

# The Statistics & Psychology of Baby Boomer Lifetime & Legacy Giving

A very special generation  
or just typical old  
people?

Russell James  
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Personal Financial Planning  
Texas Tech University



Figure 3.2

## What Makes Your Generation Unique?

### Millennial

Technology use (24%)

Music/Pop culture (11%)

Liberal/Tolerant (7%)

Smarter (6%)

Clothes (5%)

### Boomer

Work ethic (17%)

Respectful (14%)

Values/Morals (8%)

"Baby Boomers" (6%)

Smarter (5%)

### Gen X

Technology use (12%)

Work ethic (11%)

Conservative/Traditional (7%)

Smarter (6%)

Respectful (5%)

### Silent

WWII, Depression (14%)

Smarter (13%)

Honest (12%)

Work ethic (10%)

Values/Morals (10%)

Note: Based on respondents who said their generation was unique/distinct (n=1,205). Items represent individual, open-ended responses. Top five responses are shown for each age group.

Source: Pew Research Center survey, Jan. 2010, N=2,020 US adults

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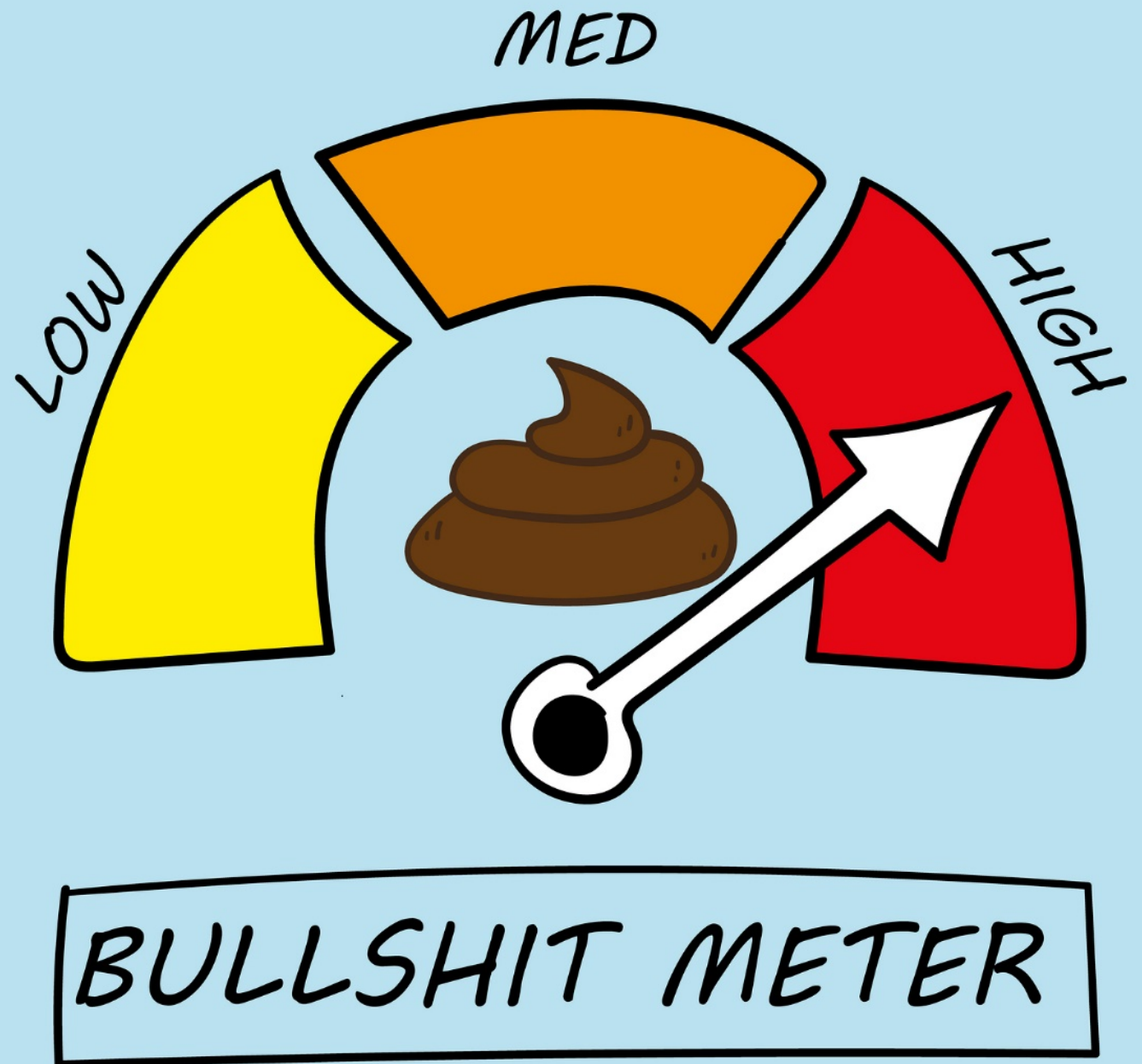
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Why Baby Boomer presentations contain more than the recommended daily allowance of...

There are two competing stories

- One story people really love
- One story people really resist



## Cohort story

Your group was a special snowflake, unique in all of human history.

Because of the special attributes in this shared community of lived experiences you have unique preferences and behaviors.



## Age story

You're just getting old. This is how people think and act when they get old.

## Cohort stories

- Woodstock
- Man on moon
- Vietnam
- Kent State
- Bob Dylan

vs.

## Age stories

You're just like  
everybody else who  
got old.



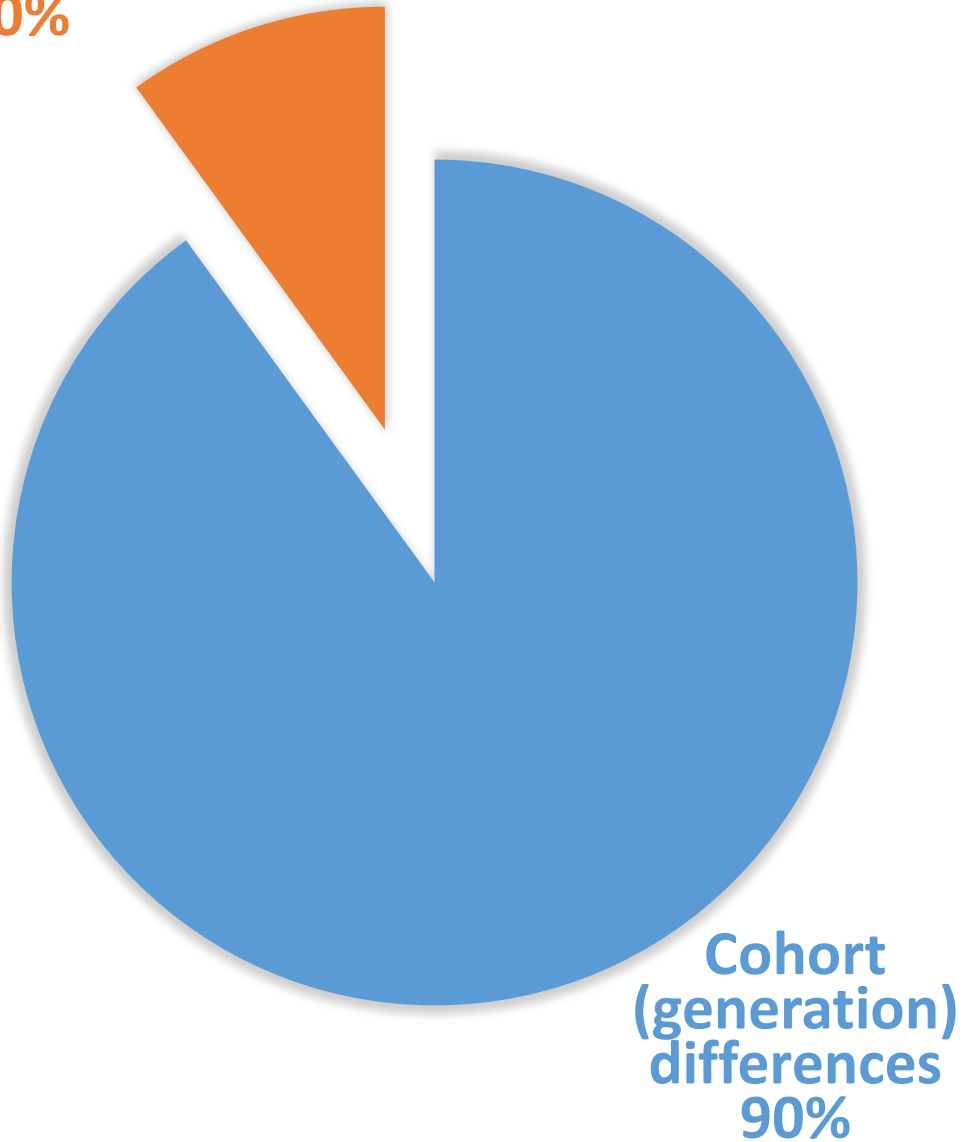


... then you got old and more than any younger age group, you voted for this guy.



# TYPICAL PRESENTATION

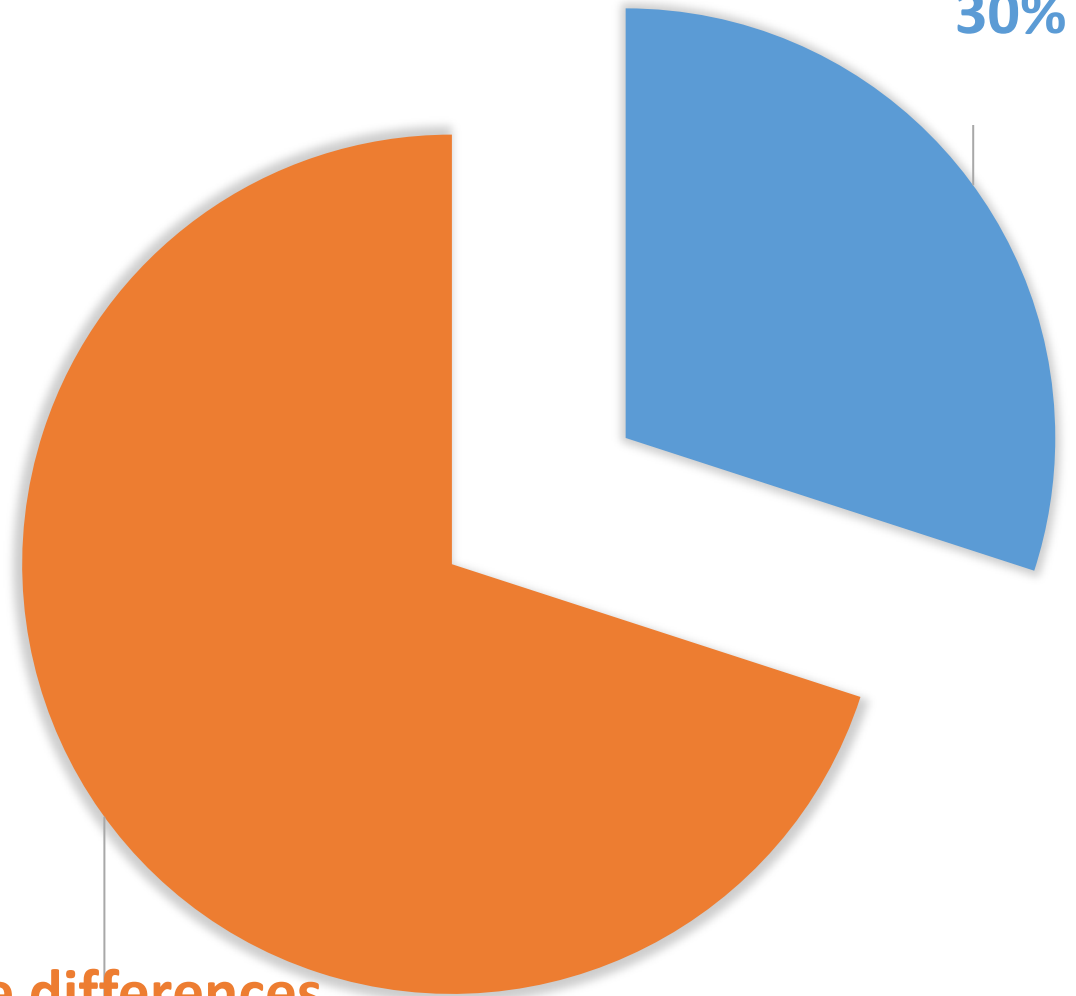
Age differences  
10%

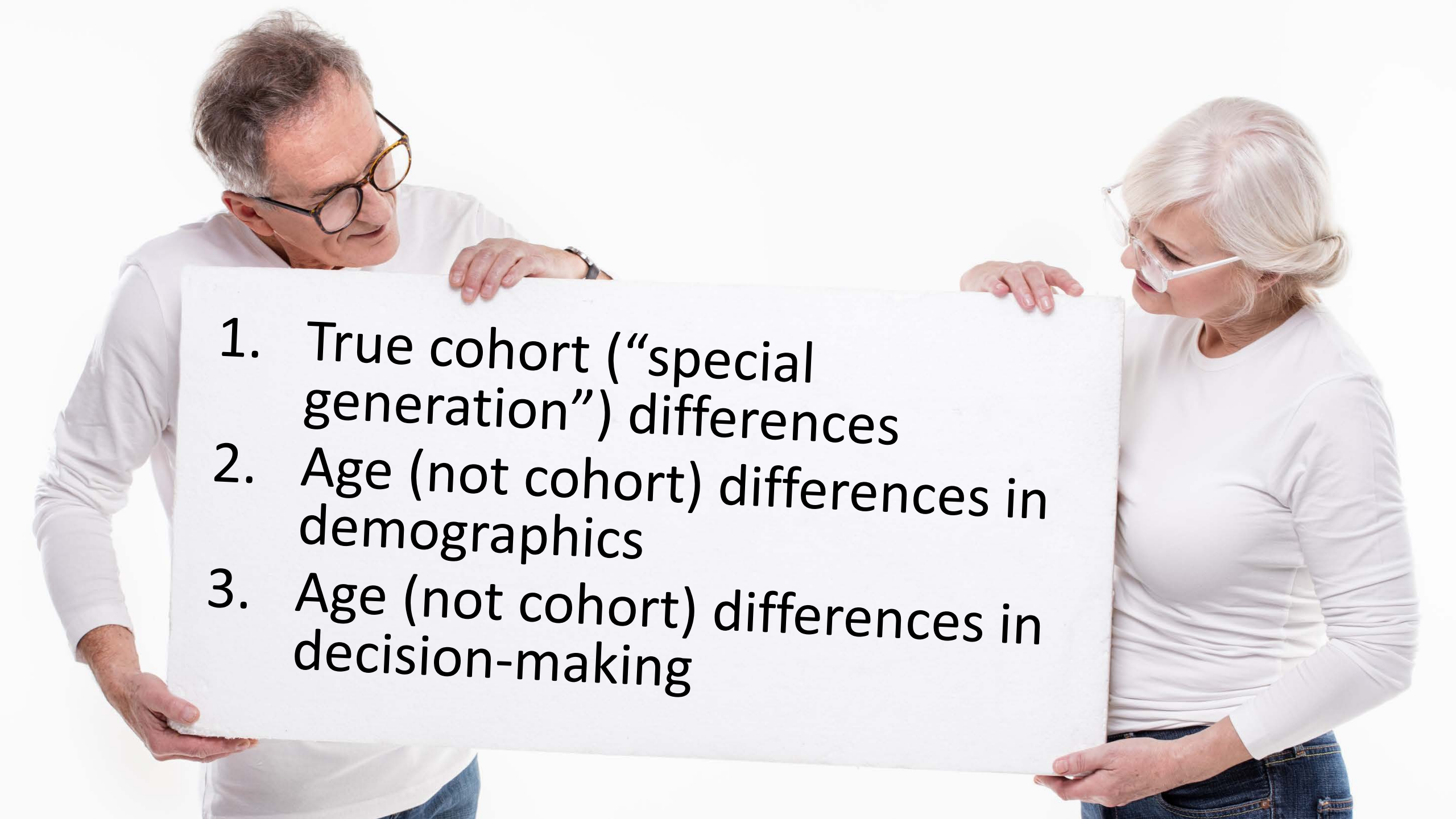


# MY PRESENTATION

Cohort  
(generation)  
differences  
30%

Age differences  
70%



- 
- An older man with glasses and a white long-sleeved shirt is on the left, and an older woman with white hair and glasses, wearing a white long-sleeved shirt and blue jeans, is on the right. They are both holding a large white rectangular sign in front of them. The sign contains a numbered list of three items.
1. True cohort (“special generation”) differences
  2. Age (not cohort) differences in demographics
  3. Age (not cohort) differences in decision-making

To truly separate age effects from cohort effects we have to compare people from different cohorts when they were the same age



# Cohort Difference 1

## **Baby Boomers with the same income donate less than previous generations**



Panel Study on Income Dynamics  
A nationally representative study  
continuously operating for 50 years

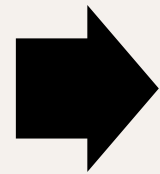
Allows comparing across generations at the same age and  
income

## Result

“baby boomers’ [mean] religious giving is \$789, about \$200 less than expected compared to the prewar cohort in middle adulthood. Secular giving is about \$40 less than expected. Hence, most of the baby boom’s less than expected giving is due to their levels of religious giving.”

**Why? The study identifies the answer:  
Because boomers attend religious services less**

Attending  
religious  
services



Socially relevant  
donation  
requests



Charitable  
giving

**Agree to make a gift**  
**Refuse to make a gift**



**Agree to make a gift**  
**Refuse to make a gift**  
**Avoid the giving decision**



**Agree to make a gift**  
**Refuse to make a gift**  
**Avoid the giving decision**



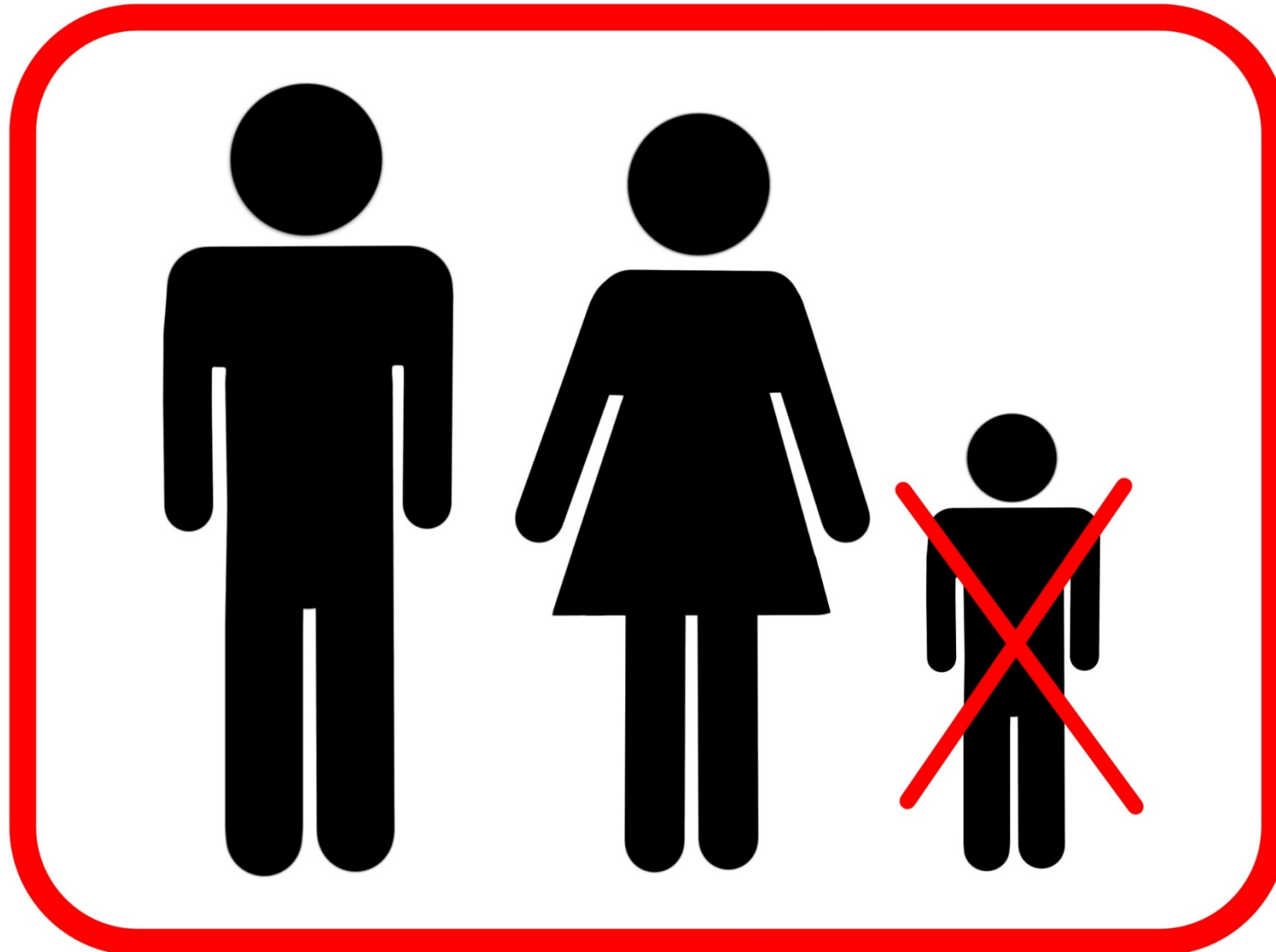
## **You have to ask**

University alumni whose names appeared earlier in the alphabet were more likely to be called with a phone solicitation and, consequently, were more likely to make gifts to the university



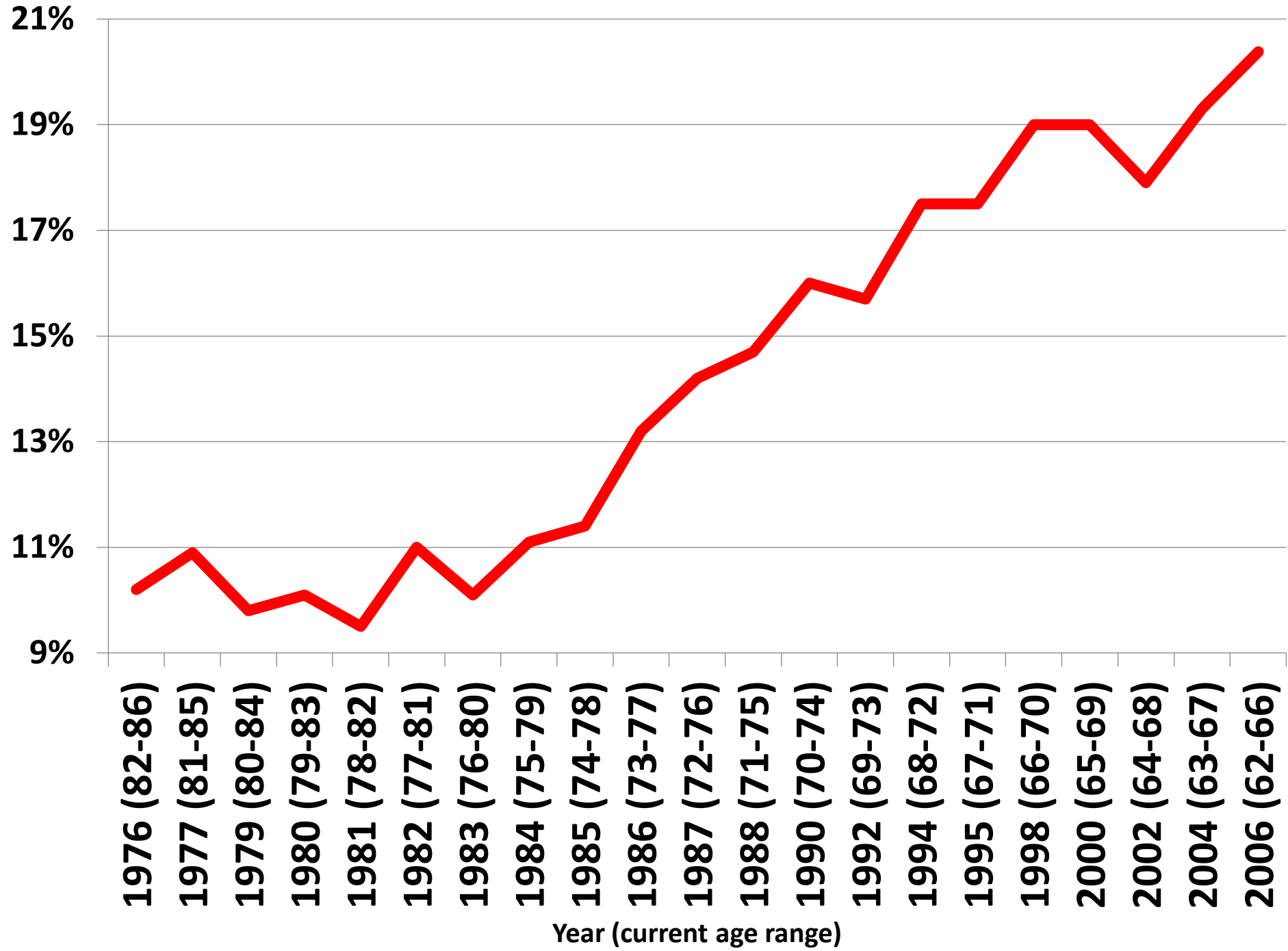
## Cohort Difference 2

Baby Boomers are much more likely to be childless

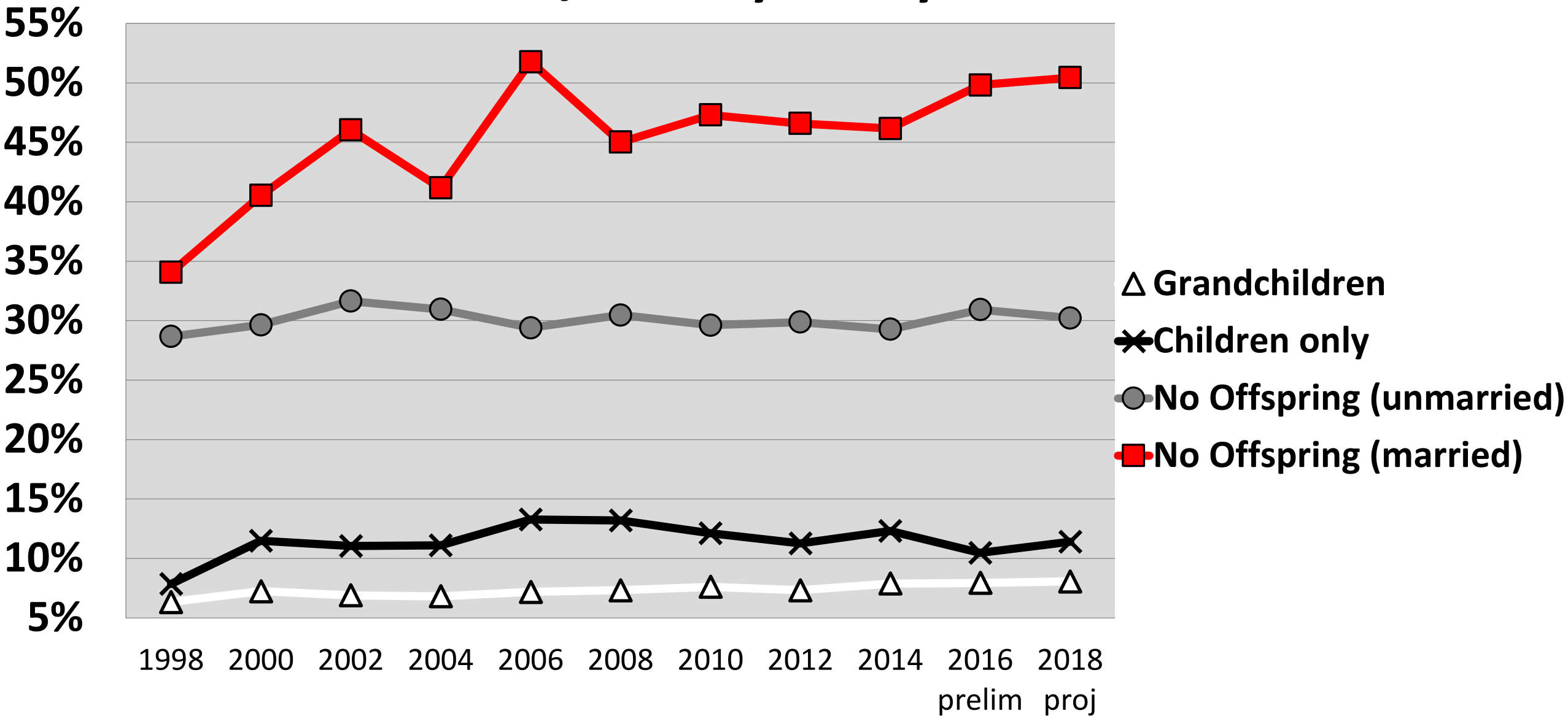


# Percentage of U.S. women who were childless

(measured at age 40-44 showing year of measurement and current age range)



# Age 55+ charitable recipient among those with will/trust by family status

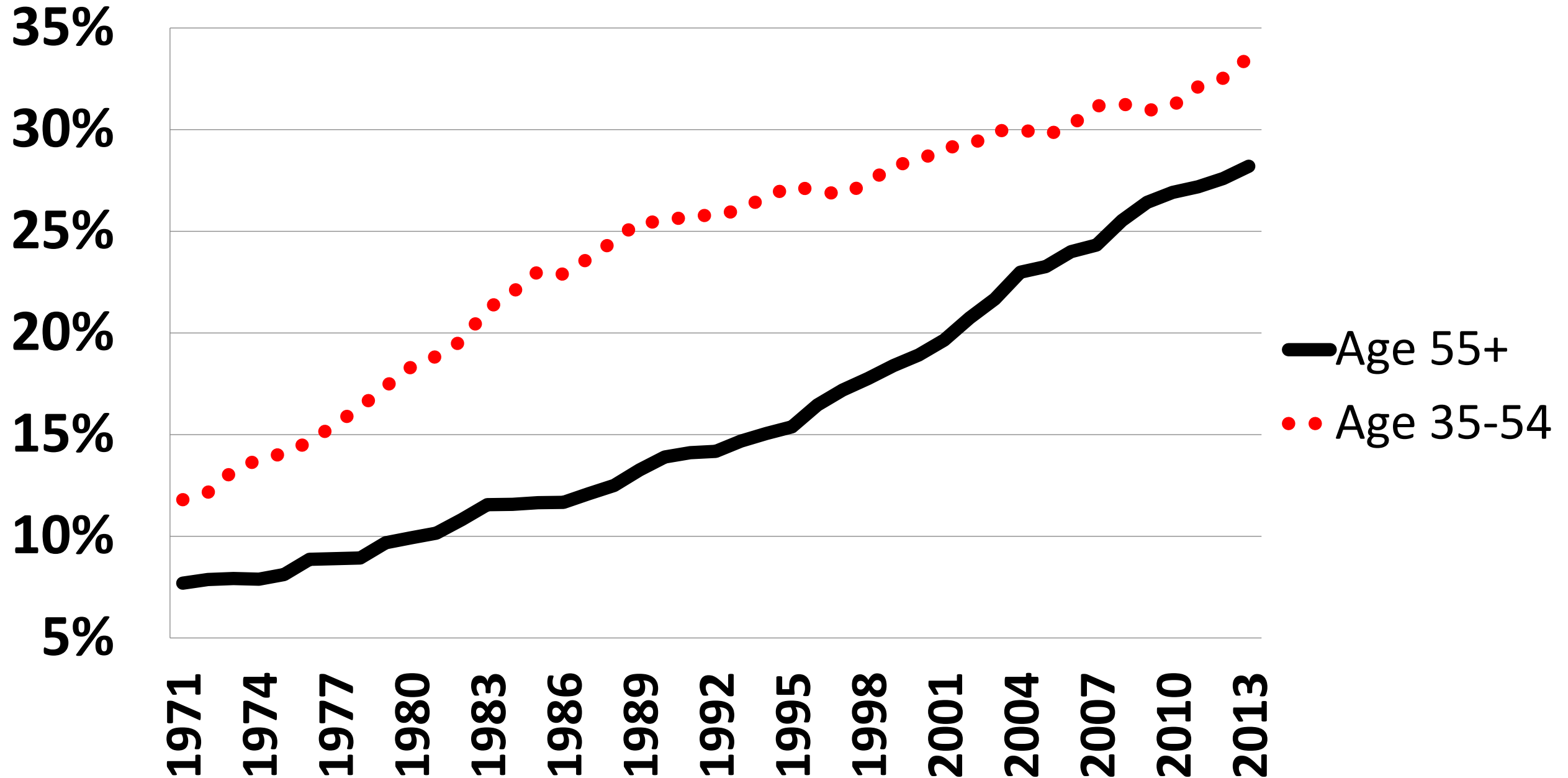


# Cohort Difference 3

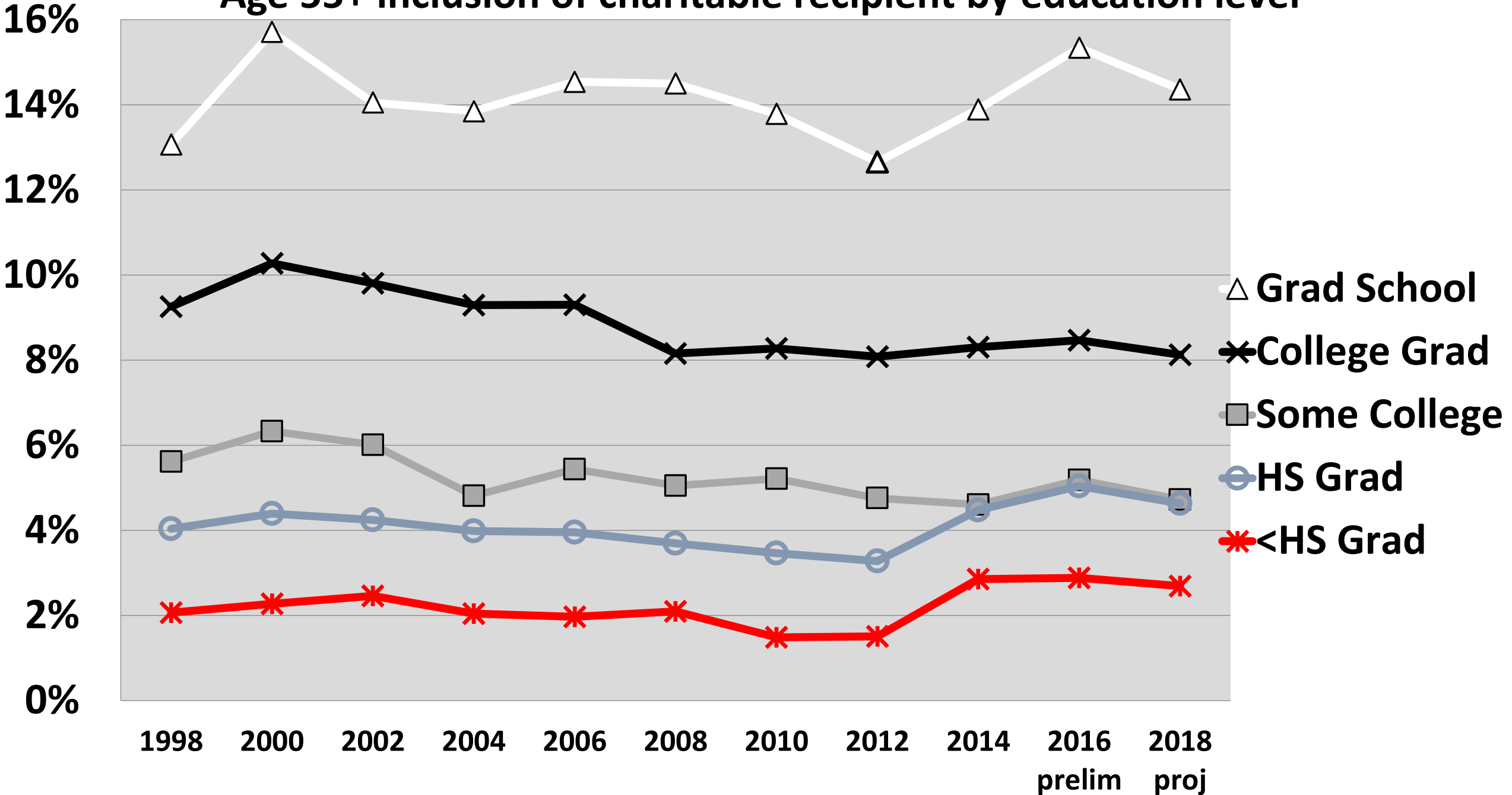
## Baby Boomers have more formal education



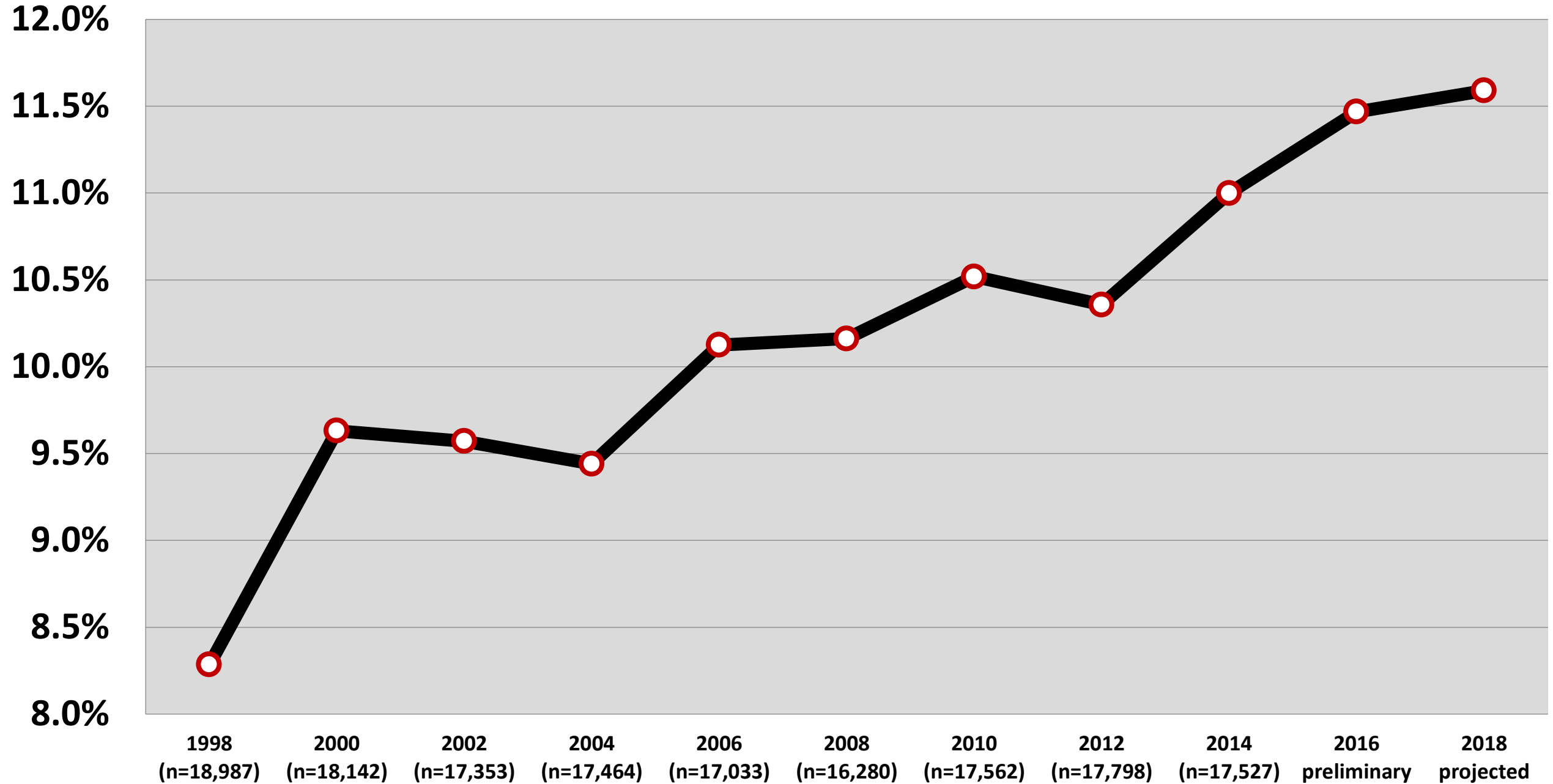
# U.S. population share with bachelor's degree+



# Age 55+ inclusion of charitable recipient by education level



# Charitable beneficiary among those aged 55+ with a will or trust



The growth of charitable estate planning among Americans nearing retirement

Russell N. James, III,<sup>a,\*</sup> Mitzi K. Lauderdale,<sup>b</sup> Cliff A. Robb<sup>c</sup>

<sup>a</sup>University of Georgia, Athens, GA 30602, USA  
<sup>b</sup>Texas Tech University, Lubbock, TX 79409, USA  
<sup>c</sup>University of Alabama, Tuscaloosa, AL 35487, USA

Abstract

A trend analysis of 41,965 Americans aged 55 to 64 reveals that charitable estate planning within this age group steadily increased from 1996 to 2006 (both absolutely and as a share of planned estates). Descriptive statistics and probit analyses suggest that this increase was driven in large part by higher levels of education and childlessness and by an increasing propensity for those without children to make charitable estate plans. As future cohorts of Americans nearing retirement age are projected to have even higher levels of education and childlessness, the trend of increased charitable estate planning is likely to continue for some time. © 2009 Academy of Financial Services. All rights reserved.

Jel classification: D14; J11

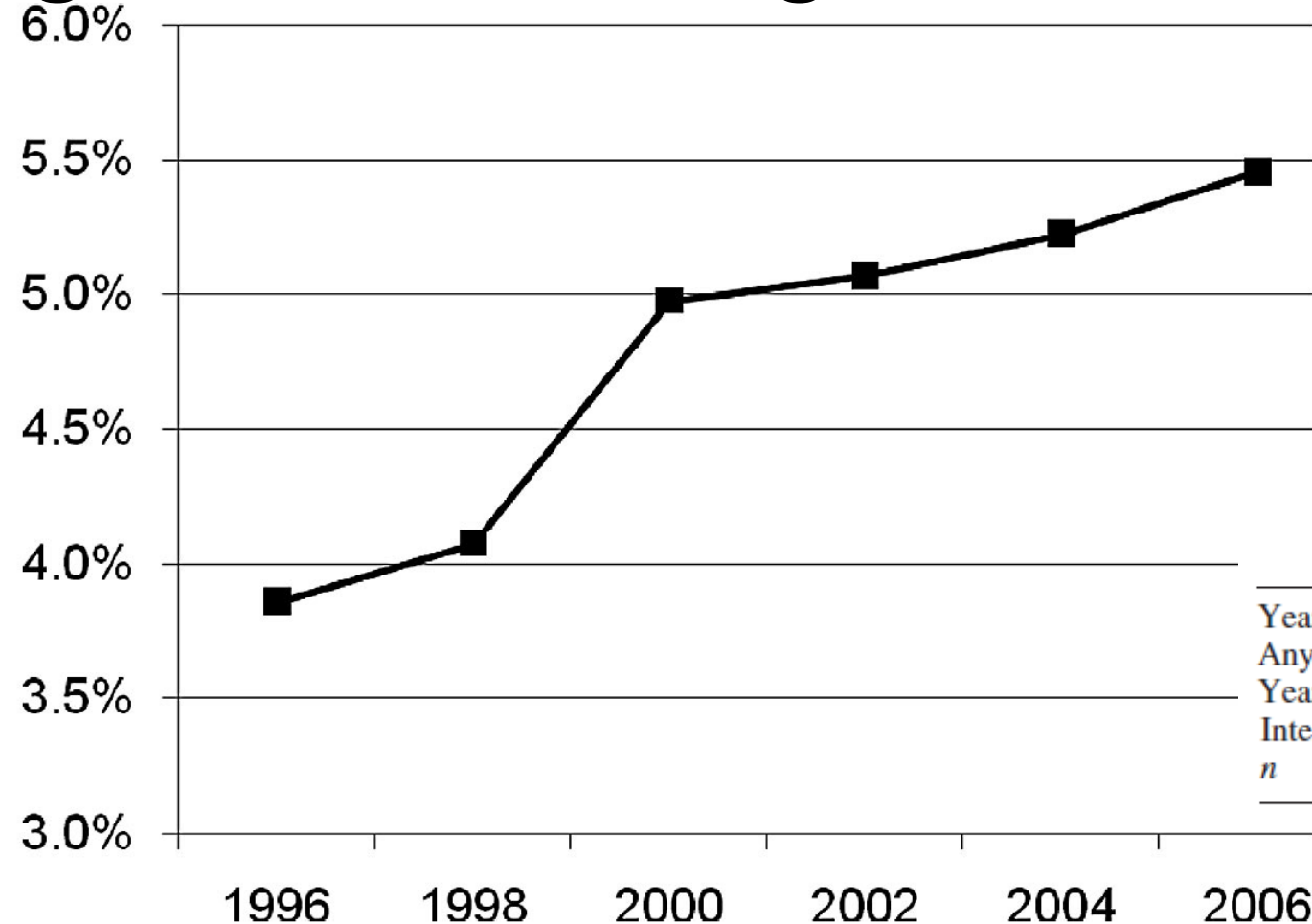
Keywords: Estate planning; Charitable giving; Planned giving

Years 1996 and 2006 only

Year	0.0156 [0.0001]	0.0052 [0.2352]
Any children		-0.607 [<.0001]
Years of education		0.1342 [<.0001]
Intercept	-33.034 [<.0001]	-13.355 [0.1249]
n	12,532	12,463

Probit regression where presence of charitable estate plan = 1 reporting p-values in brackets

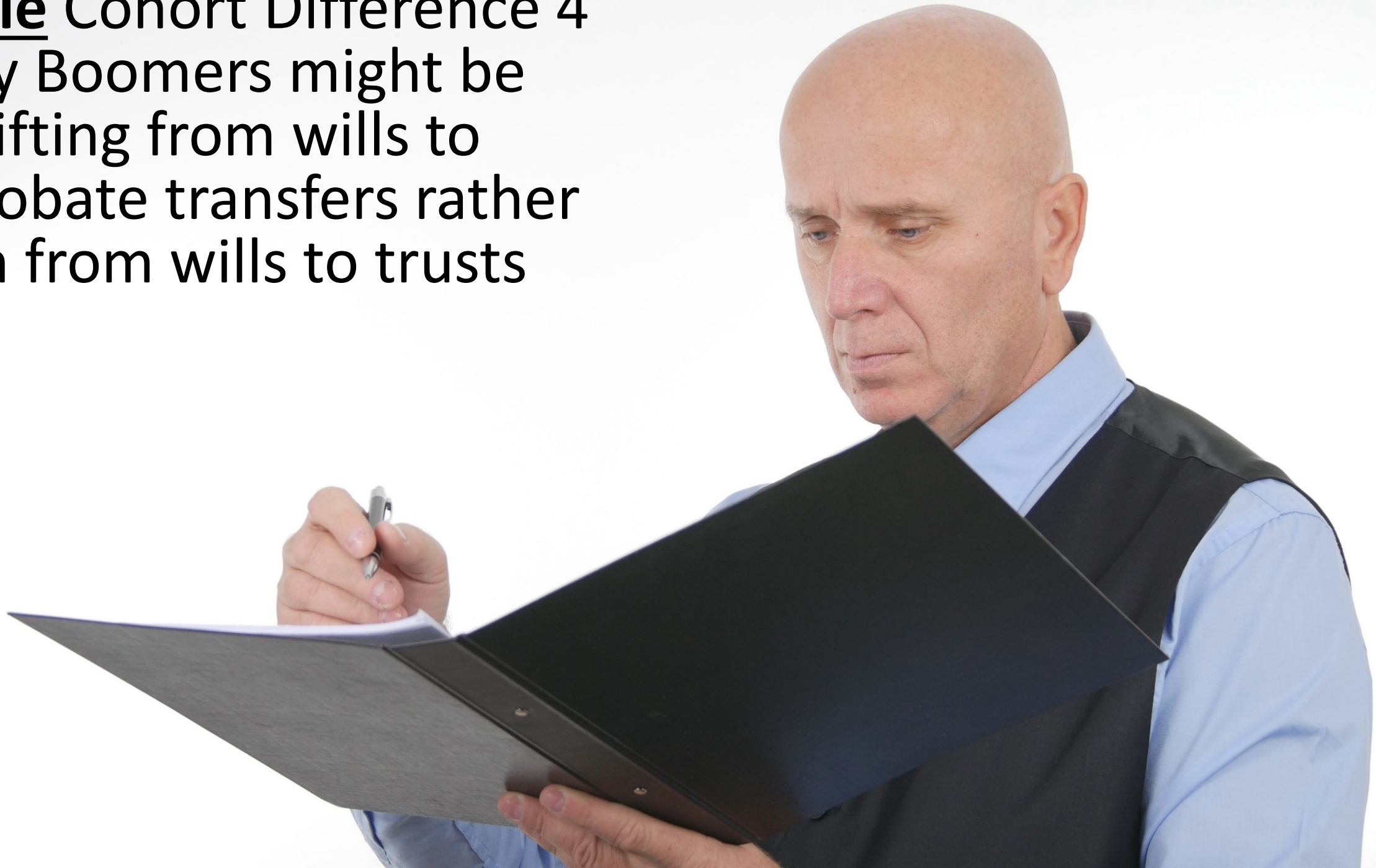
# Education & childlessness explains charitable planning growth among boomers nearing retirement



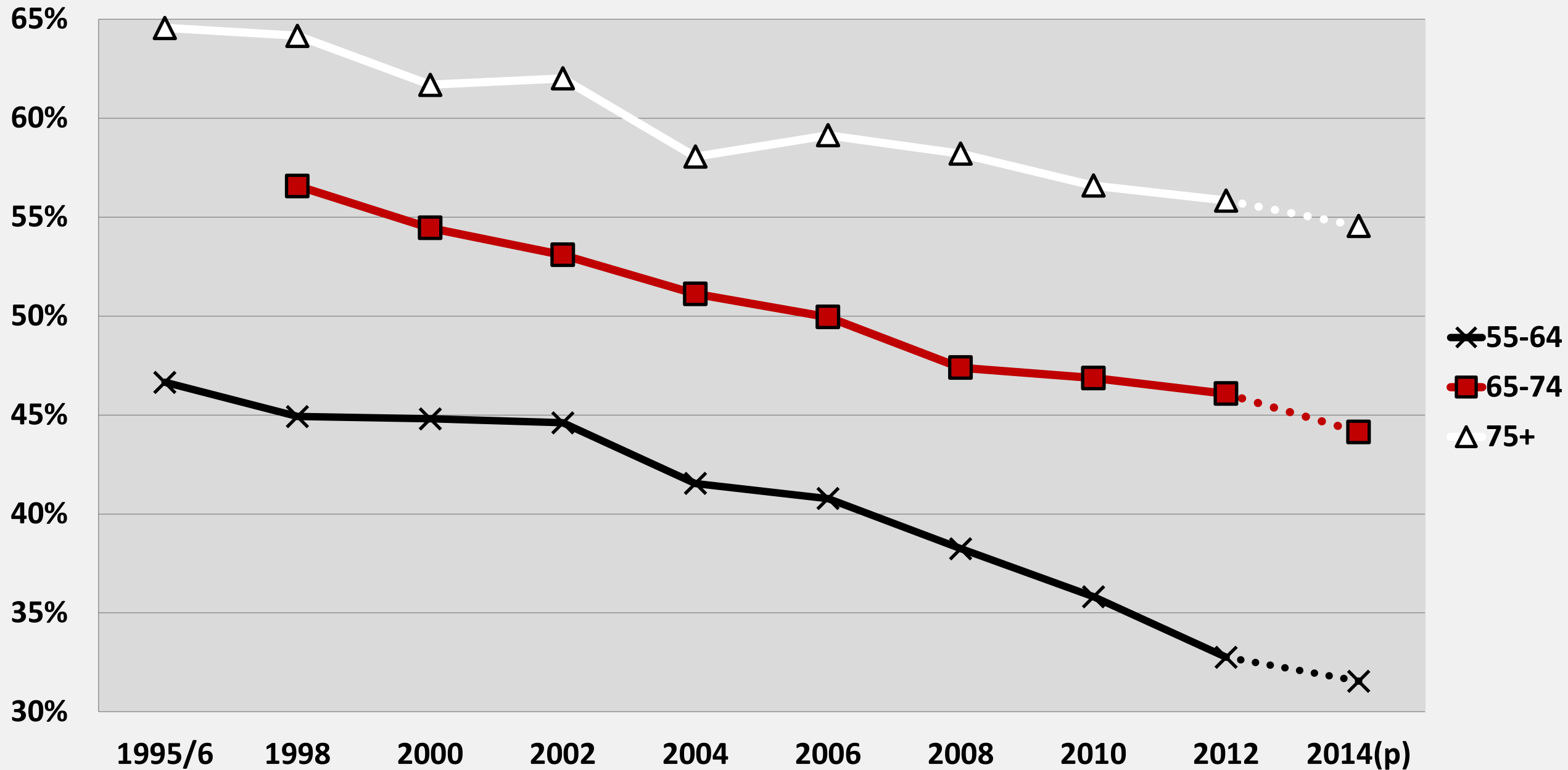
James, R. N., III., Lauderdale, M. K., & Robb, C. A. (2009). The growth of charitable estate planning among Americans nearing retirement. *Financial Services Review*, 18(2), 141-156.

Fig. 1. Self-reported charitable estate planning among adults aged 55–64 (1996–2006 Health and Retirement Study, weighted means).

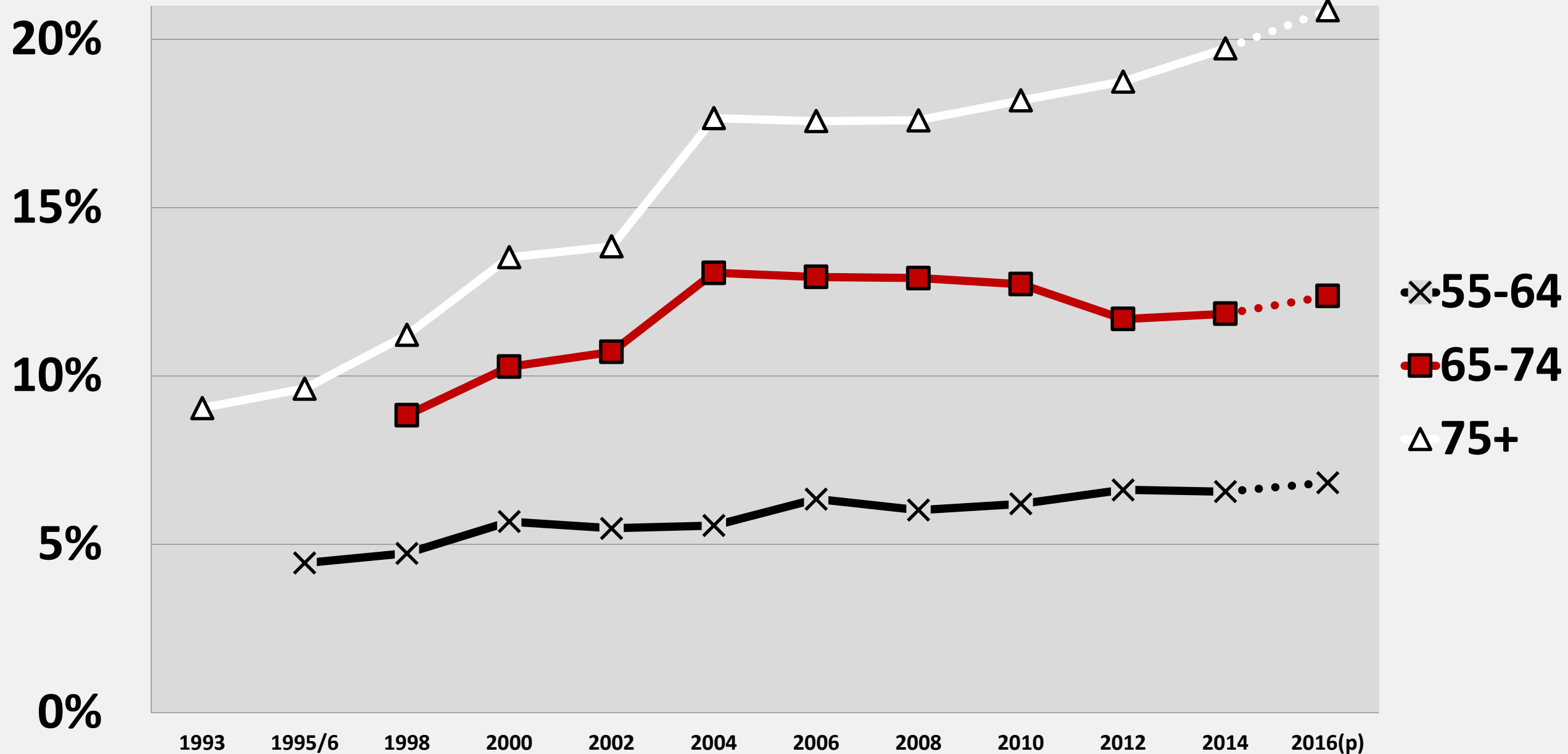
**Possible Cohort Difference 4**  
Baby Boomers might be  
shifting from wills to  
nonprobate transfers rather  
than from wills to trusts



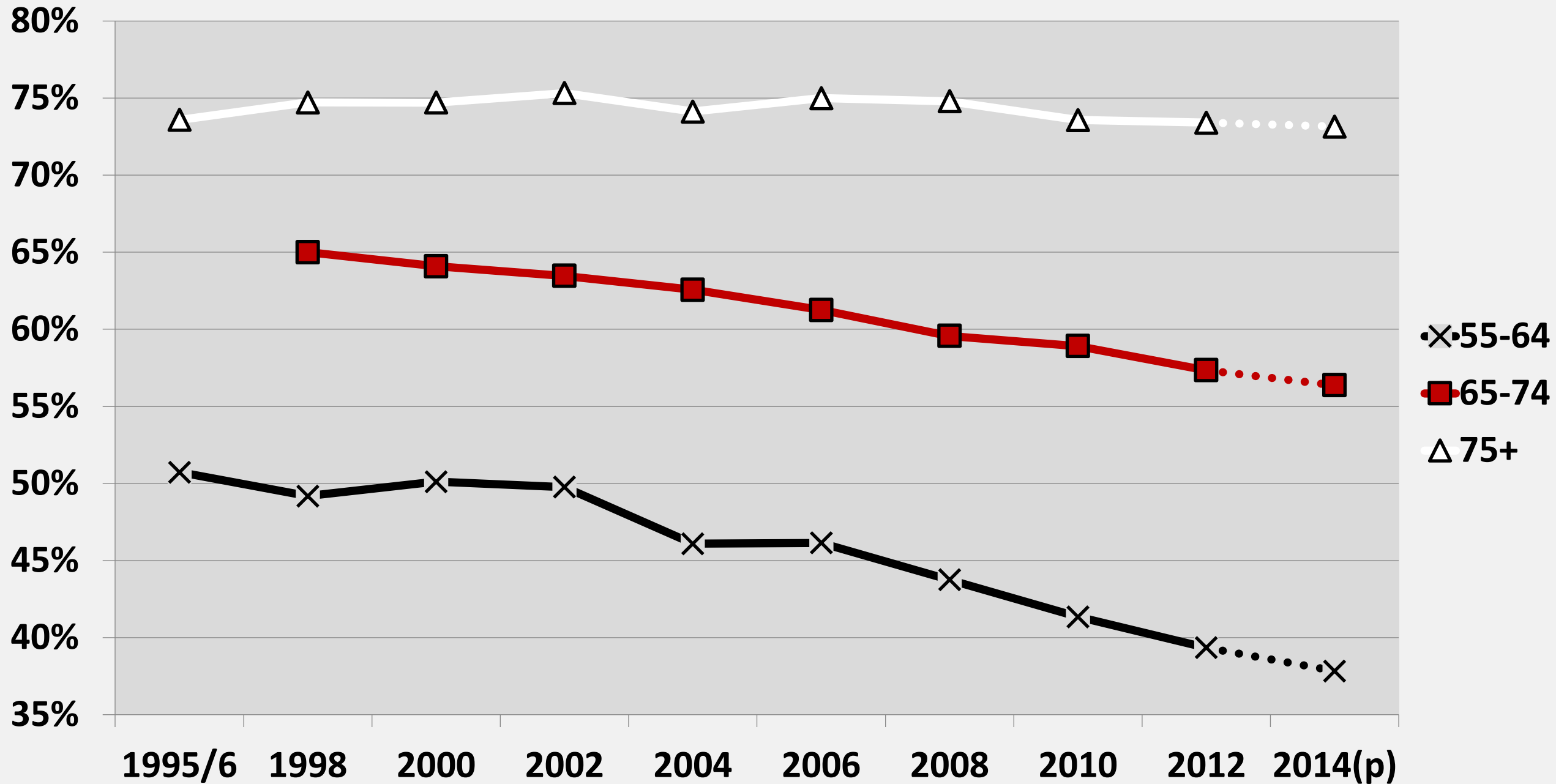
# Age 55+ use of will alone by age segment



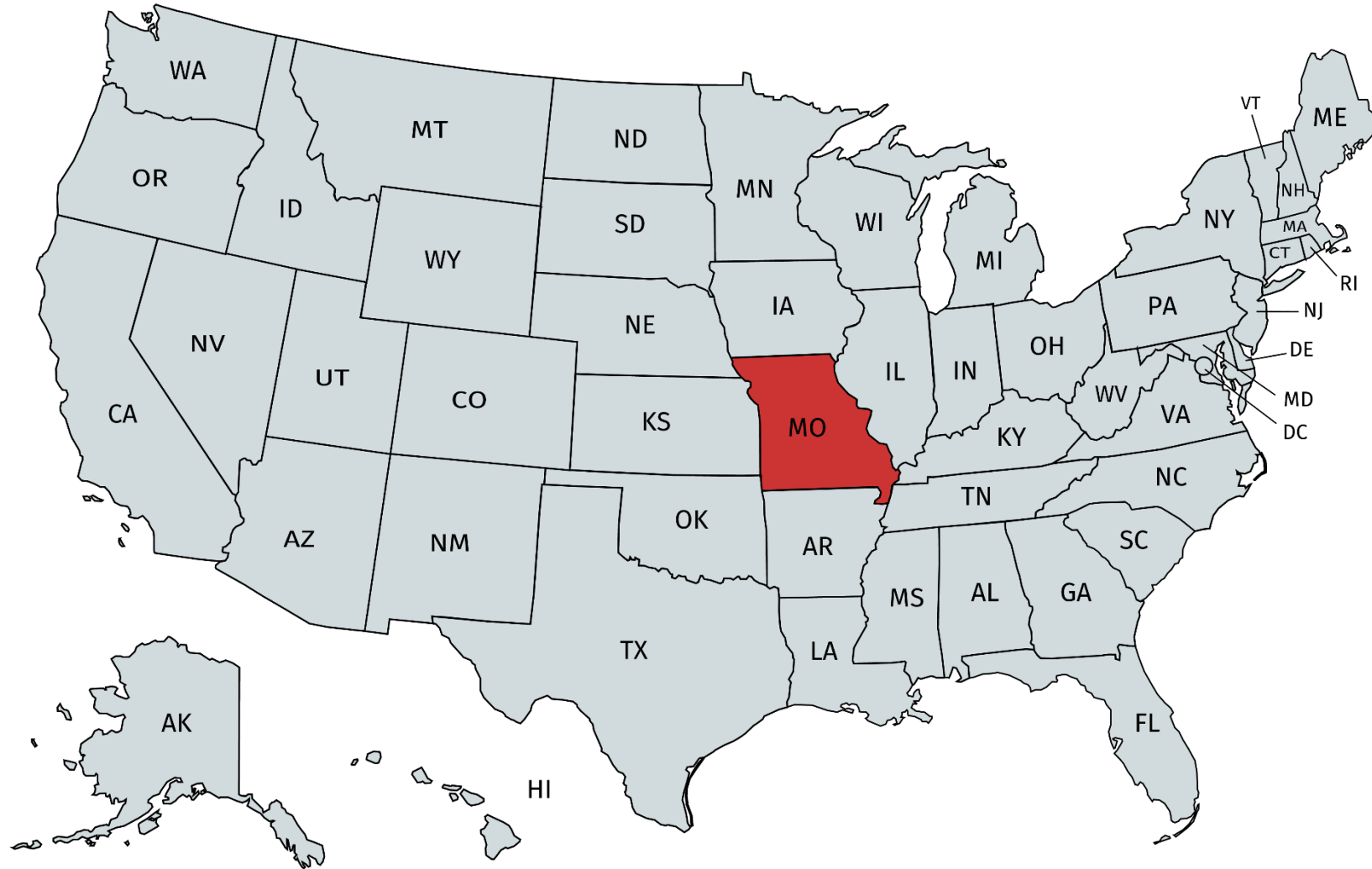
# Age 55+ use of funded trust by age segment



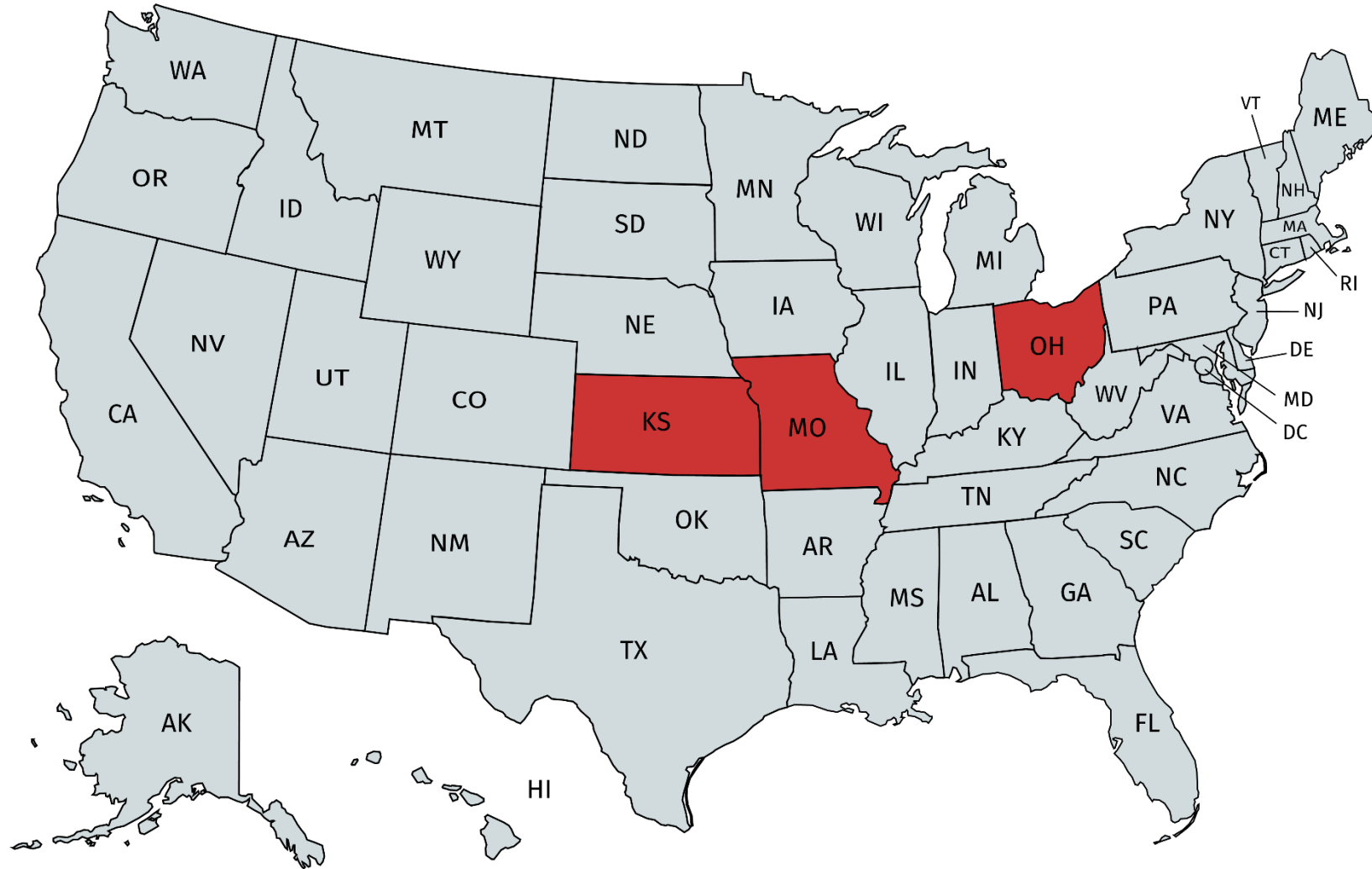
# Age 55+ with a will or trust by age segment



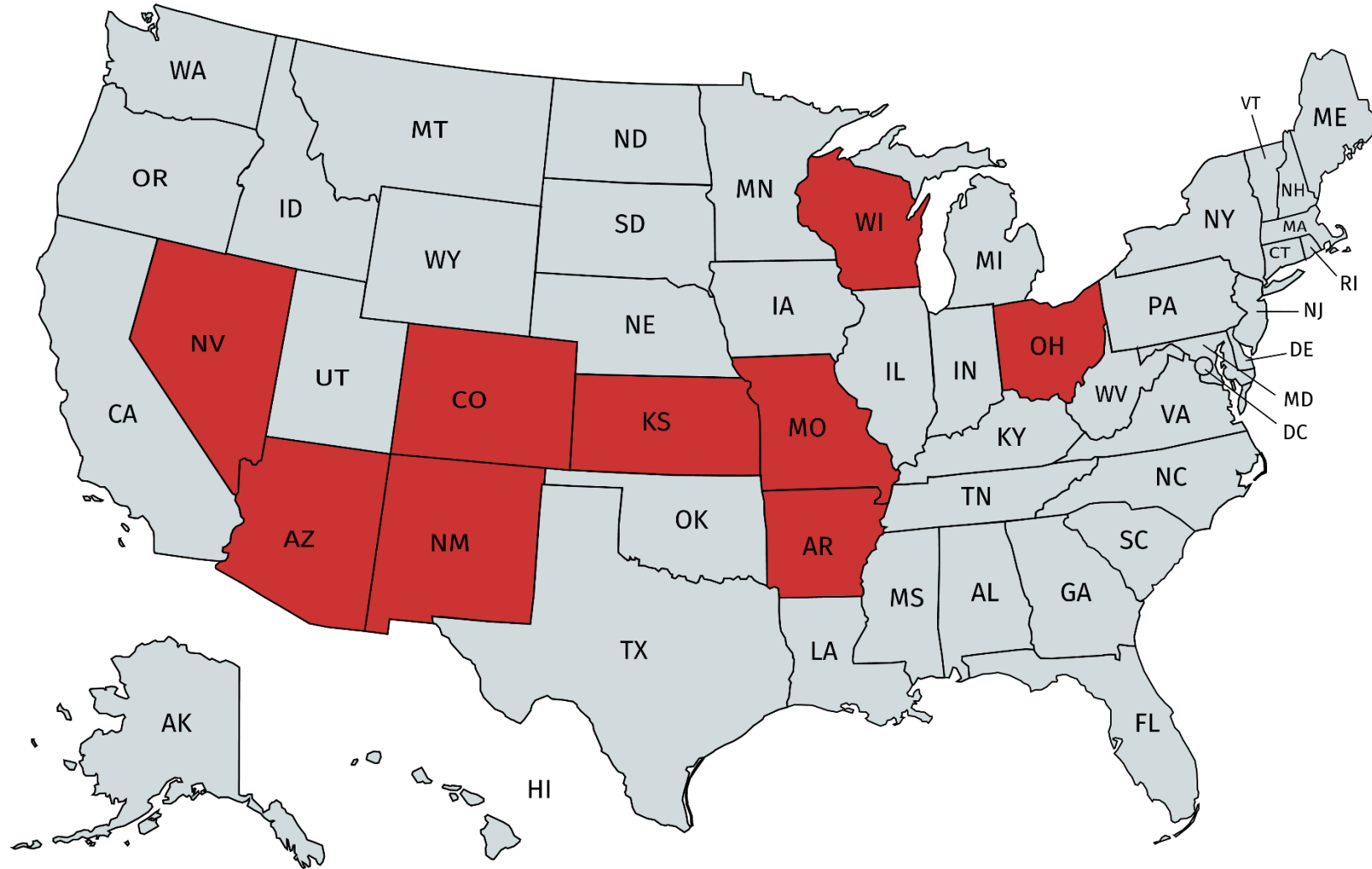
# States allowing “Transfer on Death” deeds in 1995



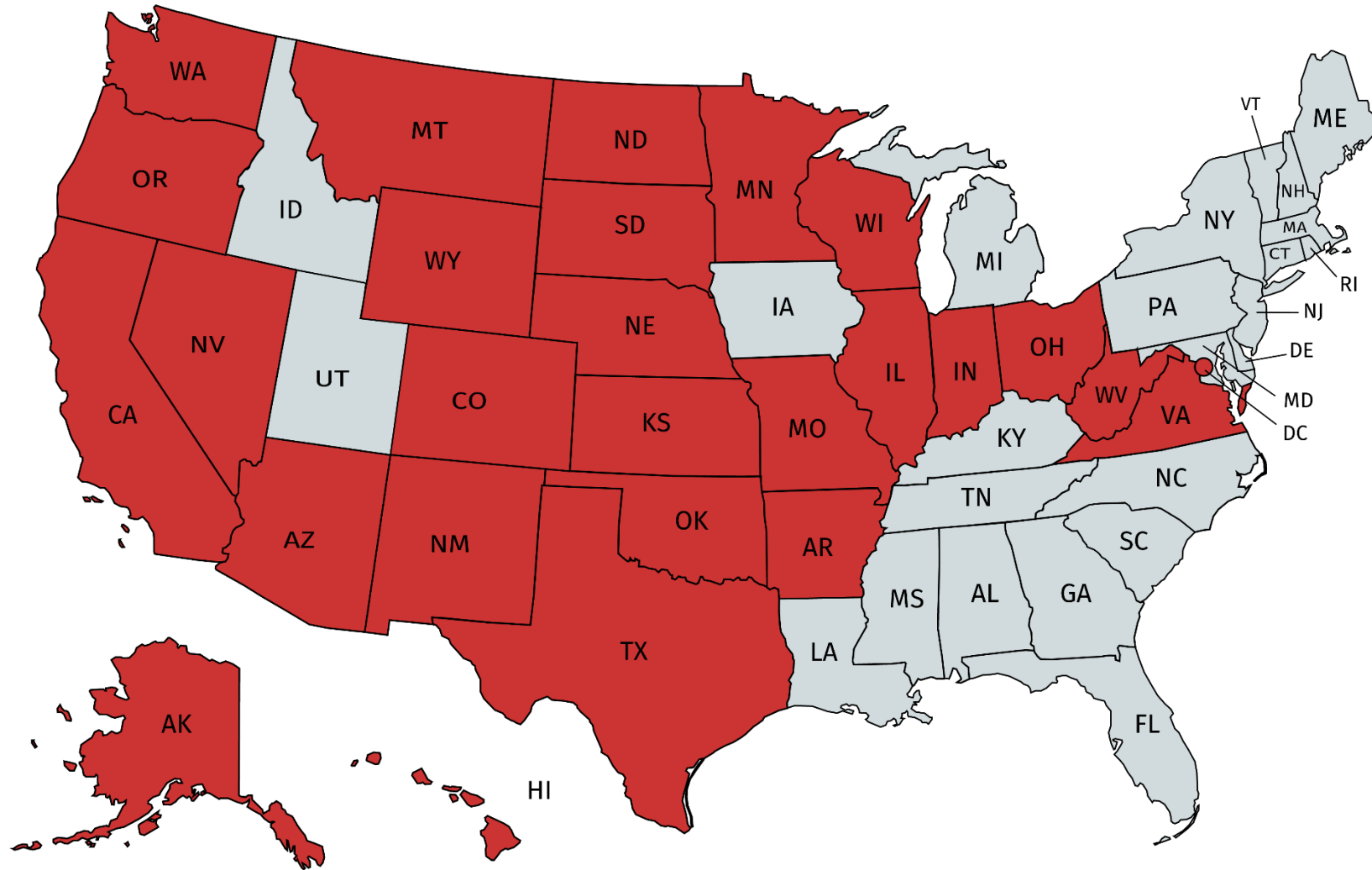
# States allowing “Transfer on Death” deeds in 2000



# States allowing “Transfer on Death” deeds in 2005

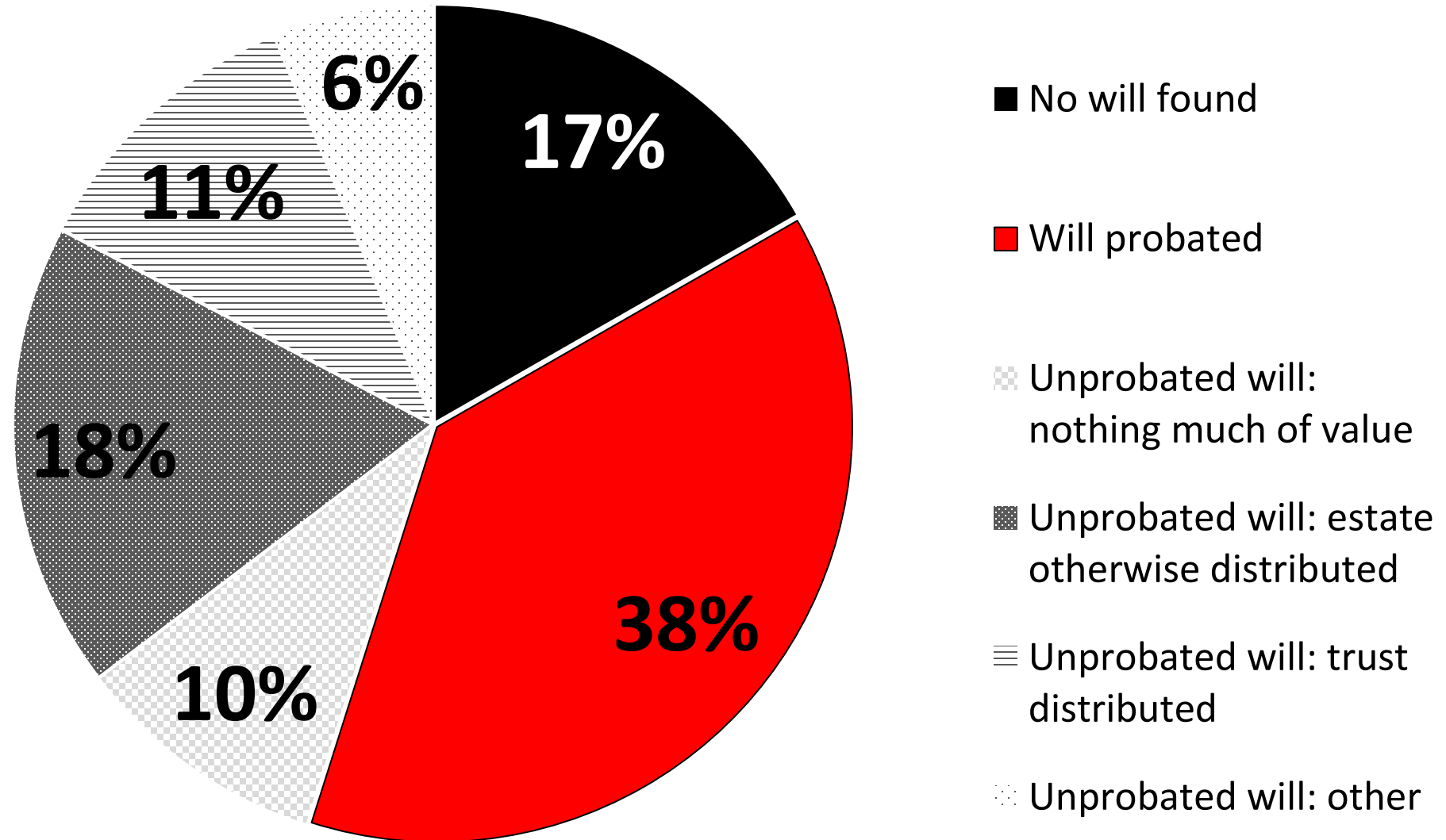


# States allowing “Transfer on Death” deeds today

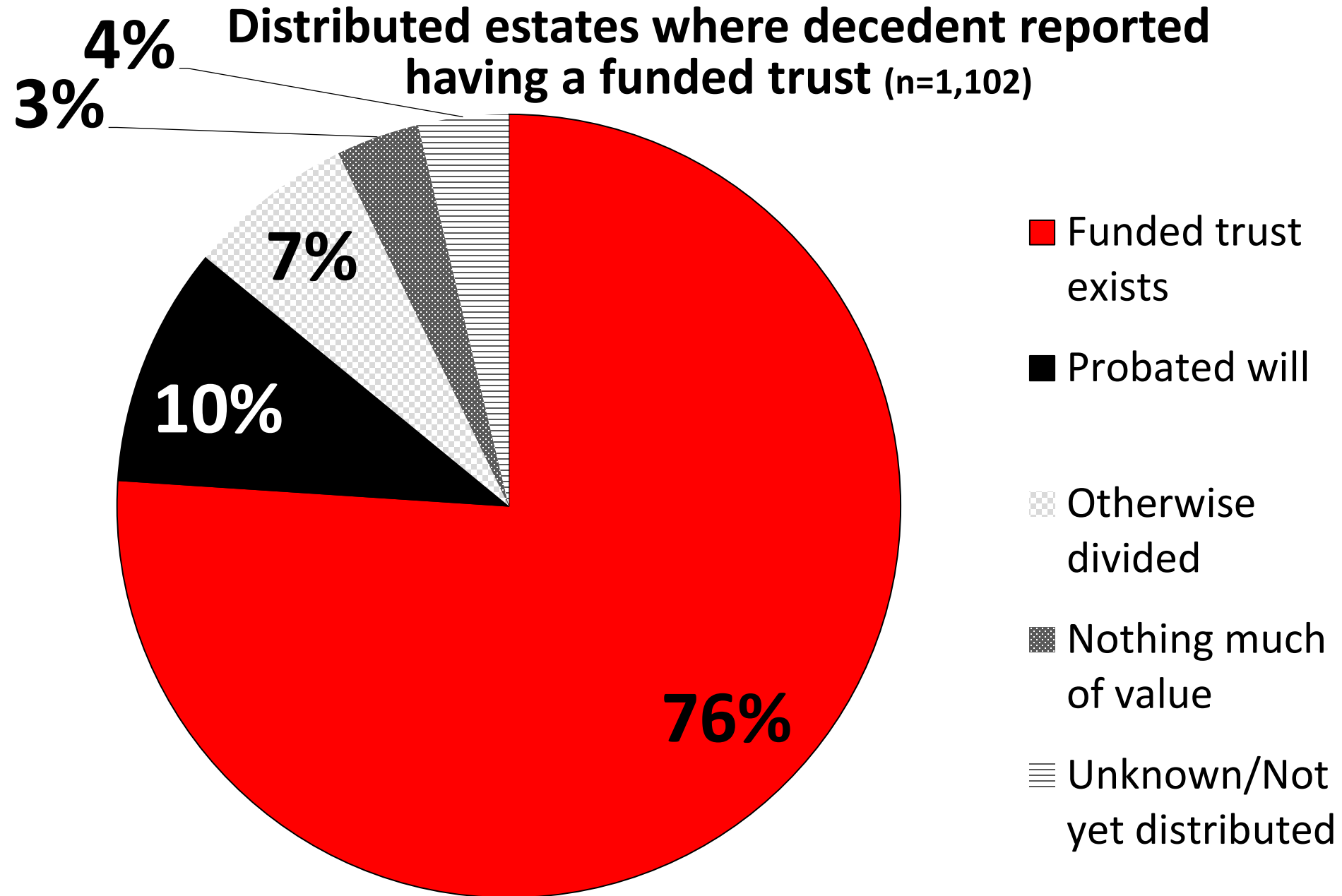


# Reported wills are often unused

Distributed estates where decedent reported having a signed and witnessed will (n=7,150)



# Funded trusts more likely to work



**Q: Is it actually the trust or is it the kind of people who have trusts?**

**A: It's the trust.**

**Table 3. Likelihood of Planned Charitable Estate Gift Fulfillment (Health and Retirement Study 1995-2006)**

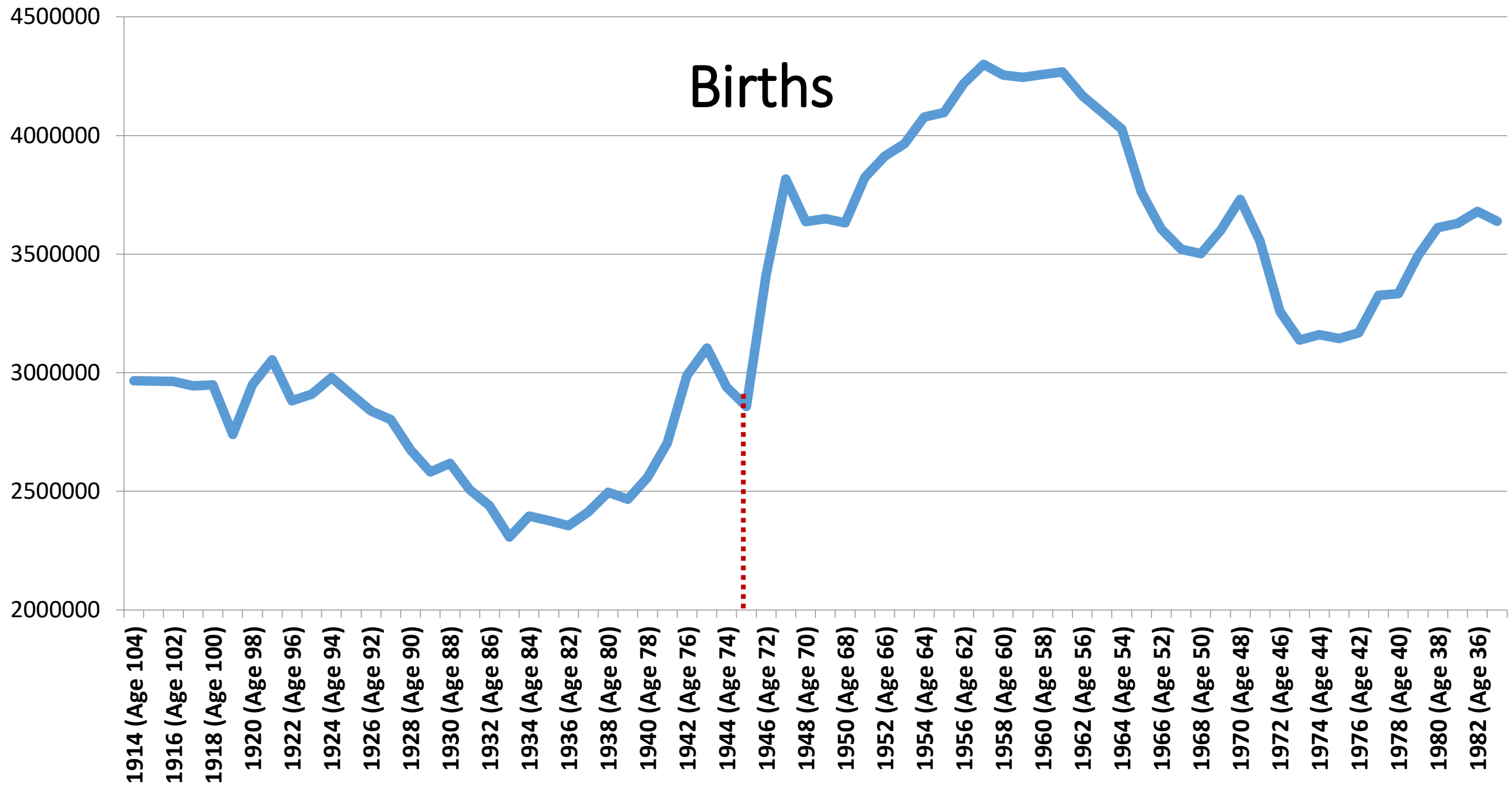
Predicting who actually transferred money to charity among those who reported having a charitable will/trust component in their final pre-death survey

Linear probability model, 298 observations

James, R. N., III. (2009). Wills, trusts, and charitable estate planning: A panel study of document effectiveness. *Journal of Financial Counseling & Planning*, 20(1), 3-14.

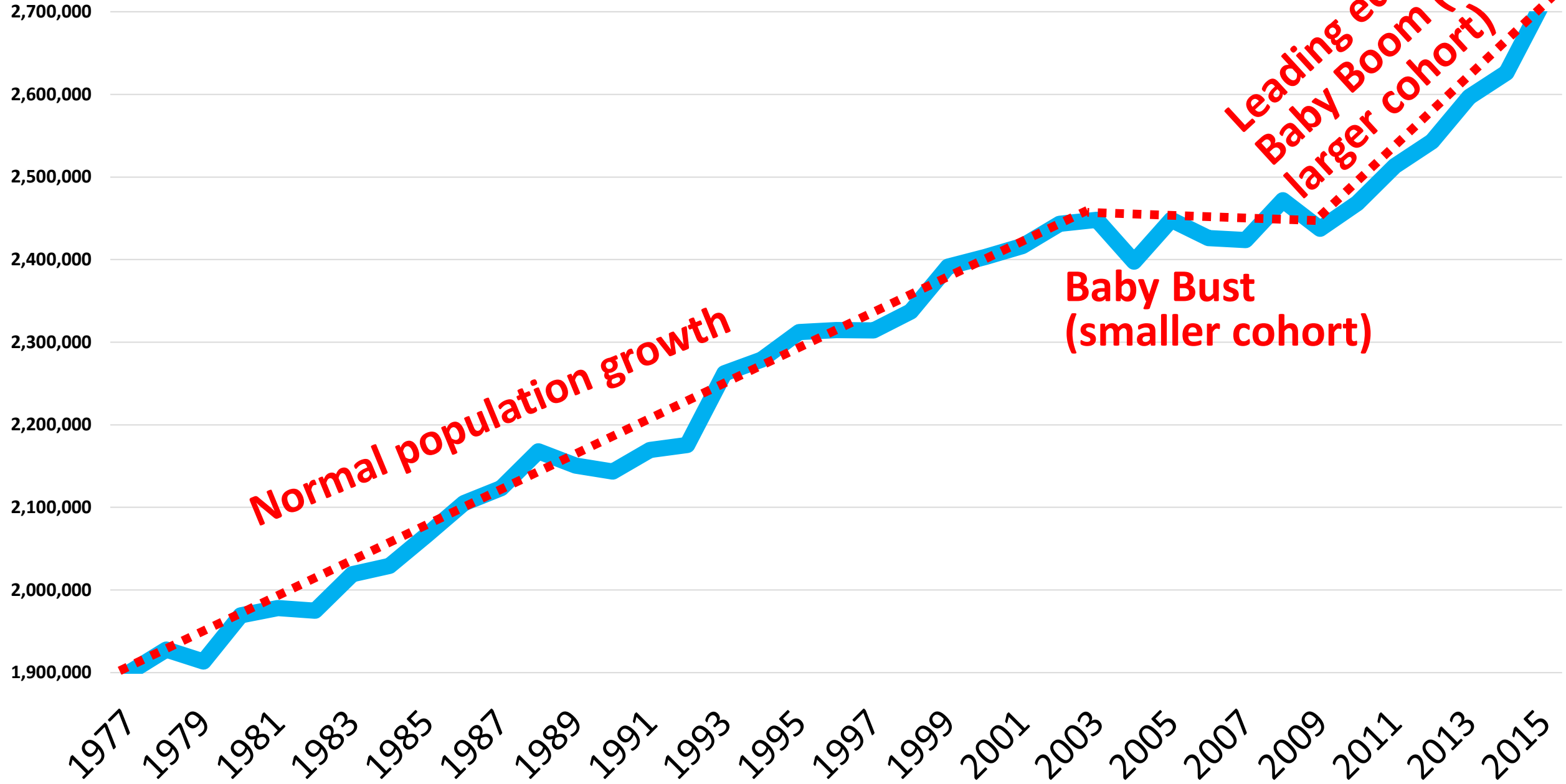
Intercept	0.3532 (0.0328)**	0.3609 (0.0686)**	-0.1882 (0.2913)
I.V. Trust (Funded)	0.2093 (0.0633)**	0.1825 (0.0656)**	0.1461 (0.0629)*
Wealth (100k)		0.0038 (0.0023)	0.0037 (0.0022) †
Self-reported health		-0.0091 (0.0249)	-0.0174 (0.0241)
Income (100k)			0.0435 (0.0198)*
Married			-0.1632 (0.0644)*
Children and grandchildren			-0.1172 (0.0600) †
Children only			-0.2012 (0.1027) †
White			0.0429 (0.168)
Black			-0.1111 (0.2113)
Age			0.0084 (0.0029)**
Male			-0.0405 (0.0599)

# Cohort Difference 5: There's more of them





# Total deaths in U.S.



# Age differences

Baby boomers numerosity will impact CRT creation first, then CGA creation, then bequests realization



CRT Creation  
Peak Age:  
**70-74**



CGA Creation  
Peak Age:  
**75-79**



Realized  
Bequest Peak  
Age: **88**

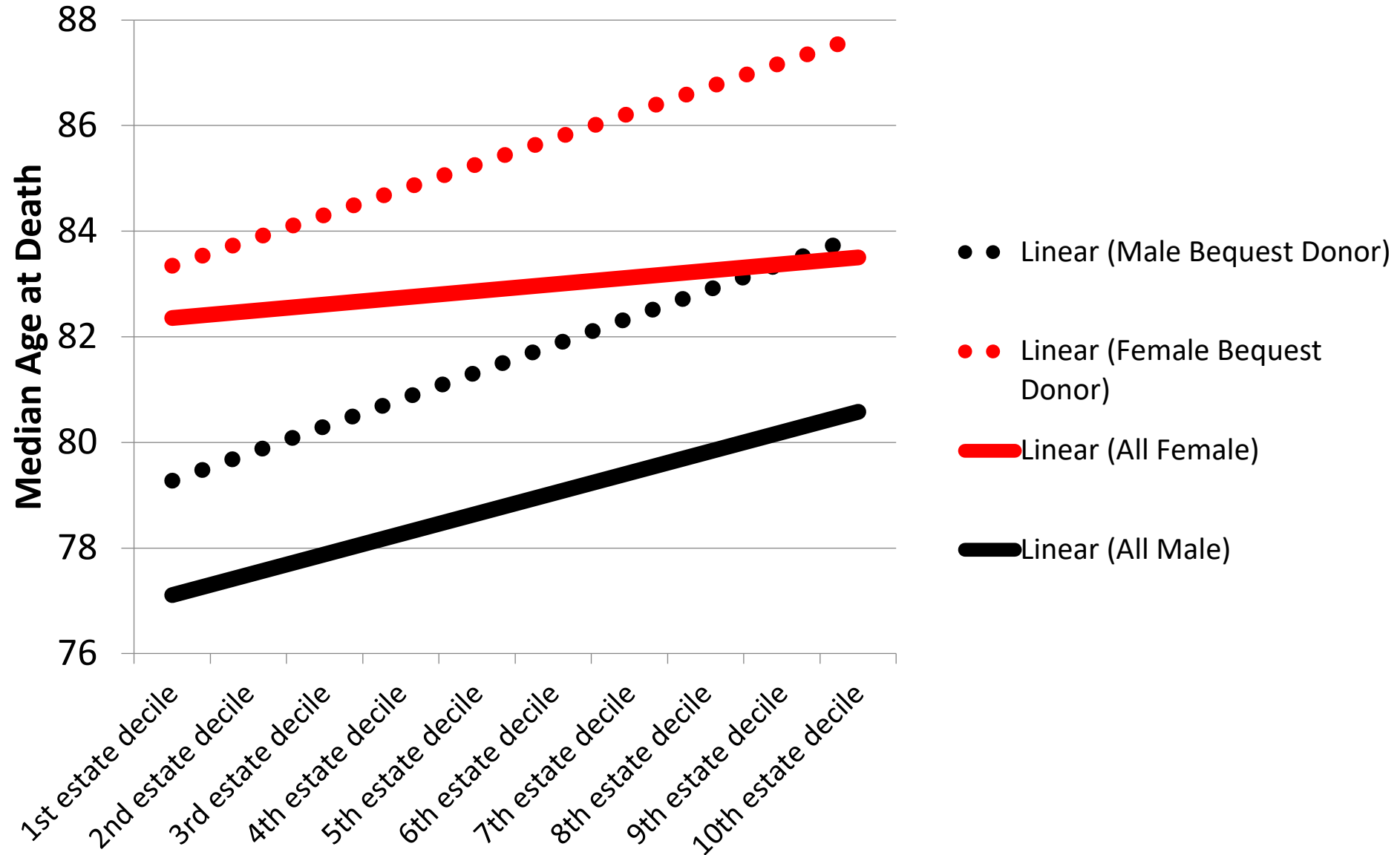


# Darn Kids!

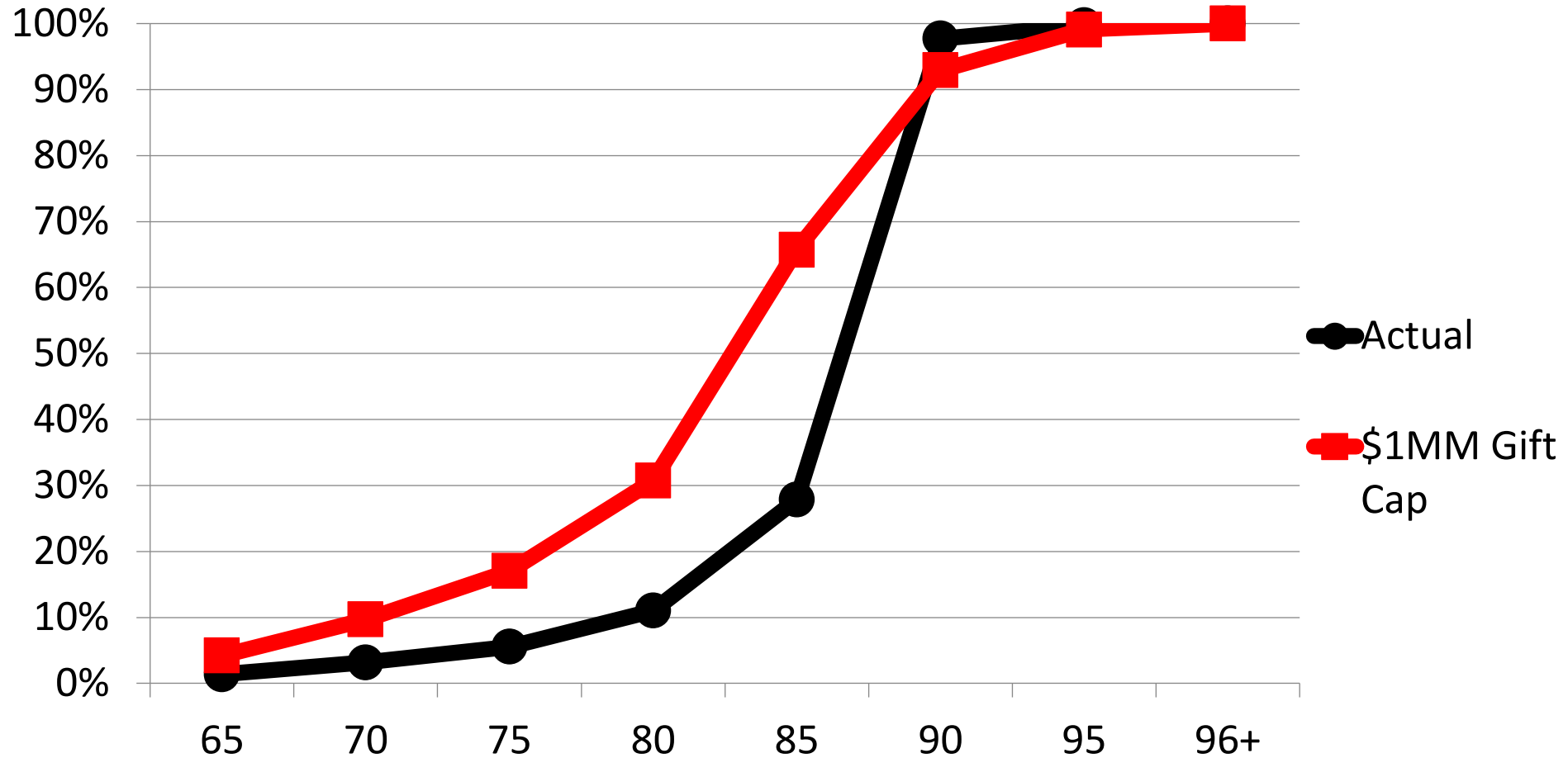
(Baby boomers are still  
too young to impact  
bequest dollars  
received)

Age Differences

# Wealthy people die old. Wealthy bequest donors die even older.

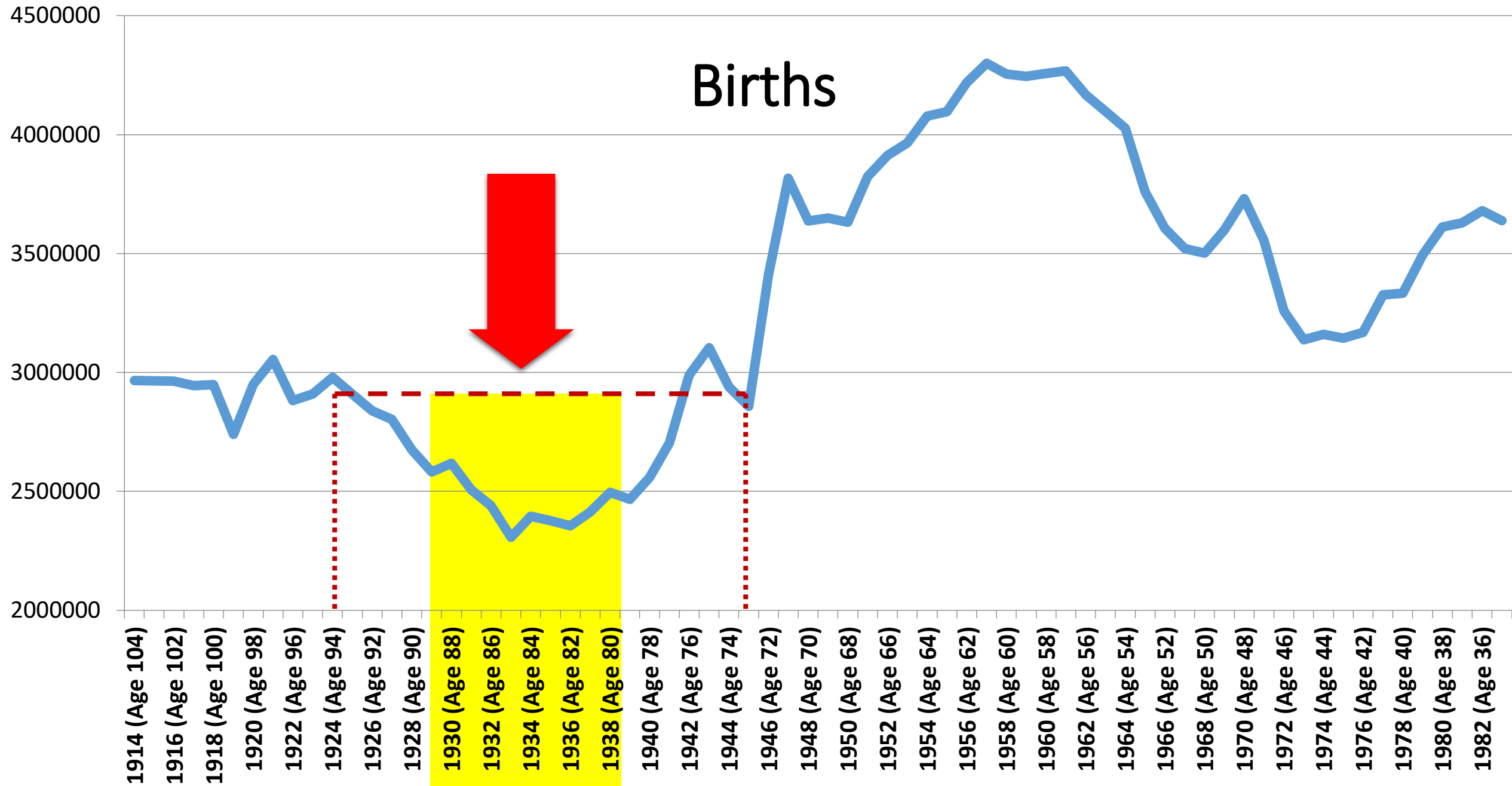


# Cumulative share of charitable bequest dollars by donor age at death (12,238 decedents)

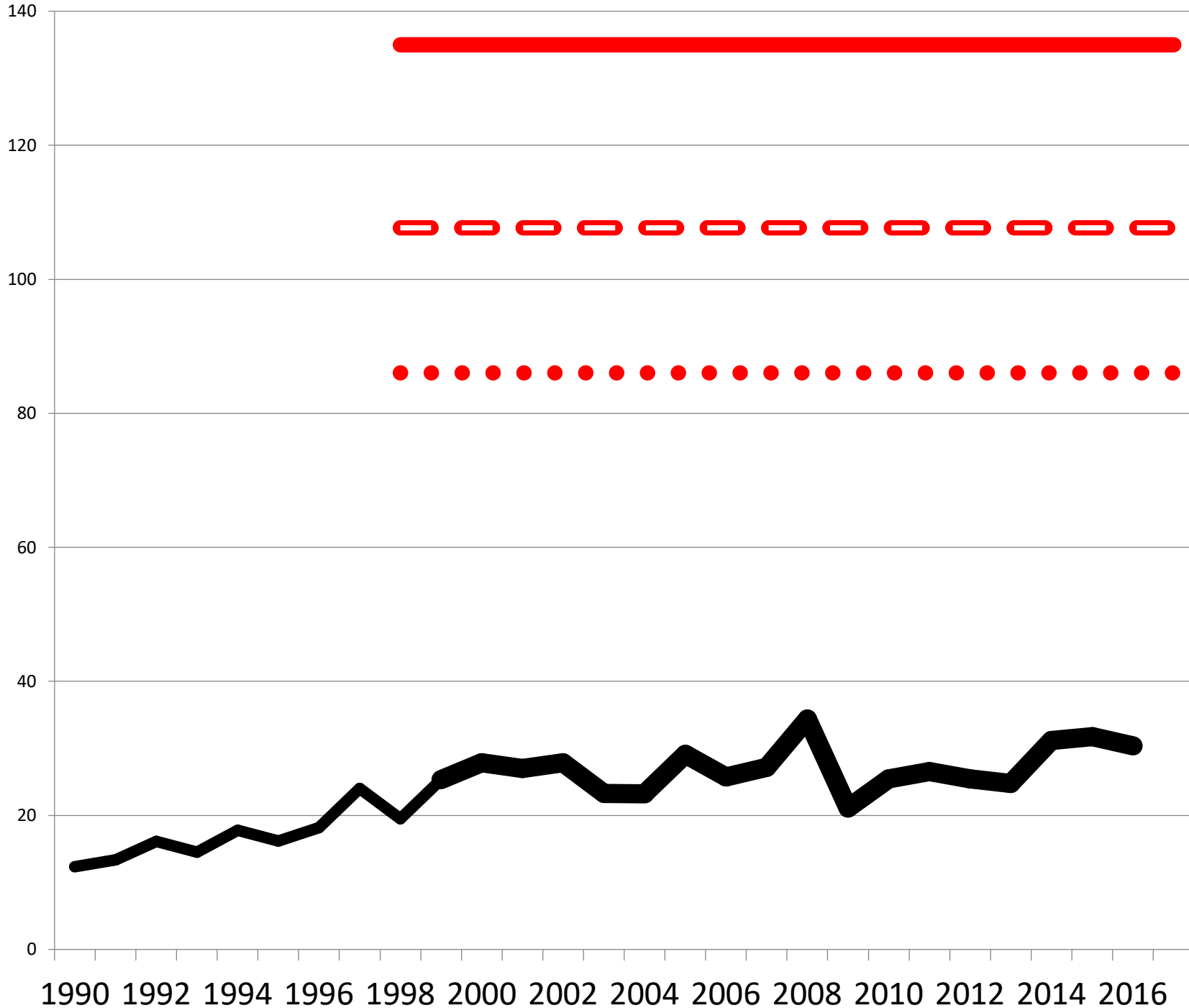


**70-90% of charitable bequest dollars come from decedents aged 80+**

# The “baby bust” is driving current bequest transfers



**\$ Billions Annually**



# Charitable bequests: Predicted v. Received

- Est. High ('98-'17)
- Est. Middle ('98-'17)
- • Est. Low ('98-'17)
- Charitable bequests received

Estimated annually is 1/20 of 20 year estimated total from P.G. Schervish and J. J. Havens (1999) "Millionaires and the millenium: New estimates of the forthcoming wealth transfer and the prospects for a golden age of philanthropy". Bequests received are inflation-adjusted numbers from Giving USA 2016

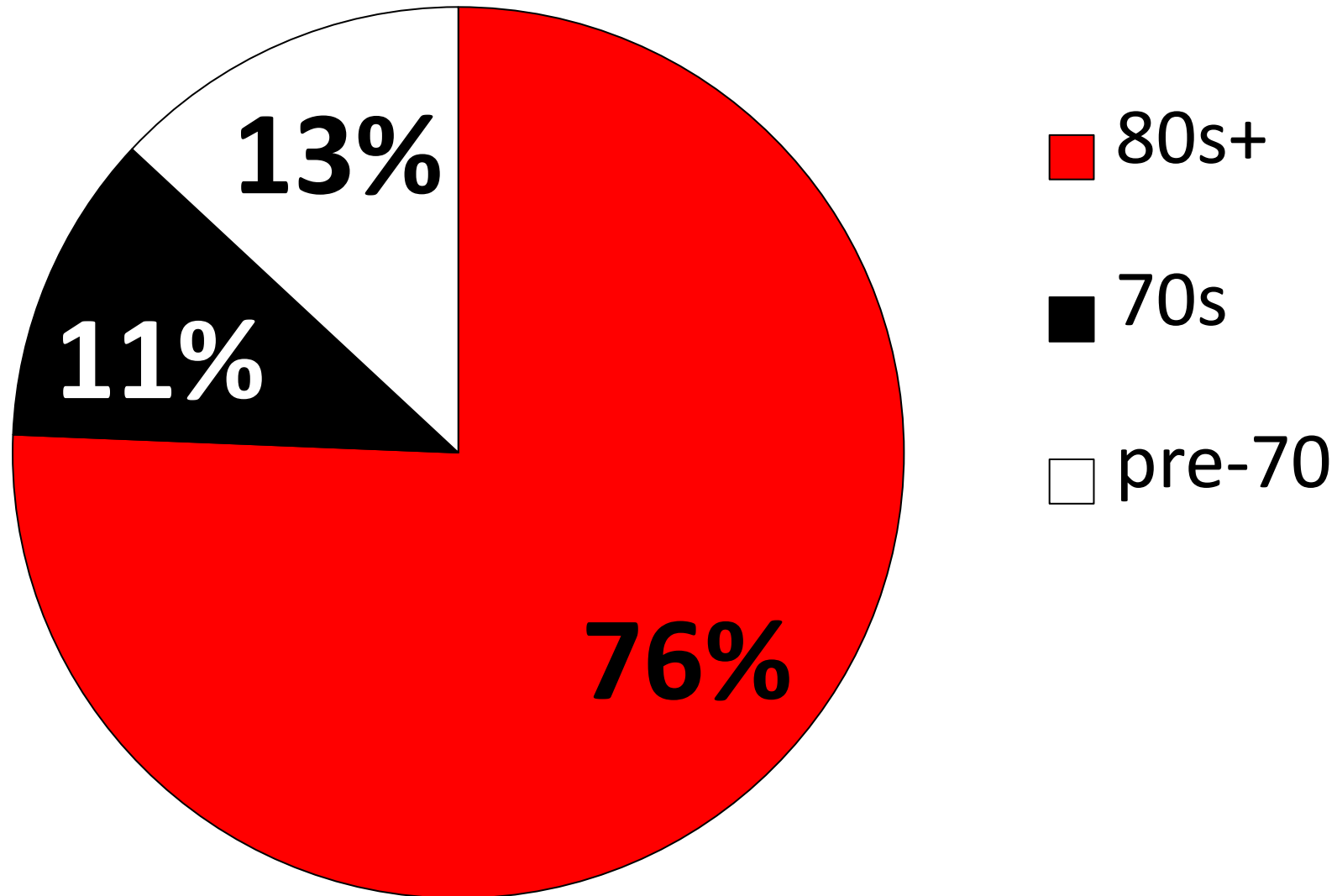
Baby boomers haven't yet signed the estate planning documents that will ACTUALLY transfer dollars to charity



The score doesn't count until the clock runs out

# Age at Will Signing

(by share of total charitable bequest \$ transferred)

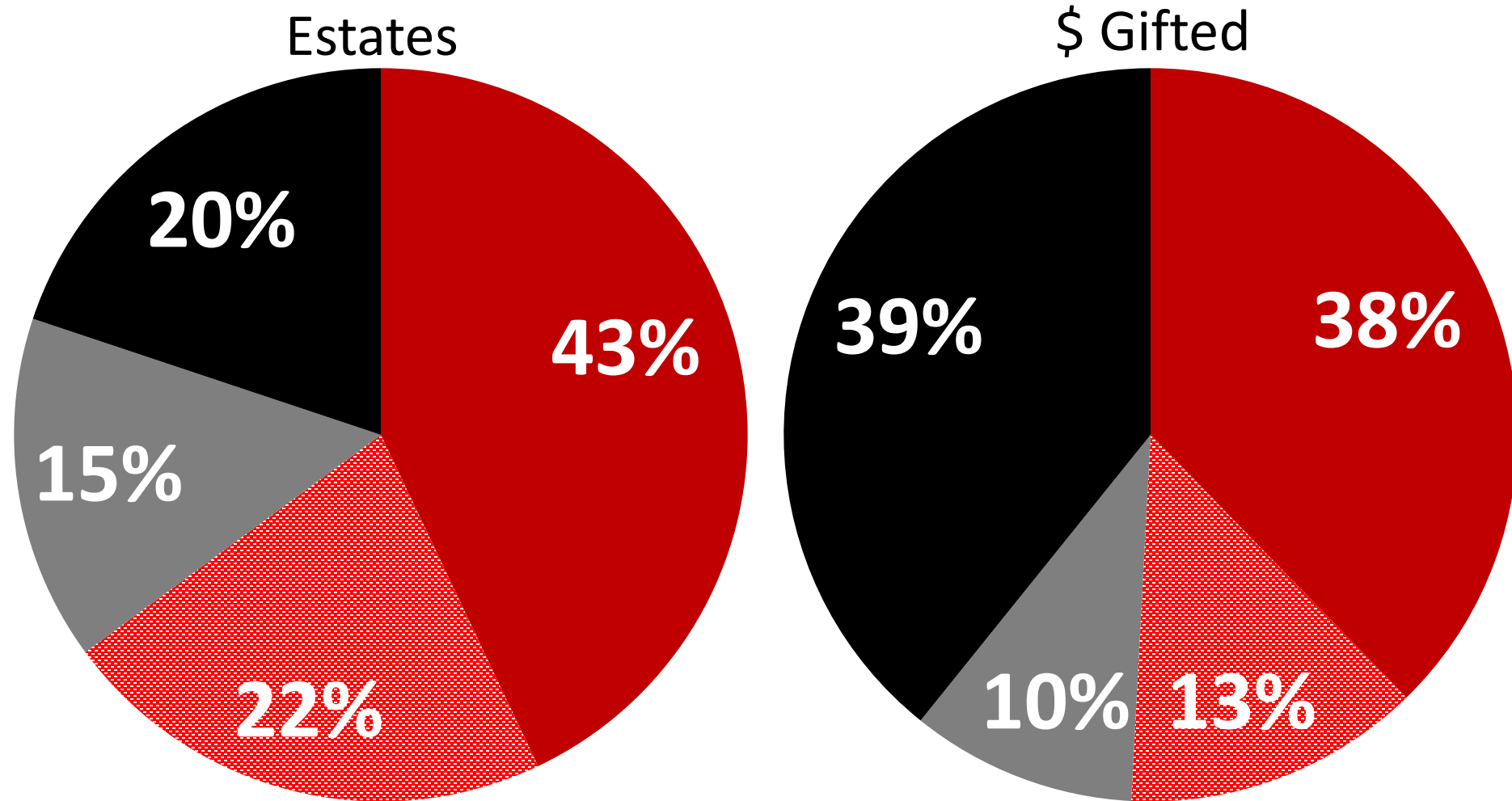


# Top 100 UK Fundraising Charities (overall) receiving 40% or more of their total fundraising income from bequests:

Charities receiving the largest share of bequest dollars often represent causes naturally in front of people in their 80s, e.g., pets and age-related healthcare concerns

91%	Battersea Dogs & Cats Home
80%	The Donkey Sanctuary
74%	Arthritis Research Campaign
72%	Erskine (veterans health care)
68%	Royal National Institute for Deaf People
64%	Royal National Lifeboat Institution (coast guard)
64%	Royal Society for Prevention of Cruelty to Animals
62%	Cats Protection
62%	Guide Dogs for the Blind
60%	St. Dunstan's (blind veterans)
59%	Parkinson's Disease Society of the UK
59%	Royal National Institute of Blind People
57%	Blue Cross/Our Dumb Friends League (pets)
50%	PDSA (veterinary charity)
49%	Help the Aged
48%	Barnardo's (UK children's poverty charity)
47%	Multiple Sclerosis Society
44%	Sue Ryder Care (hospice)
44%	The National Trust (historic buildings)
43%	Diabetes UK
43%	Cancer Research UK
42%	The Stroke Association
42%	Motor Neurone Disease Association
42%	Leonard Cheshire Disability (disabled people)
41%	Royal Society for Protection of Birds
41%	Christie Hospital Charitable Fund (cancer)

# Most realized charitable plans (in red) added within 5 years of death



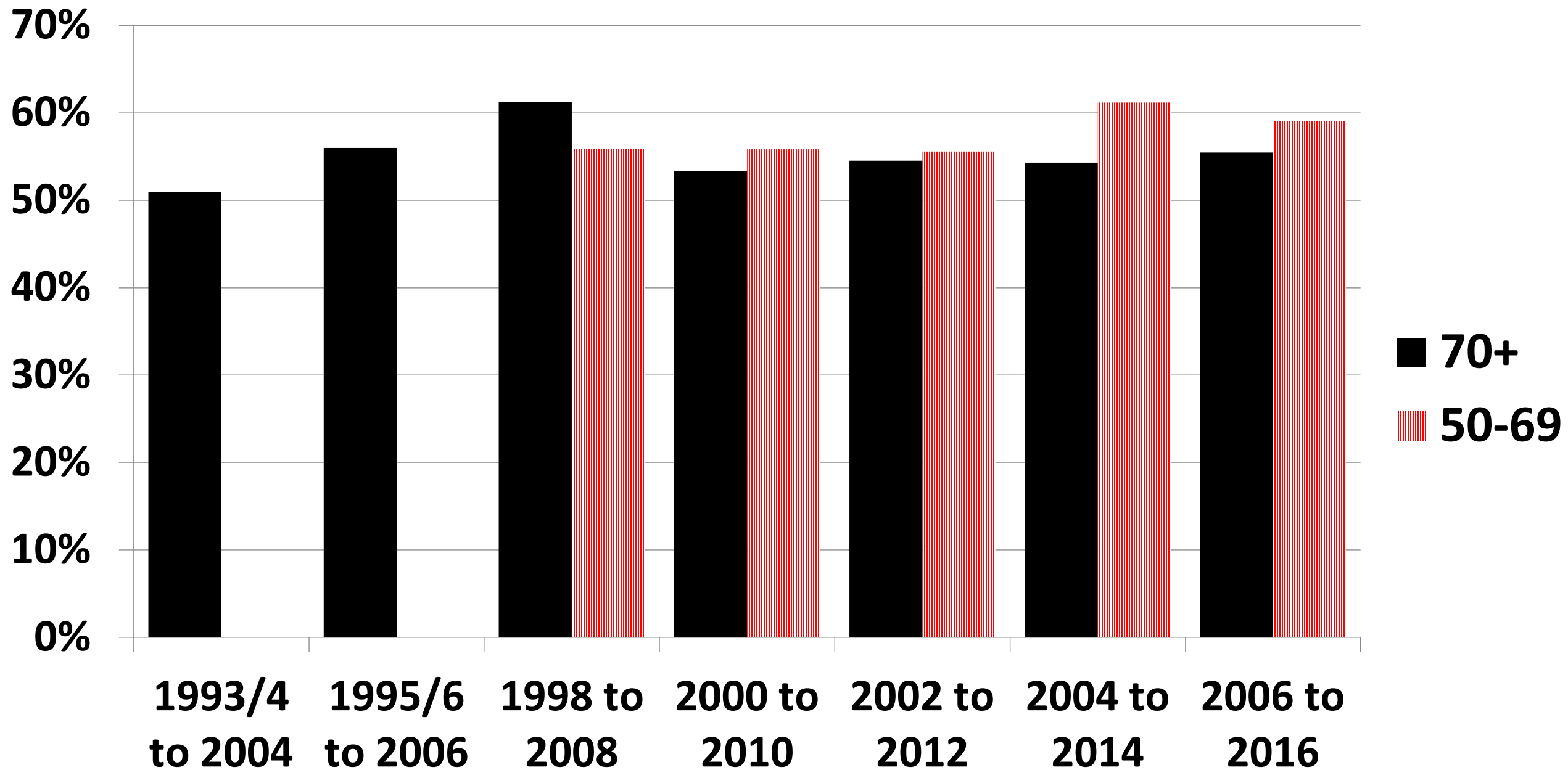
■ Last "no charity" 0-2 years pre-death ■ Last "no charity" 2-5 years pre-death  
■ Last "no charity" 5+ years pre-death ■ Always reported charity in plan

A 5% national sample of 2012 probate records in Australia showed an estimated

- 31% of charitable wills were signed within **2 years** of death
- 60% were signed within **5 years** of death



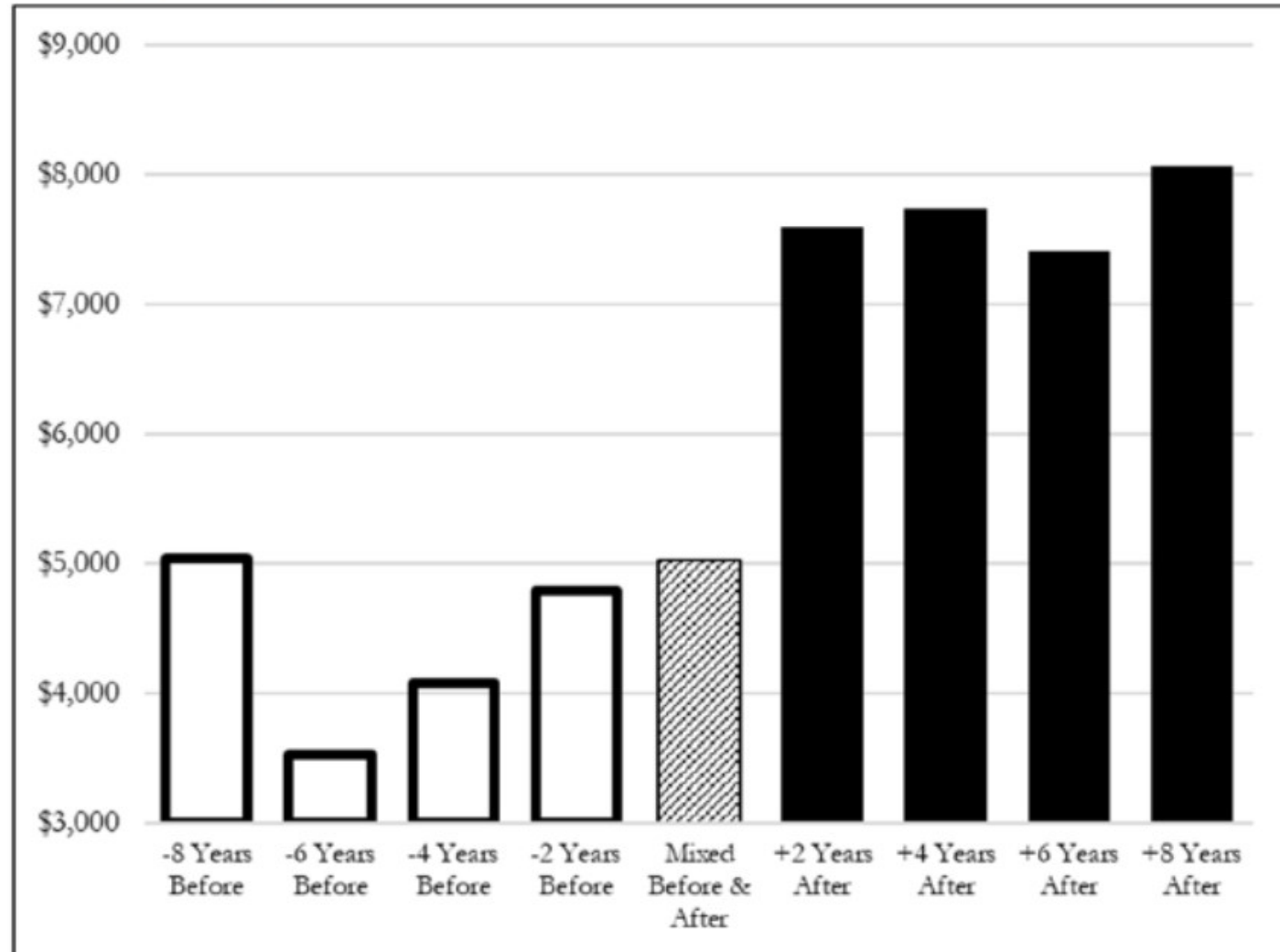
# 10-Year Retention of Charitable Estate Component



It's still good to get into Boomer plans, because although most charitable plans were added within 5 years of death, **ONE** longer-term plan was worth **THREE** first made in the final two years of life.



Figure 1. Average Annual Charitable Donations Before and After Adding Charity to an Estate Plan



UC DAVIS LAW REVIEW

### The Emerging Potential of Longitudinal Empirical Research in Estate Planning: Examples from Charitable Bequests

Russell N. James III\*

Traditionally, empirical analysis of estate planning has been limited to data from probate or estate tax records along with occasional one-time surveys of current plans or opinions. Additionally, the internet now allows easy access to online convenience samples of survey-takers. However, each of these sources has problematic features. Estate tax returns include only the wealthiest estates, and individual-level data is confidential. Probate data is time-consuming to access and includes information only for one specific location. Popular internet panels, although potentially useful for experiments, are not nationally representative.

Today, an important additional source of data, The Health and Retirement Study ("HRS") is available. It provides high-quality, nationally representative, longitudinal information on participants' estate planning. It not only tracks changes throughout the participants' lives but also includes details of subsequent post-mortem transfers. Critically, this study, originating in 1992, has now accumulated a sufficient number of deceased participants (over 14,000) to permit sophisticated analyses of post-mortem wealth transfers. This Article reviews the advantages of HRS data for empirical research in estate planning and demonstrates the new types of analyses that are now possible. It does so by comprehensively outlining current knowledge regarding charitable bequests gleaned from both new and previous analyses of this data. By illustrating how much this data can illuminate one particular estate planning decision (charitable bequests), this Article is intended to spur those interested in the empirical analysis of estate planning to make further use of it.

\* Copyright © 2020 Russell N. James III, Professor and CH Foundation Chair in Personal Financial Planning, Texas Tech University; B.A., Economics, Ph.D., Consumer Economics, University of Missouri-Columbia, J.D., University of Missouri School of Law.



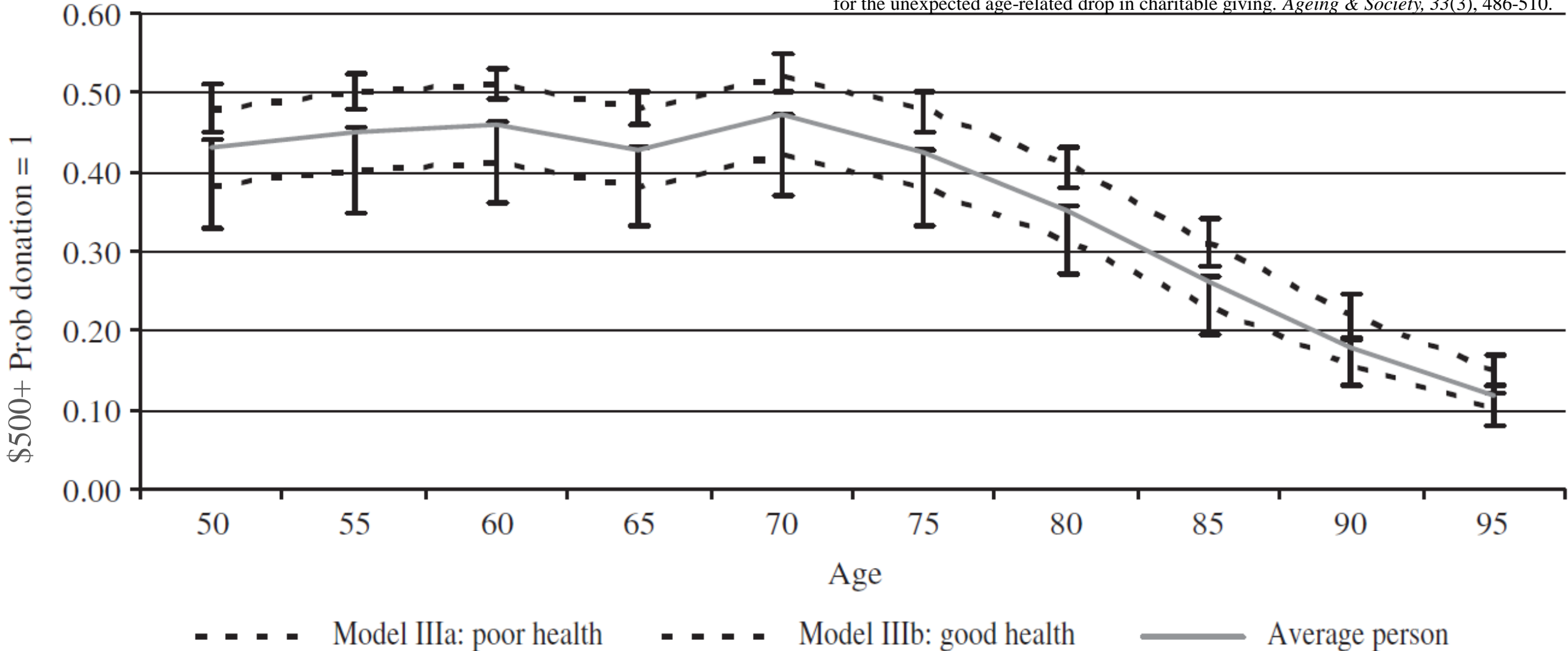
**Age difference just ahead  
for boomers:**

**Donation propensity peaks  
at about age 75 then falls**

**Why?**

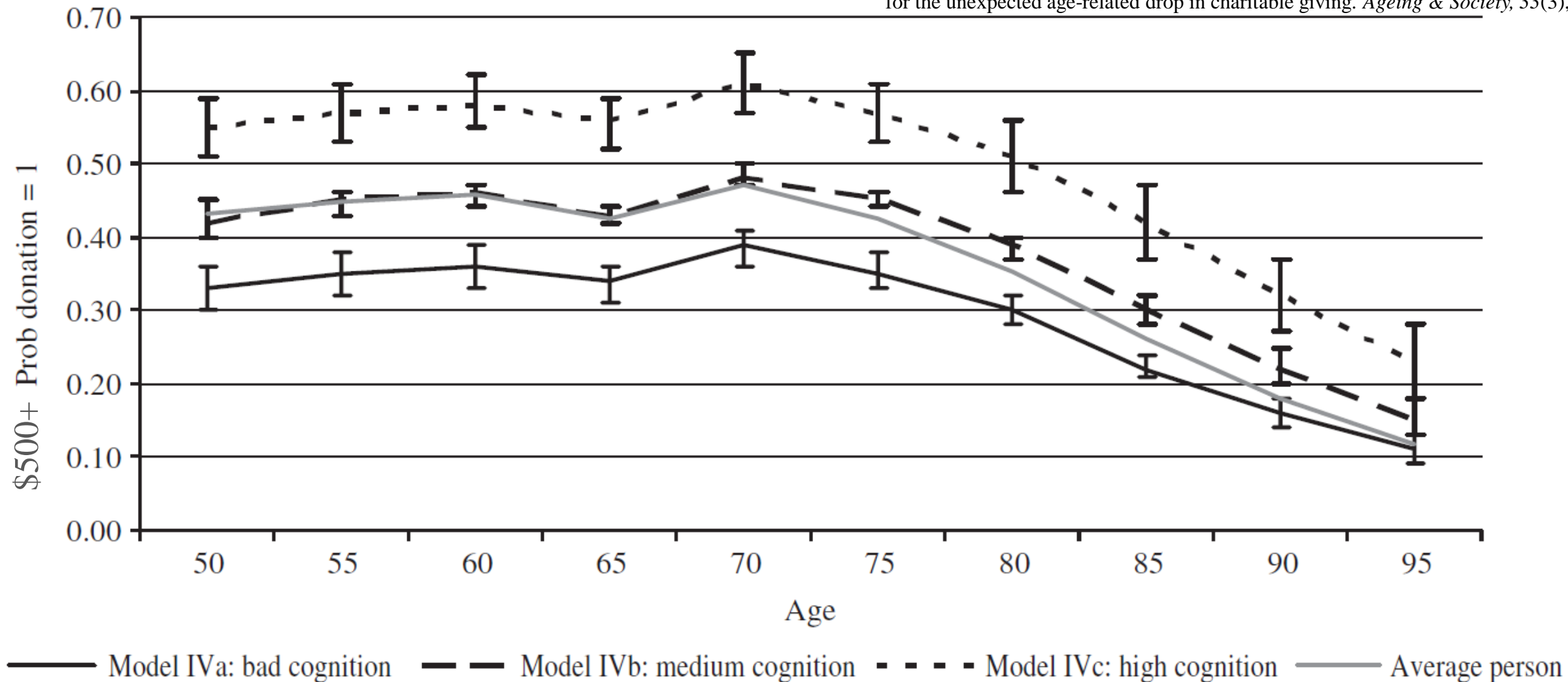
# Donation propensity falls sharply for all self-reported health levels starting at 75

Wiepking, P. & James, R. N., III (2013). Why are the oldest old less generous? Explanations for the unexpected age-related drop in charitable giving. *Ageing & Society*, 33(3), 486-510.



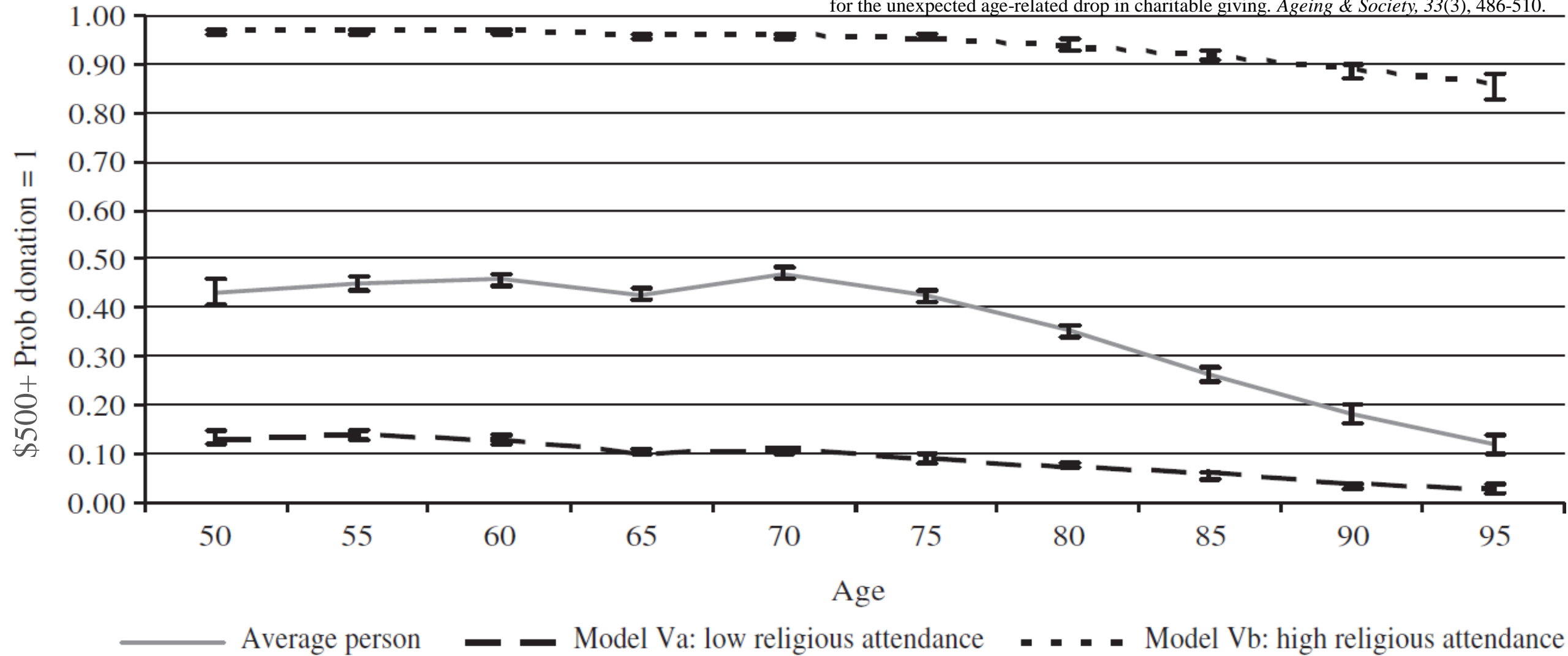
# Donation propensity falls sharply for all cognitive ability levels and people shift into lower levels starting at 75

Wiepking, P. & James, R. N., III (2013). Why are the oldest old less generous? Explanations for the unexpected age-related drop in charitable giving. *Ageing & Society*, 33(3), 486-510.



# Donation propensity does not fall sharply within religious attendance groups, but people shift to low attendance starting at 75

Wiepking, P. & James, R. N., III (2013). Why are the oldest old less generous? Explanations for the unexpected age-related drop in charitable giving. *Ageing & Society*, 33(3), 486-510.

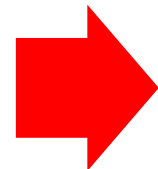


**Agree to make a gift**  
**Refuse to make a gift**  
**Avoid the giving decision**

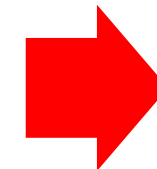


**Being asked is a  
critical factor**

**Attending  
religious services**



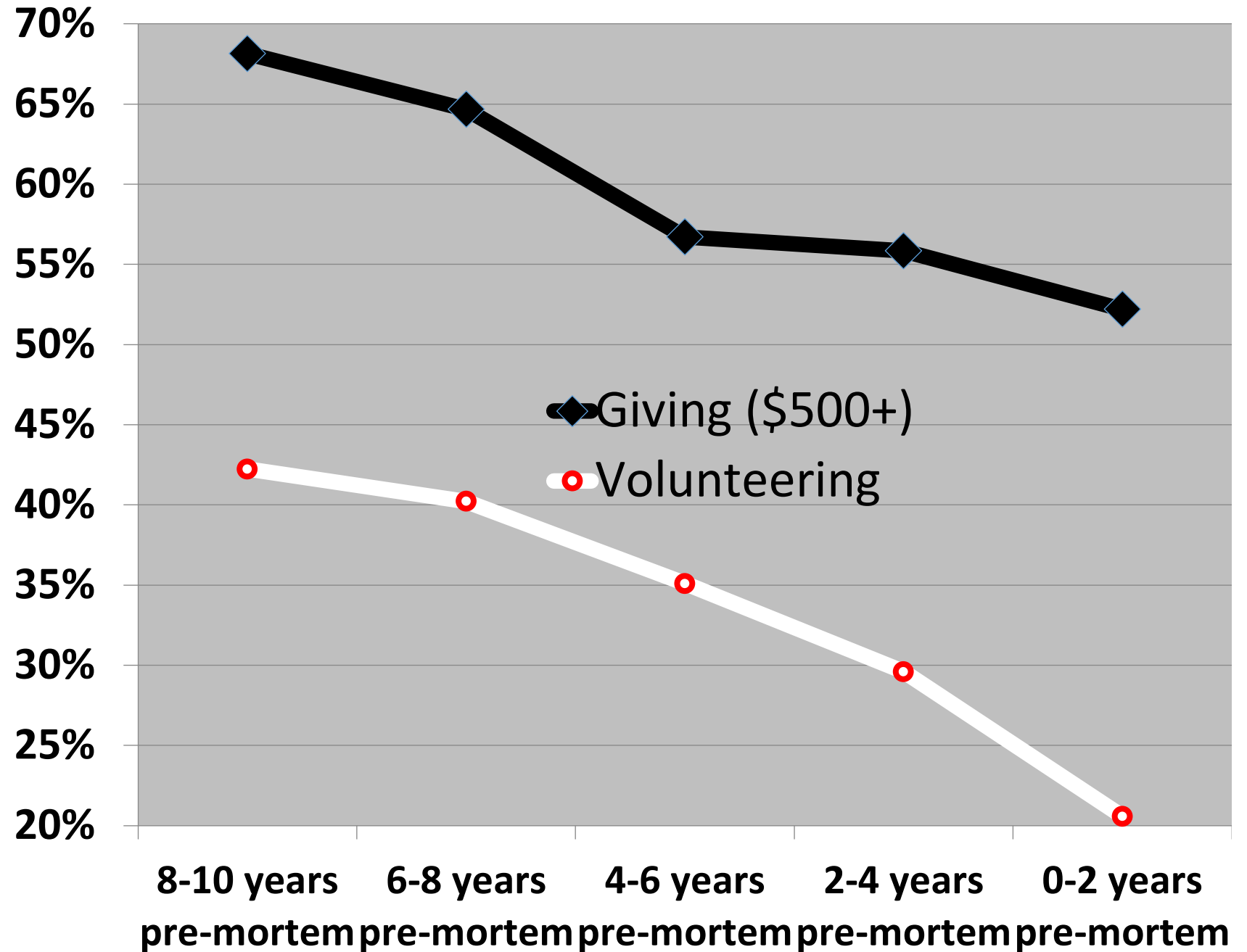
**Socially relevant  
donation requests**



**Charitable giving**

**Many charities go silent at the most important point of decision**

**Lifetime Giving/Volunteering by Estate Donors**



# What's ahead for Baby Boomers: Advanced aging triggers "mortality salience" and attitudinal shifts



Both economic and psychological approaches predict that mortality reminders can lead to



1. Avoidance  
(initial and induced)



2. Pursuit of lasting social impact ("symbolic immortality")

# Pursuit of lasting social impact

<p>A poverty relief charity was described as an organization that focused on either ...</p>		<p><b>Normal Group Average Gift</b></p> 	<p><b>Death Reminded Group Average Gift</b></p> 
<p>“meeting the immediate needs of people” or</p>		<p><b>\$257.77</b></p>	<p><b>\$80.97</b></p>
<p>“creating lasting improvements that would benefit people in the future”</p>		<p><b>\$100.00</b></p>	<p><b>\$235.71</b></p>

**What will remain when we are gone?**

\* participants giving share of potential \$1,000 award  
K. A., Tost, L. P., Hernandez, M., & Larrick, R. P. (2012). It's Only a Matter of Time Death, Legacies, and Intergenerational Decisions. *Psychological Science*, 23(7), 704-709.)



**Death reminders increase support for one's surviving community ("in-group")**

# Death reminders increase ...

- Giving among Americans to U.S. charities but not to foreign charities (Jonas, Schimel, Greenberg, et al., 2002)
- Negative ratings by Americans of anti-US essays (many)
- Predicted number of local NFL football team wins (Dechesne, Greenberg, Arndt, et al., 2000)
- Ethnic identity among Hong Kong Chinese (Hong, Wong & Liu, 2001)
- Willingness of English participants to die or self-sacrifice for England (Routledge, et al, 2008)
- German preference for German mark v. euro (Jonas, Fritsche, & Greenberg, 2005)

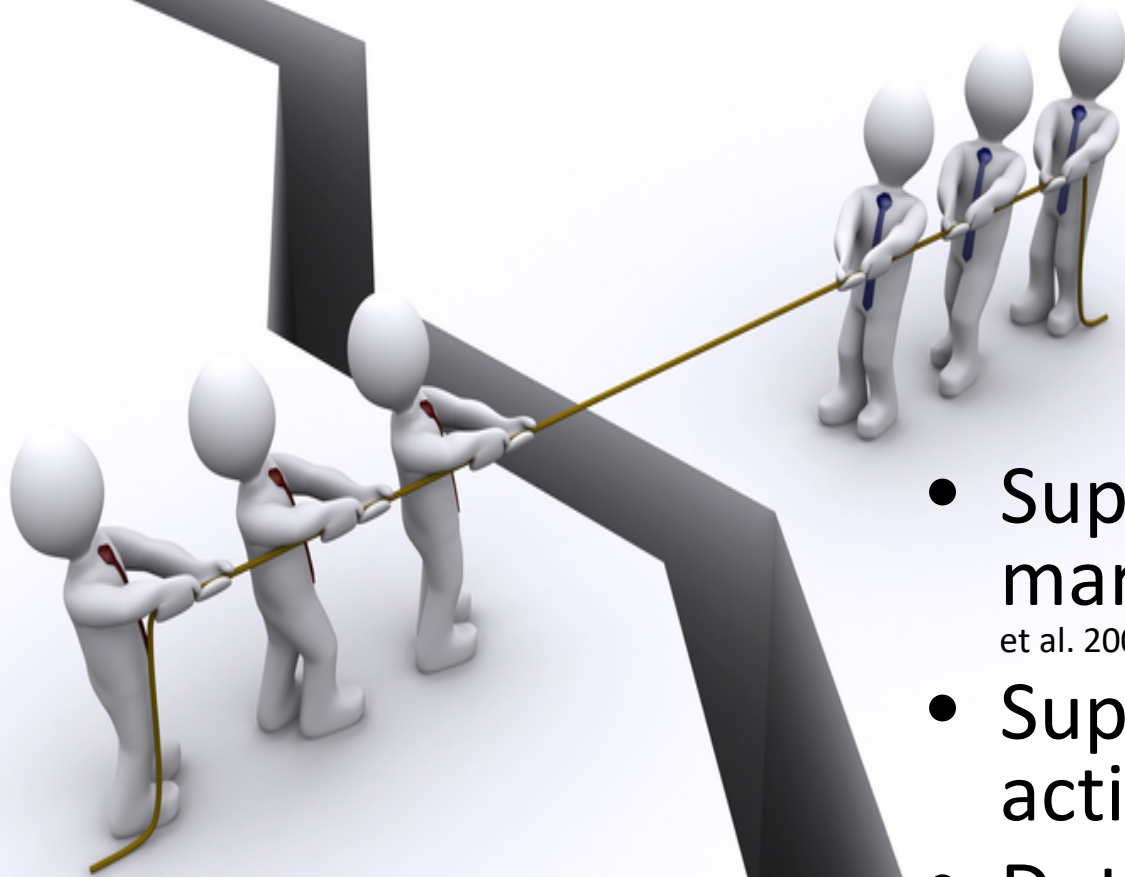




Support for the  
community can  
include  
opposition to  
outsiders

# Death reminders increase support for community through resistance to outsiders, such as by increasing...

- Acceptance of negative stereotypes of residents of other cities (Renkema, et al., 2008), or nations (Schimel, et al. 1999)
- Negative ratings of foreign soft drinks (Friese & Hoffmann, 2008)
- Support by Iranian students for martyrdom attacks against the U.S. (Pyszczynski, et al. 2006)
- Support by Israeli participants of military action against Iran (Hirschberger, Pyszczynski & Ein-Dor, 2009)
- Dutch agreement (disagreement) with art opinions given by Dutch (Japanese) critics (Renkema, et al., 2008)

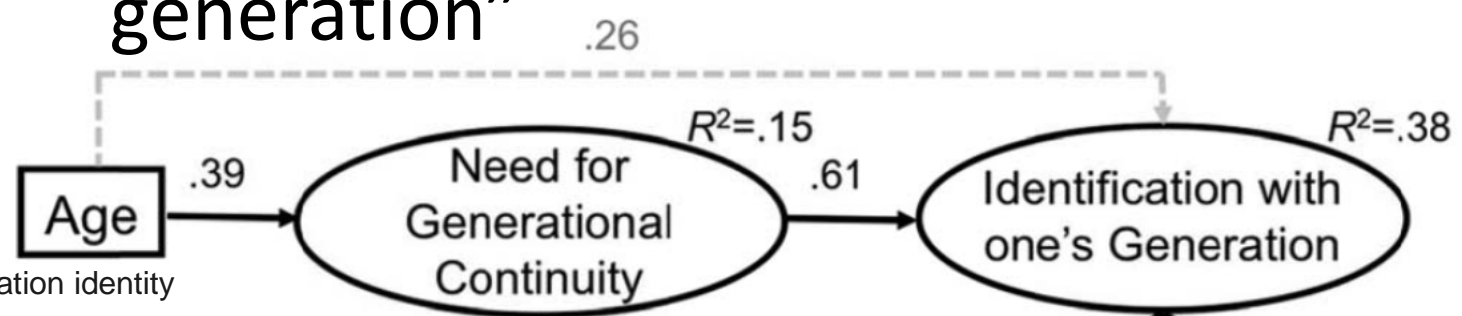


# Aging and other death reminders increase identification with one's generation



“asking participants to think about the last day of their life to induce thoughts about life’s finitude (vs. a control condition) led to higher levels of generation identification in midlife and beyond.”

“advanced age is associated with the need for generational continuity that, in turn, predicts a stronger identification with one’s generation”



# Death reminders increase attraction to positive remembrance: How great is my story!

- Desire for fame (Greenberg, Kosloff, Solomon, et al., 2010)
- Interest in naming a star after one's self (ibid)
- Perception of one's past significance (Landau, Greenberg, & Sullivan, 2009)
- Likelihood of describing positive improvements when writing an autobiographical essay (Landau, Greenberg, Sullivan, et al, 2009)
- Perceived accuracy of a positive personality profile of one's self (Dechesne, Pyszczynski, Janssen, et al., 2003)




# Increasing attraction to nostalgia: How great is our story!

Death reminders (*instant*)  
or Aging (*gradual*)

Increased  
generational  
identity

Increased  
desire for  
positive  
remembrance

**Nostalgia**  
**Weren't we great!**



In  
experiments,  
nostalgia  
reduces  
anxiety  
resulting from  
death  
reminders

# Why “Baby Boomers are special” presentations will continue to be in high demand

Death reminders (*instant*)  
or Aging (*gradual*)

Increased  
generational  
identity

Increased  
desire for  
positive  
remembrance

**Nostalgia**  
**Weren't we great!**



# Death reminders increase attraction to personal heroism

1. Death reminders increase self-reported similarity with a hero
2. After a death reminder, describing one's own hero (but not another's) reduces death-related thoughts
3. After a death reminder, reading of a heroic act reduces death-related thoughts only when the hero is reported to share the participant's birthdate

McCabe, S., Carpenter, R. W., & Arndt, J. (2016). The role of mortality awareness in hero identification. *Self and Identity*, 15(6), 707-726.



**Pursuit of symbolic immortality: something reflecting the person's life story (community and values) will live beyond them**

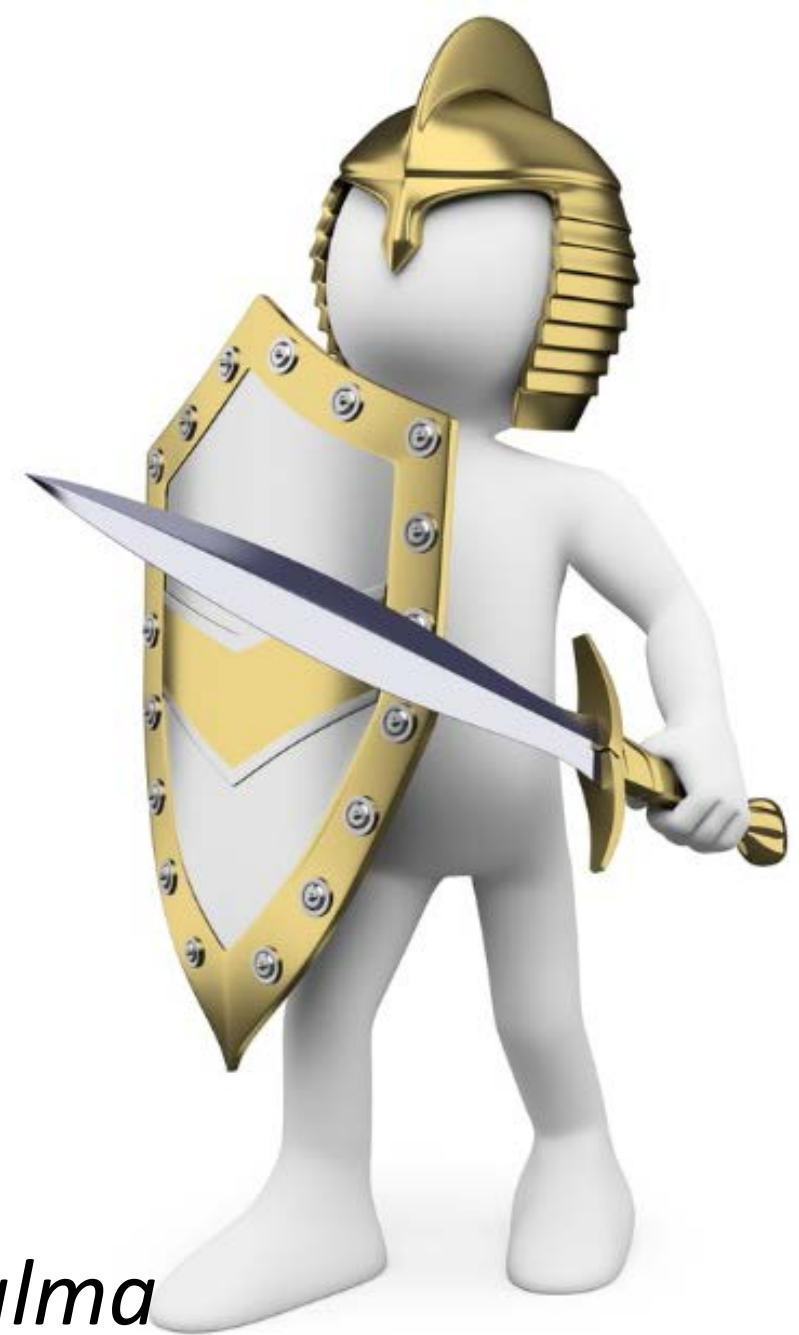
A man in a dark pinstriped suit jacket and white dress shirt is pulling open his shirt to reveal a blue superhero-style chest. The text "Gifts that advance the donor hero story" is centered on the blue chest. The background is plain white.

**Gifts that  
advance the  
donor hero  
story**

# Joseph Campbell's "monomyth" universal hero story

1. The hero goes forth
2. Struggles with a gatekeeper, enters a horrible place, undergoes an ordeal
3. Then gains reward
4. And returns to his place of beginning
5. With a gift to improve his world

*Ex: a successful entrepreneur giving to her alma mater, a cancer survivor giving to cancer research*



# Spoiler alert: Every major epic movie ever

1. The hero goes forth
2. Struggles with a gatekeeper, enters a horrible place, undergoes an ordeal
3. Then gains reward
4. And returns to his place of beginning
5. With a gift to improve his world



# But, where is the fundraiser in the movie?

1. The hero goes forth
2. Struggles with a gatekeeper, enters a horrible place, undergoes an ordeal
3. Then gains reward
4. And returns to his place of beginning
5. With a gift to improve his world



# The sage challenges with a choice

Obi-Wan: You must learn the ways of the Force, if you're to come with me to Alderaan.

Luke: Alderaan? I'm not going to Alderaan, I've gotta get home, it's late, I'm in for it as it is!

Obi-Wan: I need your help, Luke. She needs your help.



# The sage challenges with a choice

Are you giving someone the opportunity to be part of something bigger than themselves?

Understanding this role should impact how you feel about confidently asking big vs. apologetically asking small.



“Advancing” rather than “creating” the donor hero story means that the gift should fit within the donor’s existing life narrative

This begins with “Socratic Fundraising” inquiring into the donor’s story elements (values, meaning, life, people, experiences)



# Socratic Fundraising: The questioning process alters donation intent

Average for all 10 organizations: The Nature Conservancy, The World Wildlife Fund, The American Cancer Society, The National Breast Cancer Foundation, A local animal shelter, The American Society for the Prevention of Cruelty to Animals, UNICEF, CARE, Boys and Girls Clubs of America, The YMCA or YWCA.

Initial information (5,438 Respondents)	If you happened to sign a new Last Will & Testament in the next 30 days, what is the percentage likelihood that you might include a gift to _____	In the next 30 days, what is the percentage likelihood that you might make a gift to _____
<b>Telling people</b> Referencing the causes	14.23%	13.83%
<b>Telling people more</b> Referencing the causes and describing example projects of the charities	14.88%	14.64%
<b>Asking people</b> Please rate the importance of the causes	17.23%**	19.06%***
<b>Asking people more</b> Please rate the importance of the causes and example projects of the charities	20.32%***	21.23%***

# Who is the hero?



Are the donors just an ATM for the heroic administrators?

Are the administrators just following the heroic donor's orders?

# The Real Demographics of Baby Boomers

A very special generation or just typical old people?



Russell James  
Professor  
Personal Financial Planning  
Texas Tech University