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Big Planned Gifts in Offing as Childless Boomers Age

By Megan O'Neil and Eden Stiffman

The Texas Tech University system secured \$25 million in planned-gift commitments in fiscal year 2017, which ended August 31, all with the work of just one fundraiser who specializes in bequests and other planned donations.

But it soon plans to add three to five more planned-giving specialists so it can take advantage of a deluge researchers forecast is on the way.

The baby boomers are likely to shower nonprofits with bequests in a way no other generation has. Not only are they more numerous than people in any other age cluster, they are far less likely to have children than those in other generations. And once that spigot opens, bequests could keep flowing to nonprofits for decades: By the 2040s, the number of childless 80-somethings will have doubled.

Already, the childless have huge sums that fundraisers could start tapping now. More than 8.2 million Americans who are married and don't have kids have assets of at least \$1 million, according to WealthEngine, a company that scours publicly available data to help charities find potential big donors. Nearly 600,000 people who are single and childless have seven-figure wealth.

Making an Impact

To be sure, much of that money won't start rolling in to nonprofits for at least another 15 years. Most people who leave their estates to charity die in their late 80s, according to research by Russell James, a nationally known authority on personal finance who studies planned giving at Texas Tech. The oldest of the boomers are now 71 and reaching the stage, fundraisers say, when they are starting to think hard about what will happen to their wealth after they die.

The impact of these donors could be even more striking a few decades from now because more

than 20 percent of women age 51 to 56 have no children, compared with 9.5 percent of women who are currently 77 to 81, according to Census data.

It's important to start early to build ties with donors with no kids.

Fundraisers say building ties with these donors is crucial.

Mr. James, whose research helps shape Texas Tech's fundraising strategy, says the peak age at which people create charitable remainder trusts is 70 to 74. And while many people draft their wills while they are relatively young, most make important charitable allocations in the five years before they die — that is, in their mid- to late 80s for a typical donor planning a large charitable bequest. Mr. James says that is good news for the causes to which many elderly people focus their late-life giving: hospitals, health charities, and other organizations that are part of the daily lives of older Americans.

Lisa Calvert, who heads the development office at Texas Tech, says not only is she focusing on people in the age group Mr. James has identified, she also turns to his findings to figure out what kinds of messages resonate.

"They're interested in endowing scholarships, they're interested in honoring a faculty member, and they really want to make an impact with their estate," Ms. Calvert says.

Adopting Charities

While donors with children and grandchildren tend to give the bulk of their estates to their families, childless donors may "adopt" charities, says Claudine Donikian, CEO of Pentera, a planned-giving consultancy.

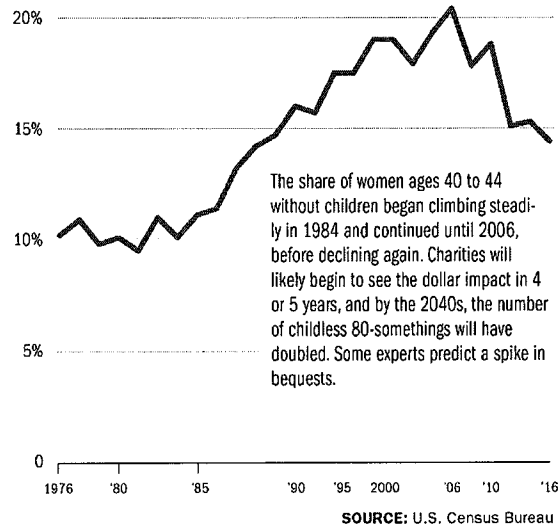
Compared with their counterparts with progeny, the childless are more likely to leave money to charity, and when they do, they tend to leave much higher amounts. Childless people in their 50s and older volunteer more and give away more money during their lifetimes, research has shown. In 2012, nearly 26 percent of married, childless adults over 55 had a charitable estate plan compared with 6 percent of those with children and 4 percent of those with grandchildren, according to a 2015 article by Mr. James.

He found in another study that during their lifetimes individuals with no children gave, on average, three times as much per year as those with kids, and they gave seven times as much in bequests.

"As you're prioritizing whom to build relationships with, it would be strategic to keep the childless on your radar screen," Ms. Donikian says. "It's very important to start those

relationships early and to have a very solid stewardship plan for them as they get older."

Behind the Expected Boom in Bequests: Childless Donors



Crafting a Legacy

Fundraisers and wealth advisers say childless donors tend to be especially motivated by the idea of leaving a legacy and paying it forward.

"We see individuals that do not have children that think about what is their legacy beyond themselves and who is going to help steward that legacy," said Nick Tedesco, senior philanthropic adviser at J.P. Morgan Private Bank. "These individuals are successful, largely self-made, and have really treated their wealth with a lot of respect and reverence."

Many charities say the best way to find out whether donors have children is simply to ask them. Some groups also hire wealth-screening companies to scan their donor lists and find out who is affluent and childless.

Mr. Tedesco also encourages nonprofits to build relationships with wealth advisers like himself whose clients are looking for charitable stewards of their money. One current client, a wealthy, middle-aged corporate executive who has not married or had kids, has said he wants to give his wealth away while he can help manage the process.

"What we're doing is introducing him to a number of organizations that fit his area of interest, that fit his motivations for giving," Mr. Tedesco says. Nonprofits "can talk to us about their value proposition so we can relay that value proposition to our client as interests align," he adds. "I always say I'm a glorified matchmaker."

Stay Connected

Fundraisers say knowing whether donors have kids informs how they decide who should get what kinds of planned-giving appeals. Donor testimonials as well as information about other people choosing to leave gifts in their wills are especially effective at influencing single or childless donors, according to 2013 research by behavioral scientists in Britain.

Charities are more likely to get estate gifts if they stay connected to donors over the long haul, says Robert Shafis, who oversees planned giving for the Salvation Army's Central Territory.

While fundraisers say they wouldn't change how they work with a donor based on whether he or she has children, family status may influence which giving vehicles have the most appeal.

With married couples, the Salvation Army's Mr. Shafis says, "chances are there are children or grandchildren involved and some of these gifts can be structured to benefit both kids and charity." With childless couples, the conversation tends to revolve more around the security of the surviving spouse.

Those interactions can be especially important for donors without kids and grandkids, says Ms. Donikian of Pentera. "If you're childless, you might take those relationships very seriously and really expect a certain level of stewardship."

Correction: An earlier version of this article said incorrectly that Texas Tech University raised more than \$25 million in planned gifts in the last decade.

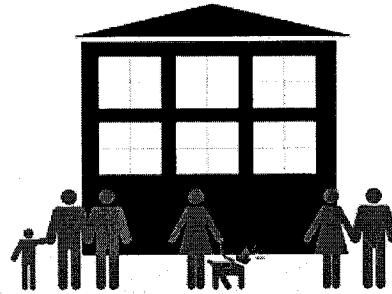
Send an e-mail to Megan O'Neil and Eden Stiffman.

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Increasingly complex family structures and nontraditional households pose new challenges for nonprofit fundraising.

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