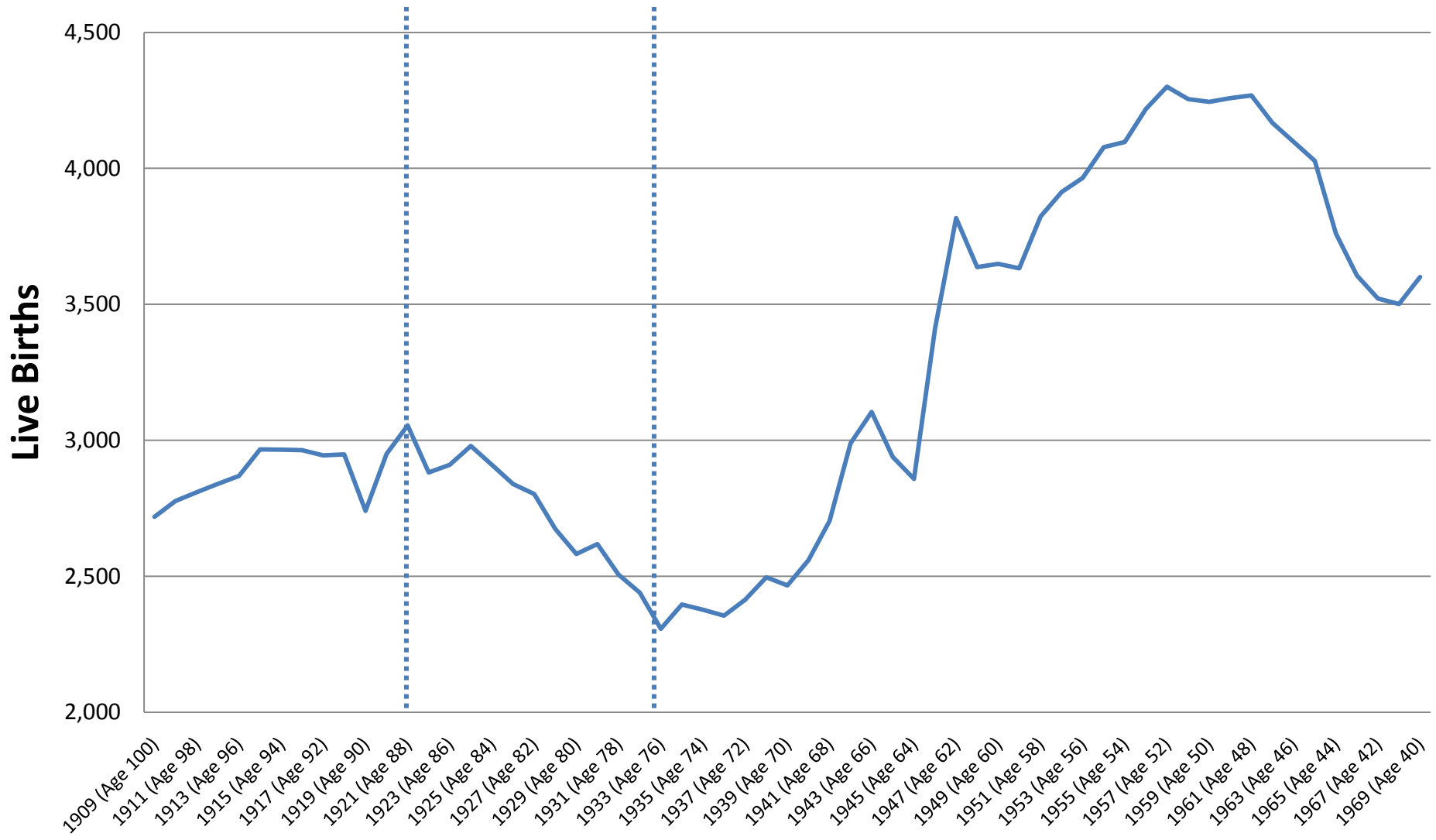


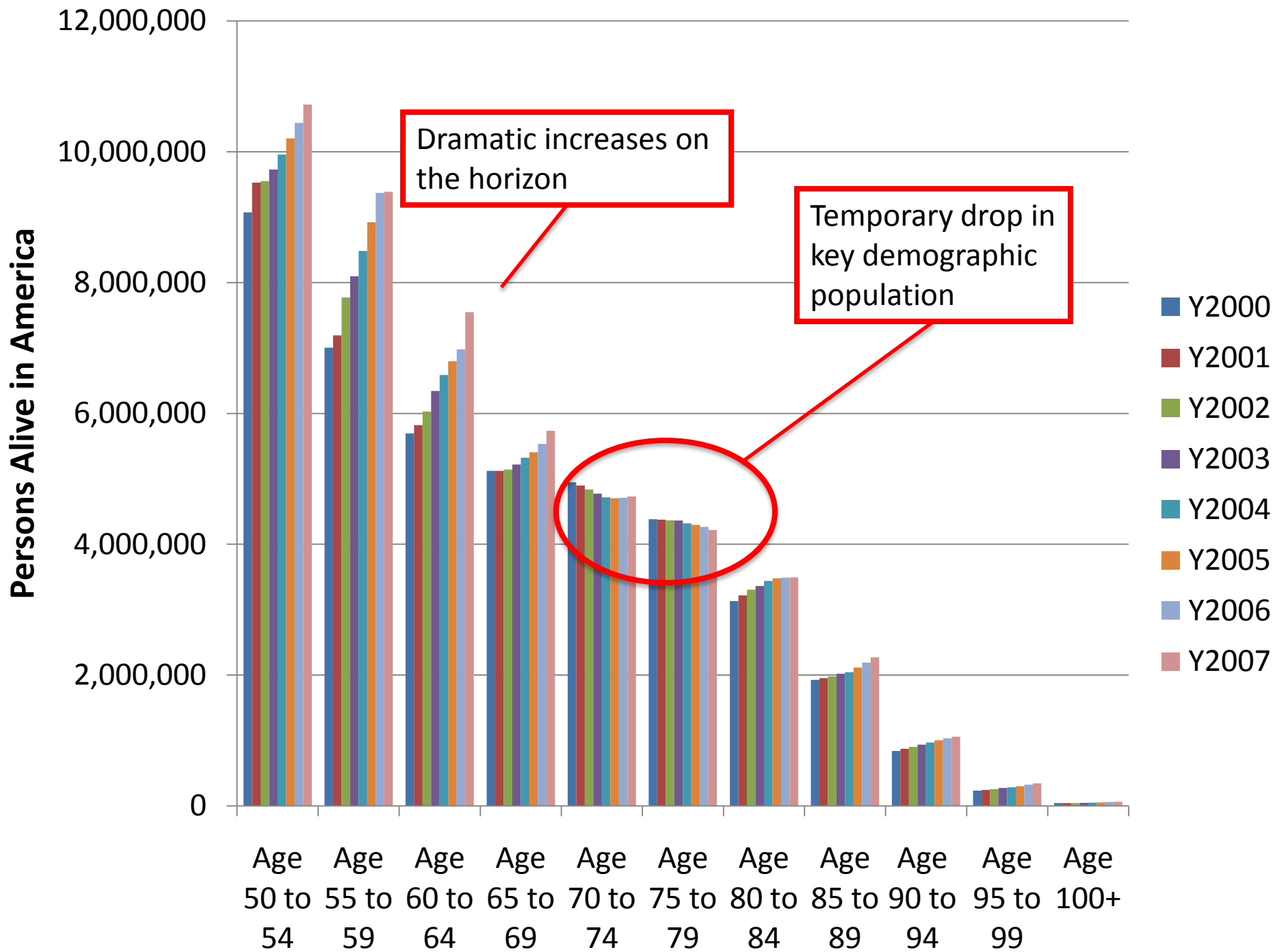
A close-up photograph of a man with a shaved head and a goatee, wearing a dark blue suit, light blue shirt, and patterned tie. He is holding a pair of black binoculars to his eyes with both hands. The background is a bright blue sky with large, white, fluffy clouds. The overall image conveys a sense of vision, foresight, and strategic planning.

# Using Demographics to Make Future Projections

Dr. Russell James  
Texas Tech University

# The Fall and Rise in Live Births - US



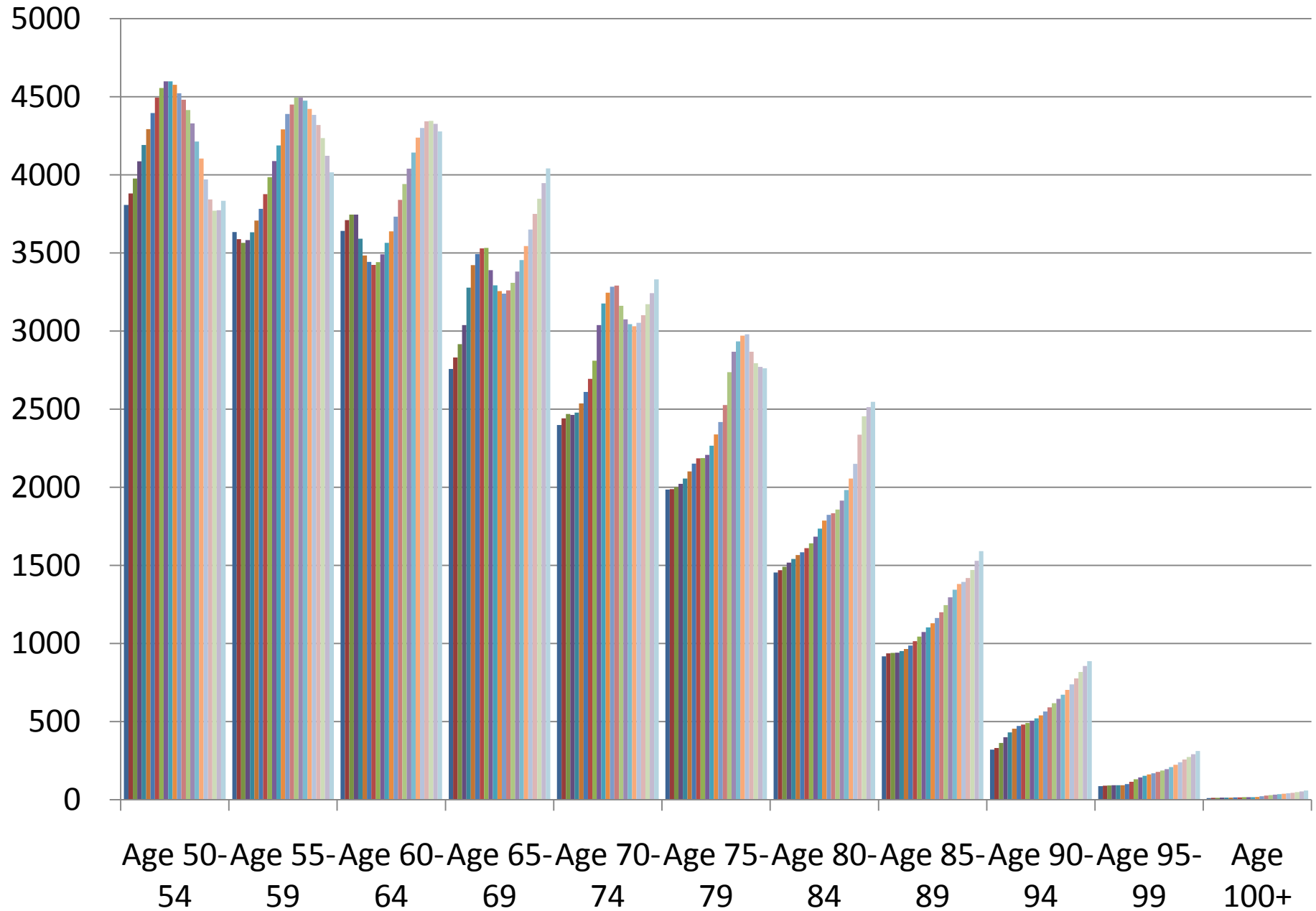


**Figure 1**

**Total number of live births, England and Wales,  
1838-1997**



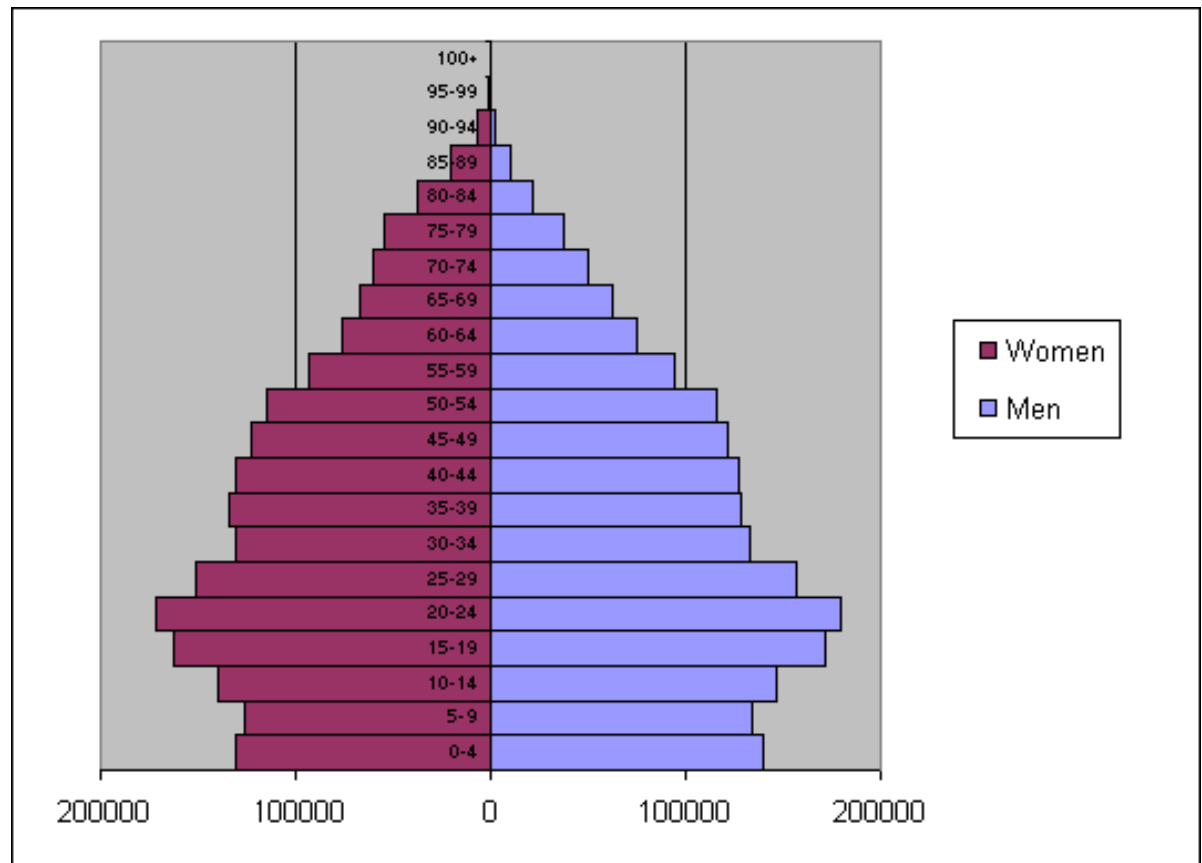
# Persons alive in the UK, 2008-2030





# Ireland population pyramid, 2001

- Without the large post-war baby boom, expect less rapid growth in older ages
- Growth will come primarily due to improved longevity



# Projecting future bequest giving

Frequency of future bequest gifts

- Change in population
- Change in tendency to make bequest gifts

# Do the boomers give differently?

- After controlling for wealth and income, the baby boom cohort gave at a significantly lower rate during middle age than the pre-war cohort did (Wilhelm, Rooney, and Tempel, 2008).
- Will boomers also be less charitable in estate giving?

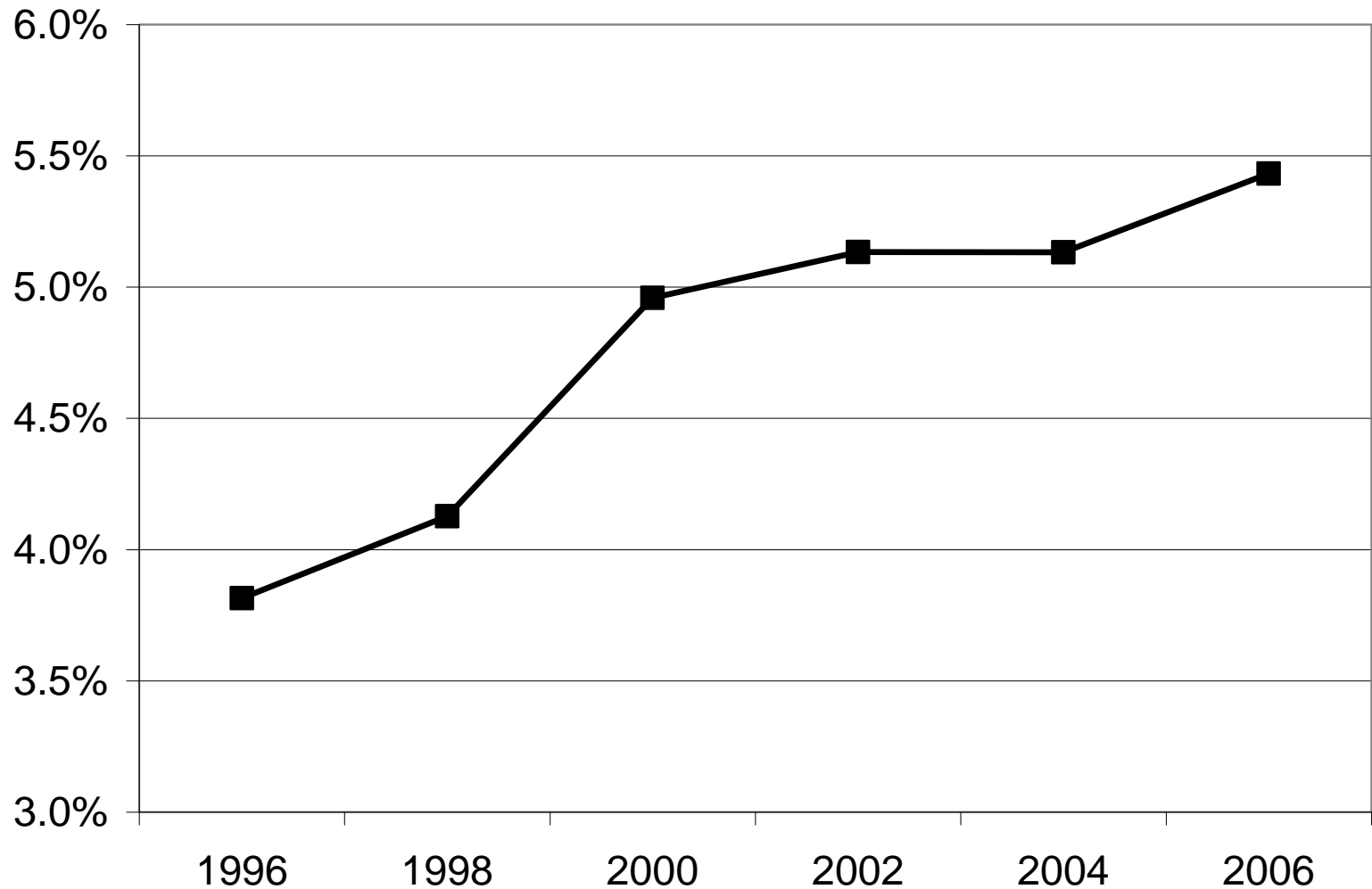


# Data

- 1996-2006 Health and Retirement Study (HRS), a nationally representative, biennial, longitudinal study.
- Analysis weighted to project to national means and adjusted for complex sample selection process



# Charitable Estate Planning among US Adults Aged 55-65



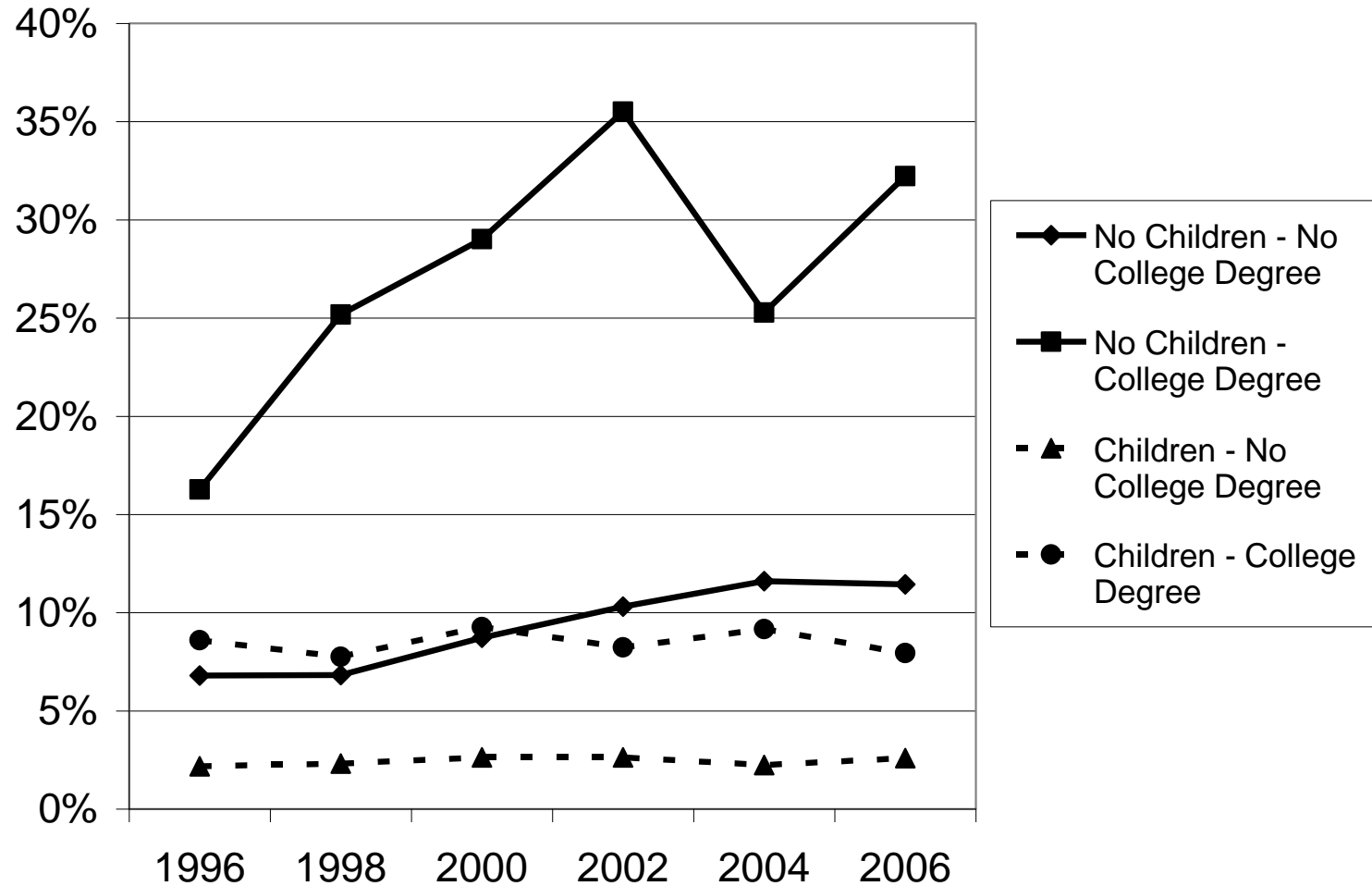
What is driving this trend?

# Weighted descriptive statistics of adults aged 55-65 ('96 & '06 HRS)

Variable	1996	2006	Δ%
Charitable estate plan	3.81%	5.43% *	42.5%
Will or trust executed	51.72%	43.63% *	-15.6%
Funded trust	4.53%	6.60% *	45.7%
<High School	24.57%	14.76% *	-39.9%
High school graduate	36.22%	30.73% *	-15.2%
Some college	19.37%	24.77% *	27.9%
College graduate	8.82%	13.53% *	53.4%
Graduate education	10.82%	15.55% *	43.7%
Household assets (2006\$)	\$384,419 (771,398) [\$15,092]	686,258 (3,421,725) [\$69,935] *	78.5%
Household income (2006\$)	\$76,372 (99,274) [\$2,287]	100,865 (530,858) [\$12,037] *	32.1%
Charitable giving >\$650	33.85%	36.27% *	7.1%
Number of children	3.30 (2.17) [0.03]	2.83* (2.01) [0.03]	-14.2%
Number of grandchildren	4.48 (5.10) [0.10]	3.79* [4.94] (0.08)	-15.5%
No children	6.83%	8.34% *	22.1%
No grandchildren	21.03%	29.1% *	38.4%



# Charitable estate planning among adults aged 55-65



# Increases in charitable planning are driven by increases in childlessness and education

Variable	Estimate (s.e.)	p-value	Estimate (s.e.)	p-value	Estimate (s.e.)	p-value
Year	0.0138 (0.0032)	<.0001	0.0033 (0.0034)	0.3298	0.0015 (0.0036)	0.664
Any children			-0.6251 (0.0345)	<.0001	-0.6224 (0.0479)	<.0001
Years of Education			0.1412 (0.0048)	<.0001	.... full set of control variables	....

Probit analysis of all respondents age 55-65 in 1996-2006 HRS. Outcome variable is the presence of charitable estate planning.

# Basic relationship

- This suggests that the overall trend of increased charitable estate planning may have been driven, in large part, by changes in childlessness and education.
- Such a relationship has important implications for predicting charitable estate planning levels in the future.

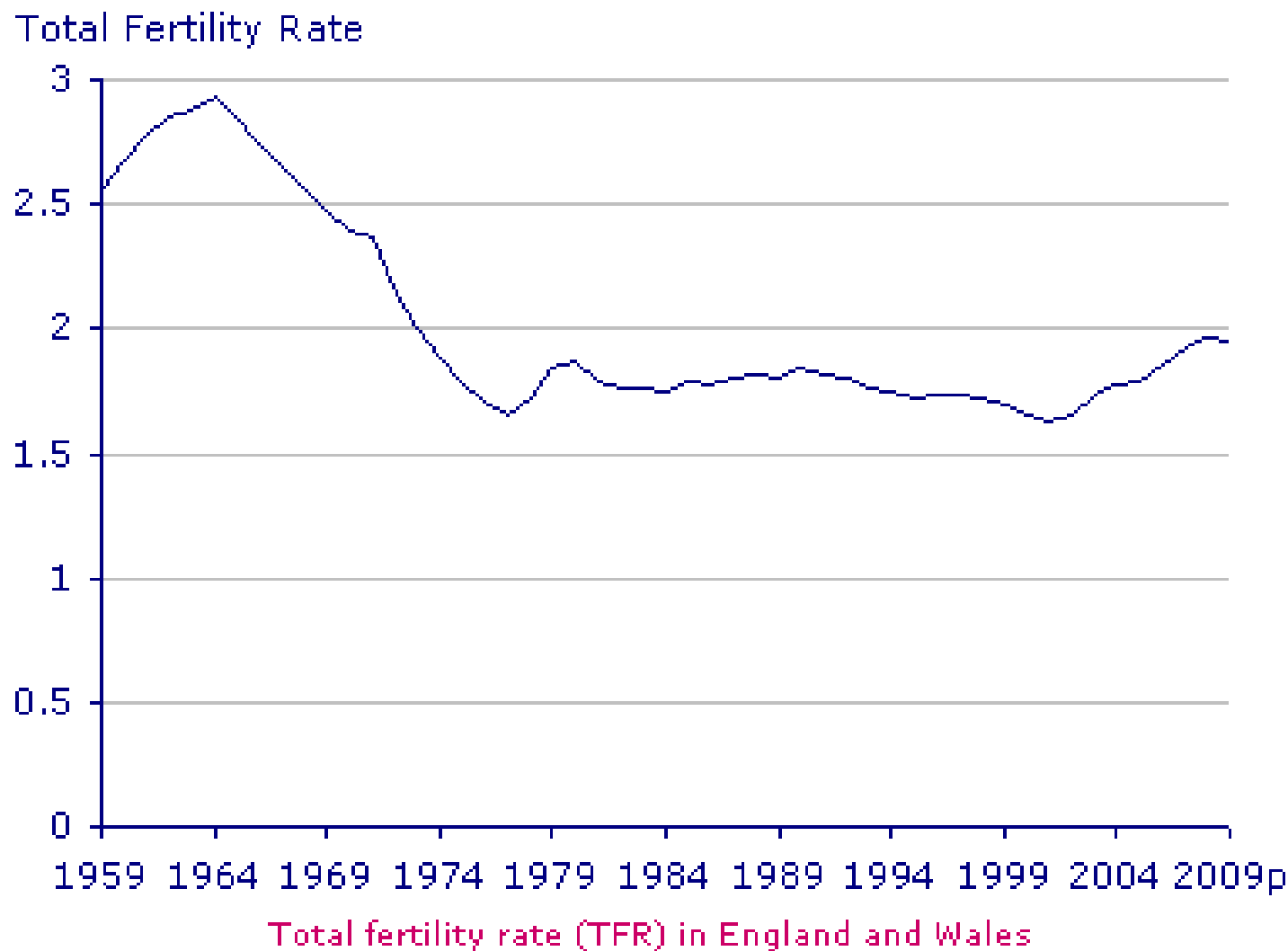




# Upcoming cohorts and childlessness

- Childlessness among women who will be entering the 55-65 age group over the next decade will be substantially higher than those in the 55-65 age group during 2006 (the year of the latest HRS survey).
- Women in the 56-61 age group during 2006 reported a childlessness rate of 16.0% in 1990 when they were aged 40-44 (Dye, 2005). In comparison, women in the 40-44 age range in 2004 (i.e., those who will begin entering the 55-65 near retirement age group in 2015) reported a childlessness rate of 19.3% (Dye, 2005).

# Similar trends in U.K.



**Table 3****Percentage of childless women by age and year of birth of woman, England and Wales, 1922-1972**

Women born in	Age			Approx. end of childbearing
	25	35	45	
1922	48	20	18	1967
1927	45	18	16	1972
1932	43	15	13	1977
1937	37	13	12	1982
1942	33	12	11	1987
1947	37	14	12	1992
1952	45	18	16	1997
1957	51	21	17	2002
1962	58	25	21	2007
1967	61	29	22	2012
1972	63	29	23	2017

Figures above the stepped line represent actual events which occurred up to the end of 1997. Figures below the line incorporate projected births from 1998 onwards. Projected births are calculated using the Government Actuary's Department principal 1996-based projection.



# Upcoming cohorts and education

- Similarly, a college education is much more common among the upcoming cohorts of individuals nearing retirement age than among the current 55-65 group (Stoops, 2004).
- In 1996, less than 27% of those in the 35-54 age group had at least a bachelor's degree.
- By 2007, over 31% of those in the 35-54 age group had at least a bachelor's degree (Current Population Survey, 2007).
- Thus, one can expect the upcoming cohorts of individuals nearing retirement to be more educated than individuals currently in the 55-65 age group.



# Growth trends in charitable estate planning

1. Overall graying of the population
2. Increased childlessness of upcoming and future cohorts
3. Increased education of upcoming and future cohorts

The financial planner without a basic understanding of planned giving options may leave greater and greater numbers of clients underserved.

A close-up photograph of a man with a shaved head and a goatee, wearing a dark blue suit, a light blue shirt, and a patterned tie. He is holding a pair of black binoculars to his eyes with both hands. The background is a bright blue sky with white, fluffy clouds. The text 'Charitable Bequest Demographics' is overlaid in the bottom left corner in a large, white, bold font with a black outline.

# Charitable Bequest Demographics

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## About the Author

Russell James, J.D., Ph.D., CFP® is an Associate Professor and the Director of Graduate Studies in Charitable Planning in the Division of Personal Financial Planning at Texas Tech University. He graduated, *cum laude*, from the University of Missouri School of Law where he was a member of the Missouri Law Review. While in law school he received the United Missouri Bank Award for Most Outstanding Work in Gift and Estate Taxation and Planning and the American Jurisprudence Award for Most Outstanding Work in Federal Income Taxation. After graduation, he worked as the Director of Planned Giving for Central Christian College, Moberly, Missouri for six years and also built a successful law practice limited to estate and gift planning. He later served as president of the college for more than five years, where he had direct and supervisory responsibility for all fundraising. Dr. James received his Ph.D. in Consumer & Family Economics from the University of Missouri where his dissertation was on the topic of charitable giving. Dr. James has over 100 publications in print or in press in academic journals, conference proceedings, professional periodicals, and books. He writes regularly for *Advancing Philanthropy*, the magazine of the Association of Fundraising Professionals. He has presented his research in the U.S. and across the world including as an invited speaker in Ireland, Scotland, England, The Netherlands, Spain, Germany, and South Korea. ([click here for complete CV](#))



Me (about 5 years ago)



Lecturing in Germany. 75 extra students showed up. I thought it was for me until I found out there was free beer afterwards.



At Giving Korea 2010. I didn't notice until later the projector was shining on my head (inter-cultural height problems).