“The New Physics of Philanthropy: 
The Supply-Side Vectors of Charitable Giving”

Paul G. Schervish and John J. Havens
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Contents

Editorial
*Marsha V. Krotseng*

Papers

Part 1: The Material Side of the Supply Side
*Paul G. Seervos and John J. Havens*

Then and Now: Oxford Women Principals 1879-1920 as Exemplars for the Twenty-first Century Advancement Profession
*Anne Keane*

"To Bind the University to Nothing": The Giving of Clementine Miller Tangeman as a Case Study in Donor Motivation
*Andrea Walton*

E-mail Newsletters and Institutional Advancement
*Jerold Pearson*

A Longitudinal Assessment of Administrative Satisfaction with Trustee Involvement in Assisting Admissions, Deciding Fund-raising Policy, Making Financial Contributions, and Soliciting Donors
*Wesley K. Willmer*

Literature Review
*Frances Huehls*

Book Reviews

93
95
114
126
147
166
179
189
Part 1: The Material Side of the Supply Side

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Paul G. Schervish and John J. Havens

Paul G. Schervish is Director of the Boston College Social Welfare Research Institute and Professor of Sociology at Boston College. John J. Havens is Associate Director and Senior Research Associate at the Social Welfare Research Institute. Over the past 15 years their research has focused on the personal giving and receiving of care. As part of this work they have published with Bankers Trust Private Banking the Wealth with Responsibility Study 2000 which surveyed high net-worth individuals about their attitudes to wealth, taxes, investment, and charity. With Mary A. O’Herlihy they recently completed an interview-based study on high-tech entrepreneurs and philanthropists, Agents-Animated Wealth and Philanthropy: The Dynamics of Accumulation and Allocation Among High-Tech Donors. Havens and Schervish have developed a wealth-transfer simulation model to project the forthcoming transfer of wealth.

We would predict that the standard of life in progressive countries 100 years hence will be between four and eight times as high as it is to-day .... It would not be foolish to contemplate the possibility of a far greater progress still.¹

Abstract
This two-part article analyzes the emerging financial and social-psychological forces that are increasingly influential in shaping charitable giving, especially by wealth holders. By referring to the new physics of philanthropy, the authors emphasize the increasing importance of material wealth and the desire to be efficacious in the commonwealth as supply-side vectors that incline wealth holders toward allocating a substantial portion of their wealth for philanthropic purposes. Here in Part 1 the authors investigate the material aspects of the new physics within the context of an understanding of the supply and demand for philanthropic contributions. Specifically, the focus is on what it means to speak about supply-side vectors and on the material side of the new supply-side physics of philanthropy. First the authors set out the main lines of supply-side vectors in philanthropy, beginning with a description of the more familiar demand-side approach to charitable giving. The
paper then examines the material supply-side forces, looking at current patterns of charitable giving by wealth holders, the expanding environment of growth in wealth, and the amounts of charitable giving presaged by that growth. In Part 2 the authors will explore the social-psychological aspects of the new physics and spell out some implications for fund raising and public policy.

**Keywords:**
wealth, philanthropy, charitable giving, motivations, estate tax, fund raising, empirical patterns, wealth transfer

**Introduction**
This two-part article analyzes the emerging financial and social-psychological forces that are increasingly influential in shaping charitable giving, especially by wealth holders. By referring to the new physics of philanthropy, the intention is to highlight through an appropriate metaphor how these forces constitute a set of vectors akin to what is meant by that term in physics. Such vectors are characterized by direction and magnitude. Although universally present, they converge on each individual wealth holder from different angles and with different intensities. For any particular individual, the vectors seldom, if ever, line up in a completely isomorphic way. By referring to the new physics of philanthropy, the authors emphasize the increasing importance of material wealth and the desire to be efficacious in the commonwealth as supply-side factors, that is, as vectors actually inclining wealth holders toward a more steadfast commitment to philanthropy.

In Part 1 the authors investigate the material aspects of the new physics within the context of an understanding of the supply and demand for philanthropic contributions. Specifically, the focus is on what it means to speak about supply-side vectors and on the material side of the new supply-side physics of philanthropy. In Part 2 the authors explore the social-psychological aspects of the new physics and spell out some implications for fund raising and public policy. First the main lines of supply-side vectors in philanthropy are set out, beginning with a description of the more familiar demand-side approach to charitable giving. The authors then examine the material supply-side forces; looking at current patterns of charitable giving by wealth holders, the expanding environment of growth in wealth, and the amounts of charitable giving presaged by that growth. In Part 2, the authors review the social-psychological vectors that are increasing the inclination of wealth holders toward charitable giving, and suggest some implications of the supply-side analysis. The paper also looks at a donor-based methodology of discernment by which fund raisers can work with the supply-side vectors to advance allocations to charity both quantitatively and qualitatively. Such a discernment approach raises certain challenges for representatives of charities and fund raisers, mainly to make different decisions and pursue different strategies in soliciting charitable contributions from wealth holders. The authors speculate about the implications of the supply-side approach for the reduction or repeal of the estate tax. The paper concludes with some observations on the spiritual horizon of wealth and philanthropy in the age of affluence.

**The Physics of Demand and Supply**
There is a general physics of philanthropy that underlies both the supply of, and the
demand for, philanthropic funds. In addition to speaking about this general physics of philanthropy, The authors' purpose is to focus on what is new about it, namely, the growing prominence of supply-side vectors. Historically, discussions about the level, or changes in the level, of charitable giving have tended to focus on the demand side of the philanthropic relation. The demand side is the aspect of the charitable relation by which the needs of people are brought into the purview of those who can supply resources to meet those needs. The supply side of the charitable relation is the set of resources and dispositions that incline individuals to participate in philanthropy. The new physics suggests the potential for individuals participating in philanthropy to expand their charitable output over and above the level of output that is induced by the demand of needs. To be thoroughly clear: charitable giving is always a relation between a supply of charitable dollars and a demand of human needs. What this paper is addressing is that in the past fund raisers have mobilized this relation of supply and demand by pursuing demand-side strategies aimed at generating the supply of dollars from what are perceived as relatively reluctant donors, rather than by pursuing supply-side strategies aimed at uncovering and channeling the desire of wealth holders to allocate their financial resources to charity.

Those who comment and write about philanthropy always give at least implicit consideration to both demand and supply: to both the needs to be met and the resources available to meet them. But discussions about such a morally and culturally charged topic as philanthropy cannot remain purely analytic. The disposition of sine ira et studio that Max Weber encourages for the vocation of science is not appropriate, he contends, for the practical vocation of politics where the purpose is to effect change. So with philanthropy, discussion is not limited to an analytic exposition of the forces of demand and supply that come together to produce a certain level of charitable output. There is both the desire to increase levels of charitable output and the desire to discover and apply techniques for elevating the quality and quantity of that output.

The demand-side strategy
Although much could be learned from retracing the philosophical, moral, and political grounds for urging increased charitable output, the authors will accept the premise here that elevating the level of charitable giving is a desirable goal for all parties working in and around the philanthropic enterprise. While the goal of increasing charitable output is not in dispute either here or among philanthropic advocates, what often remains controversial is how this output should be increased. Until just recently, the usual approach was to consider wealth holders as relatively reluctant givers. In order to overcome this reluctance, fund raisers and others promoting charitable giving employed a panoply of strategies ranging from cultivating friendships and presenting portfolios of needs, to advising about tax incentives, instilling guilt about privilege, making accusations of meanness, and establishing giving quotas for wealth holders. Common to the proponents of these strategies is the conviction that the best way to mobilize a supply of charitable dollars to meet a demand of human needs is to approach the matching process from
the demand side. In order to plant and
grow the seeds of philanthropy, charity
advocates need to induce reluctant donors
to separate themselves from their money.

It is important to note that charity
advocates seldom completely lose sight of
supply-side inclinations of donors and, as
a result, tend to pursue a softer version of
the demand-side approach: one in which
needs are portrayed to donors as truly
important and in a manner that will
fulfill donor aspirations for effectiveness
and significance. Nevertheless, the general
view is that the overall level of charitable
output by donors is for all practical
purposes a function of inducing them to
give more to a specific cause than they
would otherwise be disposed to give. In
this view, generating a positive change in
the level of individual charitable giving
requires donors to shift their preference
away from other uses of their money. This
means that charities and their proponents
must make a sufficiently compelling case
in order to (1) convince donors of the
need for their gifts; (2) instill in donors a
moral obligation to shift a greater portion
of their expenditures to gifts; and (3) set
appropriate standards for how much to
shift and when to do so. In this model,
fluctuations in aggregate demand, that is,
the ebb and flow of needs, is the starting
point for effecting a change in the supply
of charitable dollars.

But the existence of needs does not in
itself create a response in supply. Also
required is adroitness in communicating
such needs and in increasing the
probability of a favorable financial
response. Because a charitable relation is
not completed until a gift is made, it is
necessary that the obligation to respond in
the form of a gift enters the purview of
donors in a forceful enough way to
change donor behavior. This is why a
long-standing emphasis is found among
fund raisers on cultivation, prospecting,
friend-making, and the suggestion of
giving standards, which are often
accompanied by an overtone of shame
and guilt. Fund raisers tend to employ
these techniques not because fund raisers
are beguiling; but because they care a lot.
How else, they honestly wonder, are they
to attract and distribute the hard-to-evoked
resource of charitable donations for the
easy-to-overlook crucial needs of others?
The demand of needs is limitless, while
the supply of donor dollars is scarce. The
assets from which donors can choose to
give are viewed as resistant to change and
so must in one way or another be coaxed
away from donors. Why is this so?
Because wealthy donors need to be
convinced that they should reallocate their
financial resources in line with and
commensurate to the needs laid out before
them, rather than in accord with what
donors currently perceive as their own
needs. Wealth holders are called upon to
reduce their expenditures in one sphere in
order to increase their allocation to
charity. For charity to increase, something
else must decrease. In economic language,
for charity to increase donors must shift
their preferences within an existing budget
constraint. Accordingly, to make this shift
is to be generous; to not make it is to be
penurious.

In contrast to a demand-side approach,
a supply-side perspective considers the
changing circumstances of donors rather
than the changing circumstances of needs.
The essence of the supply-side perspective
is to regard changes in aggregate supply to
be as important as changes in aggregate
demand in producing changes in aggregate
output. Or more precisely, it considers
how changes in charitable output derive from the push of an increased supply in capacity and chosen duty, rather than from the pull of an increased demand of need and proscribed responsibility. Instead of soliciting the expansion of philanthropy by stressing exogenously originated needs and obligations, the supply-side perspective stresses how endogenous material resources and moral capacities which incline donors toward charitable giving are themselves also expanding.

The supply side of philanthropy is comparable to the supply side of the economy in general, wherein the question is not how to shift preferences within a budget constraint but how to enact and respond to an outward shift in the budget line. When such positive fluctuations in a budget line occur, it is possible to expend a greater proportion of one’s resources on some preferences without having to reduce the amount being spent on other preferences. For instance, everyone is familiar with the supply-side wealth effect, which many argue was generated in part from the stream of reductions in the top marginal income-tax rates in the USA during the 1980s. The contention is that lowered tax rates increased investment incentives, increased productive economic activity, and eventually increased the supply of wealth, the supply of tax revenue, and the standard of living. What occurred was not simply due to changes in aggregate demand, or what was needed to be done, it was also due to changes in aggregate supply, or what people wanted to do and were able to do.

In a parallel way, by looking at the supply side of philanthropy, how the growth in the material capacity of donors is explicitly considered—even without an increased concern for others (although the authors will make the case later that this is also increasing)—generates a substantial increase in both the material and the moral inclination of wealth holders to donate to charity. In other words, an era has begun where people are finding themselves with deeper pockets and fuller hearts, and where it is possible for charities to shift their efforts from mainly convincing donors to shift their preferences within a fixed budget constraint to offering an outlet for wealth holders to express their preferences and their moral predilection for philanthropy given their greater material capacity. In addition to demand-side pressures to increase charitable output, there exist supply-side changes in the resources and attitudes of wealth holders that come into play as well.

In the demand-side approach, the central problem for charities is needing to create in donors a sense of financial capacity and moral concern. That is, to convince donors they have riches to give and reasons to give them. When the supply-side approach is added, an equally central task of charities is to provide outlets for, and indeed compete over, what is being created largely outside their sphere of influence, namely an expanding material capacity for, and personal inclination toward, charitable giving. If the demand-side approach sees its task as to get people to do what they would not ordinarily be disposed to do, the supply-side approach sees its task as to invite people to participate more fully and more wisely in what their new capacities make them prone to do.

The Material Side of the Supply Side
Pay attention to the material and spiritual supply side of the philanthropic
relation has profound implications for advancing philanthropy both in quantity and quality toward a new level, perhaps even to a golden age. For this reason it is important to detail those material and social-psychological supply-side vectors that are currently in play and which will continue to multiply in their effect. In regard to the material vectors of the supply side, the authors will review the current patterns of charitable giving by wealth holders, the expanding terrain of financial wherewithal, and some projections about charitable giving for the future. The general points are that wealth holders currently are giving substantial amounts in *inter vivos* and testamentary charitable giving, that projected trends in the growth of wealth presage a geometrical supply-side increase in the capacity to give, and that even sober projections suggest that the amount that will go to charities under such conditions is massive. The authors discuss the social-psychological side of the supply side in Part 2 of this paper to be published in the next issue of this *Journal*.

**Current trends**

The small number of families at the highest end of the distributions of wealth or income in the USA currently contribute a dramatically high proportion of total annual or *inter vivos* charitable giving. The 4.9 percent of families with net worth of $1 million or more made 42 percent of the total contributions to charitable organizations in 1997. (Estimates of giving by various categories of wealth are based on The Survey of Consumer Finances sponsored by the Board of Governors of the Federal Reserve. This survey counts annual contributions of less than $500 as zero.) Fourteen percent of contributions came from the 0.2 percent of families with at least $1 million in wealth and $1 million in income; such families contribute an average of $69,000 annually. The remaining 28 percent of all personal contributions came from the 4.7 percent of families with wealth of at least $1 million but incomes below $1 million. In regard to income, the proportion of charitable dollars coming from the highest income families is also marked. This highly skewed distribution of charitable giving may be summarized by ratios of the proportions based on the SWRI composite estimate of giving. (The SWRI composite measure of giving supplements reports of annual giving of $500 or more from the 1998 *Survey* of Consumer Finances with reports of annual giving of less than $500 from the 1998 *General Social Survey*.) These proportions show that 25 percent of families contribute 68 percent of all charitable dollars, which can be indicated by the 25/68 ratio. Even more starkly, the proportions show that 0.22 percent of families with incomes of $1 million or more contribute 13 percent of all charitable dollars, which can be indicated by the 0.22/13 ratio. A general way to summarize these relationships is as a set of ratios or rules of thumb, the 1/22, 5/40, and 10/49 in addition to the 25/68 and 0.22/13 already mentioned. (The current estimate of the distribution of giving by family income is less skewed at the very highest levels of income than the previous estimate. One possible explanation is variation in sampling. A more likely explanation is that the very large growth in family incomes in recent years has outpaced the family’s ability to adapt their level of giving (in a prudent manner) to their new levels of income and wealth.)

Although there is a negative correlation between wealth and percentage of wealth contributed in the form of *inter vivos* gifts,
there is a positive correlation between wealth and percentage of wealth going to charity in the form of charitable bequests made from final estates (that is, estates for which there is no surviving spouse). For final estates recorded in 1997 in the USA the average donation to charity was 14 percent. For estates valued under $1 million, 4 percent was contributed to charity (see Table 6 below). As a percentage of the value of total charitable bequests, the 0.4 percent of the final estates which are worth $20 million or more make 58 percent of all charitable bequests in terms of dollars. As the value of estates goes up, the percentage going to charity also increases. Among estates valued at less than $10 million but more than $1 million, 5.6 percent went to charitable bequests, while among estates valued from $10 million to under $20 million, 17 percent went to charitable bequests. Finally, those estates valued at $20 million or more bequeathed an average 49 percent of their value to charity, 30 percent to taxes, and 21 percent to heirs. In addition, as the value of estates rises, the proportion going to heirs decreases while the proportion going to taxes increases. The one exception is that estates valued at $20 million or more allocate a lower proportion to taxes than the $10 million to $19.9 million group, reflecting the 49 percent allocation to charity.

The forthcoming Wealth Transfer
Current levels and trends of charitable giving do not in themselves provide a sufficiently ample indication of how much charitable giving may be in the offing over the coming decades. In order to better assess the potential for growth in charitable giving, the authors undertook a project designed to estimate the potential for growth in personal wealth. Their efforts resulted in the Boston College Wealth Transfer Microsimulation Model (WTMM), which provided estimates of growth in wealth over the period 1998-2052. In contrast to an aggregate model, a microsimulation model projects to future conditions by repeatedly applying appropriate changes (for example, in age, mortality rates, savings rates, income, wealth, and family composition) on a case by case basis to actual individual survey cases.

According to the WTMM, it is estimated that the forthcoming transfer of wealth will be many times higher than the almost universally cited 55-year figure of $10 trillion. The low-range best estimate is that over the 55-year period from 1998 to 2052 the wealth transfer will be $41 trillion, and may well reach double or triple that amount. Depending upon the assumption introduced into the model (for instance, in regard to the current level of wealth, real growth in wealth, and savings rates) the authors estimate the wealth transfer will range from a lower level figure of $41 trillion, to a middle level figure of $73 trillion, to an upper level figure of $136 trillion. These estimates are not back-of-the-envelope projections. They derive from what, to the authors’ knowledge, is a first-of-its-kind microsimulation model of wealth accumulation and transfer. The new estimates update the figure published in 1993 by Robert Avery and Michael Rendall—and regularly cited ever since then—indicating that over the 55-year period from 1990 to 2044, the value of estates in the USA passing from adults with children 50 years and older would be $10.4 trillion.
Until the authors’ estimates circulate and have a chance to be reviewed by them and critiqued by others, they persist in focusing on the low-end estimate of $41 trillion (see Table 1). This, however, is not because they believe their middle level estimate of $73 trillion to be unreasonably high (see Table 2), or their upper level estimate of $136 trillion to be implausible (see Table 3). For instance, the $73 trillion estimate assumes a maximum real growth rate of 3 percent for the next 55 years, and assumes that the value of assets held by individuals in 1998 was $32 trillion. (The wealth figure calculated by the Social Welfare Research Institute was supported by Professor Edward N. Wolff, an expert in wealth at New York University whose own estimate for 1999 was $29.1 trillion.) Subsequent to the authors’ wealth transfer number the Federal Reserve released new survey data for 1998. Based on this data, the authors estimate that personally held wealth amounted to $30 trillion in 1998 instead of their earlier estimate of $32 trillion. A newsletter of one of the Federal Reserve’s region cites private wealth holdings of $36.8 trillion for 1998, 15 percent more than the authors’ earlier estimate of $32 trillion.

Furthermore, by emphasizing the $41 trillion lower-level estimate with its 2 percent secular growth rate helps protect against potential charges of “irrational exuberance” arising from the authors not yet having modeled periodic recessions, a world economic crisis, or depression. Even the lower estimate of growth in wealth should serve to indicate the potential for substantial and even increasing levels of charitable giving, especially among those at the upper ends of wealth and income.

**Projections of charitable giving**

The findings reported above about the top-heavy distribution of charitable giving, when coupled to the authors’ projections for growth in wealth and income over the next 20 years, indicate that substantial amounts of charitable contributions will be made by the affluent over that period, and explain why there is such growth in the charity procurement industry’s efforts to target wealth holders. Even a modest 3 percent real growth in charitable giving, over the next 20 years, would mean that annual giving by these highest income and wealth families (0.22 percent of families) would move from approximately $17 billion in 1998 (13.6 percent of 92.7 percent of the Giving USA 1999 estimate of $135 billion of 1998 individual giving) to approximately $30 billion by 2017 in 1998 dollars, or (assuming a 3 percent rate of inflation) $52 billion in 2017 dollars. Giving by families who have negative wealth and who gave at least $500 annually in 1997 is 92.6 percent of total annual giving by all families in 1997. This percentage must be applied to total giving in order to derive unbiased estimates of giving by joint income and wealth categories. (This indicates that even without a substantial change in behavior toward more inter vivos charitable giving, and without including the additional families which will enter this group, families with at least $1 million in wealth and income in 1998 dollars will contribute approximately $460 billion over the next 20 years in 1998 dollars or $800 billion in 2017 dollars. Broadening the relevant population to the 1.8 percent of the families with net worth of $1 million or more and annual income of $200,000 or more in 1998 dollars, the potential amount of charitable giving is even more
### Table 1: Wealth transfer 1998–2052: Lower level estimates

<table>
<thead>
<tr>
<th>Category</th>
<th>Neg or Zero</th>
<th>$1 to $0.9M</th>
<th>$1M to $4.9M</th>
<th>$5M to $9.9M</th>
<th>$10M to $19.9M</th>
<th>$20M or more</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of estates</td>
<td>4,981,782 5.67%</td>
<td>76,593,322 37.20%</td>
<td>5,325,055 6.06%</td>
<td>495,067 0.56%</td>
<td>240,750 0.27%</td>
<td>203,336 0.23%</td>
<td>87,839,311 100.00%</td>
</tr>
<tr>
<td>Value of estates</td>
<td>($50,885) 100.00%</td>
<td>$13,933,317 34.27%</td>
<td>$11,361,859 27.95%</td>
<td>$3,338,664 8.21%</td>
<td>$3,334,276 8.20%</td>
<td>$8,687,635 21.37%</td>
<td>$40,604,894 100.00%</td>
</tr>
<tr>
<td>Estate fees</td>
<td>784 0.05%</td>
<td>523,820 3.29%</td>
<td>464,089 29.15%</td>
<td>147,692 9.28%</td>
<td>153,640 9.65%</td>
<td>302,147 18.98%</td>
<td>1,592,182 100.00%</td>
</tr>
<tr>
<td>Estate taxes</td>
<td>0 0.00%</td>
<td>270,524 1.94%</td>
<td>2,521,800 20.73%</td>
<td>1,289,458 15.20%</td>
<td>1,445,628 17.04%</td>
<td>2,956,108 34.85%</td>
<td>8,483,517 100.00%</td>
</tr>
<tr>
<td>Bequest to charity</td>
<td>0 0.00%</td>
<td>717,542 11.91%</td>
<td>924,960 15.36%</td>
<td>463,626 7.70%</td>
<td>526,158 8.74%</td>
<td>3,389,897 56.29%</td>
<td>6,022,182 100.00%</td>
</tr>
<tr>
<td>Bequest to heirs</td>
<td>0 0.00%</td>
<td>12,421,430 50.58%</td>
<td>7,451,001 30.34%</td>
<td>1,437,886 5.85%</td>
<td>1,208,851 4.92%</td>
<td>2,039,483 8.30%</td>
<td>24,558,653 100.00%</td>
</tr>
</tbody>
</table>

Figures in upper right-hand corner are percentages by category and add across
Figures below are percentages of the value of estates and add down
All dollar values are in millions of $1998

*Source:* Boston College Social Welfare Research Institute

### Table 2: Wealth transfer 1998–2052: Middle level estimates

<table>
<thead>
<tr>
<th>Category</th>
<th>Neg or Zero</th>
<th>$1 to $9.9M</th>
<th>$1M to $4.9M</th>
<th>$5M to $9.9M</th>
<th>$10M to $19.9M</th>
<th>$20M or more</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of estates</td>
<td>4,285,314 4.88%</td>
<td>70,088,376 79.79%</td>
<td>11,371,885 12.95%</td>
<td>1,265,072 1.44%</td>
<td>487,547 0.56%</td>
<td>341,112 0.39%</td>
<td>87,839,311 100.00%</td>
</tr>
<tr>
<td>Value of estates</td>
<td>($29,331) 100.00%</td>
<td>$17,368,685 23.81%</td>
<td>$24,134,611 33.09%</td>
<td>$6,579,820 11.76%</td>
<td>$6,469,160 8.87%</td>
<td>$16,382,515 22.46%</td>
<td>$72,905,464 100.00%</td>
</tr>
<tr>
<td>Estate fees</td>
<td>562 0.02%</td>
<td>652,983 22.52%</td>
<td>999,668 34.48%</td>
<td>379,661 13.09%</td>
<td>298,331 10.29%</td>
<td>568,447 19.60%</td>
<td>2,899,652 100.00%</td>
</tr>
<tr>
<td>Estate taxes</td>
<td>0 0.00%</td>
<td>672,308 3.73%</td>
<td>5,664,772 31.93%</td>
<td>3,343,414 18.52%</td>
<td>2,804,654 15.54%</td>
<td>5,563,335 30.82%</td>
<td>18,048,483 100.00%</td>
</tr>
<tr>
<td>Bequest to charity</td>
<td>0 0.00%</td>
<td>937,618 8.10%</td>
<td>1,992,373 17.22%</td>
<td>1,208,441 10.45%</td>
<td>1,011,306 8.74%</td>
<td>6,419,197 55.49%</td>
<td>11,568,936 100.00%</td>
</tr>
<tr>
<td>Bequest to heirs</td>
<td>0 0.00%</td>
<td>15,105,780 37.37%</td>
<td>15,477,798 38.29%</td>
<td>3,648,305 9.03%</td>
<td>2,354,868 5.81%</td>
<td>3,831,536 9.48%</td>
<td>40,418,287 100.00%</td>
</tr>
</tbody>
</table>

Figures in upper right-hand corner are percentages by category and add across
Figures below are percentages of the value of estates and add down
All dollar values are in millions of $1998

*Source:* Boston College Social Welfare Research Institute
Table 3: Wealth transfer 1998-2052: Higher level estimates

<table>
<thead>
<tr>
<th>Category</th>
<th>Neg or Zero</th>
<th>$1 to $.9M</th>
<th>$1M to $4.9M</th>
<th>$5M to $9.9M</th>
<th>$10M to $19.9M</th>
<th>$20M or more</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of estates</td>
<td>3,746,158</td>
<td>58,915,725</td>
<td>20,448,961</td>
<td>2,794,077</td>
<td>1,191,398</td>
<td>742,991</td>
<td>87,839,311</td>
</tr>
<tr>
<td>($19,348)</td>
<td>4.26%</td>
<td>67.07%</td>
<td>23.28%</td>
<td>13.36%</td>
<td>10.85%</td>
<td></td>
<td>100.00%</td>
</tr>
<tr>
<td>Value of estates</td>
<td>$17,558,323</td>
<td>$46,863,759</td>
<td>$19,142,272</td>
<td>$16,237,734</td>
<td>$36,374,157</td>
<td></td>
<td>$136,156,897</td>
</tr>
<tr>
<td></td>
<td>12.89%</td>
<td>34.41%</td>
<td>14.08%</td>
<td>11.92%</td>
<td>12.71%</td>
<td></td>
<td>100.00%</td>
</tr>
<tr>
<td>Estate fees</td>
<td>$428,01%</td>
<td>$664,087</td>
<td>$2,000,275</td>
<td>$848,144</td>
<td>$747,373</td>
<td>$1,262,818</td>
<td>$5,523,125</td>
</tr>
<tr>
<td></td>
<td>0.01%</td>
<td>12.02%</td>
<td>36.22%</td>
<td>15.36%</td>
<td>13.53%</td>
<td></td>
<td>100.00%</td>
</tr>
<tr>
<td>Estate taxes</td>
<td>$0.00%</td>
<td>$1,018,428</td>
<td>$12,687,522</td>
<td>$7,510,733</td>
<td>$7,040,021</td>
<td>$12,358,105</td>
<td>$40,614,810</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.51%</td>
<td>31.24%</td>
<td>18.49%</td>
<td>17.33%</td>
<td></td>
<td>100.00%</td>
</tr>
<tr>
<td>Bequest to charity</td>
<td>$0.00%</td>
<td>$994,180</td>
<td>$4,216,581</td>
<td>$2,719,327</td>
<td>$2,594,719</td>
<td>$14,238,520</td>
<td>$24,763,327</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6.01%</td>
<td>17.03%</td>
<td>10.93%</td>
<td>10.48%</td>
<td></td>
<td>100.00%</td>
</tr>
<tr>
<td>Bequest to heirs</td>
<td>$0.00%</td>
<td>$14,881,628</td>
<td>$27,959,381</td>
<td>$8,064,067</td>
<td>$5,855,621</td>
<td>$8,514,713</td>
<td>$65,275,411</td>
</tr>
<tr>
<td></td>
<td></td>
<td>22.80%</td>
<td>42.83%</td>
<td>12.35%</td>
<td>8.97%</td>
<td></td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Figures in upper right-hand corner are percentages by category and add across
Figures below are percentages of the value of estates and add down
All dollar values are in millions of $1998

*Source:* Boston College Social Welfare Research Institute
dramatic. Again, without a change of behavior or adding families that will enter this category, this 1.8 percent of the population can be expected to move from contributing $39 billion in 1998 (31.4 percent of 92.7 percent of the Giving USA 1999 estimate of $135 billion of 1998 individual giving to $69 billion in 2017 in 1998 dollars or (assuming a 3 percent rate of inflation) $121 billion in 2017 dollars. Over the next 20 years, therefore, it can be expected that this 1.8 percent of the population will contribute approximately $1.05 trillion in 1998 dollars or $1.84 trillion in 2017 dollars. If the real growth in annual giving by the wealthy increases by more than 3 percent, or the share of total charitable dollars contributed by them continues to increase even at a moderate pace, then the amounts just cited will turn out to be substantially greater. For the population as a whole the authors estimate that if charitable giving grows over the next two decades at the same real average rate of 5.51 percent as it did over the past five years (1994–98), *inter vivos* giving in 2017 will reach an annual total approaching $374 billion in 1998 dollars ($650 billion in 2017 dollars). If charitable giving grows over the next 20 years at the slower pace it did over the previous 15-year-period (1978–93), *inter vivos* charitable giving in 2017 will increase to $191 billion in 1998 dollars ($333 in 2017 dollars) (see Figure 1).

Turning from *inter vivos* giving to bequests, the projections are equally propitious. One apparent empirical anomaly, the authors discovered in their research is the negative correlation between wealth and *percentage of wealth* contributed in the form of annual giving. While the *percentage of income* contributed increases with wealth as well as with income, the *percentage of wealth* contributed rises with income but not with wealth. However, the area of charitable giving, which is positively related to wealth, is, as already described, charitable bequests. This fact notwithstanding, the value of charitable bequests hovers around 10 percent of annual *inter vivos* gifts by individuals. Because of the dramatic growth of wealth predicted by the WTMM, the authors expect that in addition to annual *inter vivos* giving, and without any increase over the 1995 proportion of estates going to charity (something that has in fact occurred from 1995–97; see Tables 7 and 8 below), the projected 20-year level of bequests will be between $1.7 trillion and $2.7 trillion, while the projected 55-year level of bequests will be between $6 trillion and $25 trillion. Moreover, 75 percent of these amounts will come from the 3 percent of estates valued at $2 million or more.

In the light of these figures it can be concluded that there is in fact a positive relationship between wealth and percentage of wealth contributed, once attention is transferred to the bequest side of the ledger. Although in the immediate future the rich will continue to contribute more in annual giving than in bequests, near the end of the 20-year window yearly contributions from bequests by wealth holders will approach ever closer the amount of annual individual giving by wealth holders. Once again, the authors caution that all their estimates, in addition to being conservative, are not able to predict what behavioral changes may occur over the span of the next two decades.

As fund raisers and financial professionals become even more successful in getting wealth holders to execute
planned-giving and estate-planning strategies, some testamentary giving is
being pushed back into lifetime annual giving. This, of course, will result in
higher than projected inter vivos giving and lower than projected charitable
bequests. Regardless, the charitable giving by wealth holders is likely to increase over
the next 20 years in excess of what has been estimated here.

Supply-side effects of growth in financial wherewithal
Despite the intriguing trends and projections in wealth and philanthropy just presented, they do not fully take into account supply-side dynamics that make it
likely that charitable giving will increase over the next decades in excess of what has been estimated here. This is because the projections, as indicated, assume that
the relative allocation of financial resources to philanthropy will remain essentially the same as it was in the late 1990s. In economic terms, the projections do not take into account changes in preferences for allocations of wealth among taxes, charity, and heirs. In more familiar terms, the estimates, as striking as they may be, do not take into account the fact that increased wealth has the realistic potential to make wealth holders more charitably inclined than they currently are. There are several parts to the explanation of why this is so and therefore why even the appealing projections cited above are, in the authors' thinking, only the horizon of what is in the offering for charitable giving.

To reiterate, even if there were no supply-side effect and wealth holders continue to allocate their greater supply of wealth according to the same proportions as they did when they were less wealthy, this would lead to greater amounts going to charity. But as wealth grows, individuals actually change the proportion of wealth they allocate to philanthropy: they allocate more. In other words, charitable giving is positively income- and wealth-elastic, unlike other expenditures. For instance, economists state that, above certain financial levels, consumption of food becomes less elastic. As disposable income goes up, the amount spent on food remains relatively unchanged. This is different from expenditures for luxury goods, for instance, which are more highly elastic in relation to financial resources. But at some point even luxury goods become inelastic. Transfers to children are generally elastic over a much broader range of increases in resources. But as is increasingly heard in the media, and as the estate tax trends suggest, there is some point of increased resources at which wealth holders no longer choose to allocate more to their heirs, or at least begin to allocate lower proportions of their increased wealth to heirs.

These supply-side effects are already manifested—but, of course, not proven—as can be seen by comparing the growth and changing allocations in final estates from 1992 through 1997, the last year for which data are available (Tables 4–8). The overall picture is that the value and relative proportion of charitable bequests from estates have been growing substantially faster than the growth in the value of estates. This is especially true for final estates with a value of $20 million or more. Looking at all filed final estates (Table 7), the proportion going to charity has been growing steadily between 1992 and 1997. From 1992 to 1995, the value of final estates increased 17 percent and the amount going to taxes also rose 18 percent. However, the amount going to heirs went up only 14 percent while the amount bequeathed to charity grew by 28 percent. Over the three-year period from 1995 to 1997 the shift from heirs to charity accelerated even more, so that for the six-year period 1992 to 1997 the value of final estates increased 65 percent (a dramatic finding in itself) with the amount going to taxes rising a comparable 67 percent. However, the bequests to heirs increased by only 57 percent while charitable bequests grew by 110 percent. The tendency to shift the allocation of estates to charity is even greater among those with estates at or above $20 million. From 1992 to 1997, the value of final estates grew by 135 percent, the amount allocated to taxes increased by 82 percent and the amount to heirs increased by 75 percent. The
Table 4: Distributions between charitable causes, taxes, and heirs other than spouse: 1992 federal estate returns

<table>
<thead>
<tr>
<th>Gross estate category</th>
<th># Returns (thousands)</th>
<th>Amount (billions)</th>
<th>Net worth (billions)</th>
<th>Fees &amp; surviving spouse (billions)</th>
<th>Available after F &amp; S S (billions)</th>
<th>Charitable deduction Amount (billions)</th>
<th>% of available</th>
<th>Taxes Amount (billions)</th>
<th>% of available</th>
<th>Heirs and other Amount (billions)</th>
<th>% of available</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.6 M &lt; 1M</td>
<td>31.4</td>
<td>$24.1</td>
<td>$23.4</td>
<td>$6.0</td>
<td>$18.1</td>
<td>$0.8</td>
<td>4%</td>
<td>$0.8</td>
<td>5%</td>
<td>$16.4</td>
<td>91%</td>
</tr>
<tr>
<td>1 M &lt; 2.5 M</td>
<td>21.2</td>
<td>$31.2</td>
<td>$29.7</td>
<td>$11.4</td>
<td>$19.8</td>
<td>$1.4</td>
<td>7%</td>
<td>$3.3</td>
<td>17%</td>
<td>$15.1</td>
<td>76%</td>
</tr>
<tr>
<td>2.5 M &lt; 5 M</td>
<td>4.3</td>
<td>$14.7</td>
<td>$14.0</td>
<td>$6.3</td>
<td>$8.4</td>
<td>$0.8</td>
<td>9%</td>
<td>$2.6</td>
<td>31%</td>
<td>$5.1</td>
<td>60%</td>
</tr>
<tr>
<td>5 M &lt; 10 M</td>
<td>1.5</td>
<td>$9.9</td>
<td>$9.3</td>
<td>$4.7</td>
<td>$5.1</td>
<td>$0.6</td>
<td>12%</td>
<td>$2.0</td>
<td>40%</td>
<td>$2.5</td>
<td>48%</td>
</tr>
<tr>
<td>10 M &lt; 20 M</td>
<td>0.5</td>
<td>$7.3</td>
<td>$6.9</td>
<td>$3.3</td>
<td>$4.0</td>
<td>$0.8</td>
<td>19%</td>
<td>$1.7</td>
<td>42%</td>
<td>$1.6</td>
<td>39%</td>
</tr>
<tr>
<td>20 M or more</td>
<td>0.3</td>
<td>$11.7</td>
<td>$11.2</td>
<td>$4.4</td>
<td>$7.2</td>
<td>$2.4</td>
<td>34%</td>
<td>$2.8</td>
<td>38%</td>
<td>$2.0</td>
<td>28%</td>
</tr>
<tr>
<td>Total</td>
<td>59.2</td>
<td>$98.9</td>
<td>$94.5</td>
<td>$36.3</td>
<td>$62.6</td>
<td>$6.8</td>
<td>11%</td>
<td>$13.2</td>
<td>21%</td>
<td>$42.6</td>
<td>68%</td>
</tr>
</tbody>
</table>


Table 5: Distributions between charitable causes, taxes, and heirs other than spouse 1995 federal estate returns

<table>
<thead>
<tr>
<th>Gross estate category</th>
<th># Returns (thousands)</th>
<th>Amount (billions)</th>
<th>Net worth (billions)</th>
<th>Fees &amp; surviving spouse (billions)</th>
<th>Available after F &amp; S S (billions)</th>
<th>Charitable deduction Amount (billions)</th>
<th>% of available</th>
<th>Taxes Amount (billions)</th>
<th>% of available</th>
<th>Heirs and other Amount (billions)</th>
<th>% of available</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.6 M &lt; 1M</td>
<td>37.3</td>
<td>$28.6</td>
<td>$26.7</td>
<td>$6.2</td>
<td>$20.5</td>
<td>$1.0</td>
<td>5%</td>
<td>$1.0</td>
<td>5%</td>
<td>$18.5</td>
<td>90%</td>
</tr>
<tr>
<td>1 M &lt; 2.5 M</td>
<td>24.6</td>
<td>$36.1</td>
<td>$34.5</td>
<td>$11.4</td>
<td>$23.1</td>
<td>$1.8</td>
<td>8%</td>
<td>$3.8</td>
<td>16%</td>
<td>$17.6</td>
<td>76%</td>
</tr>
<tr>
<td>2.5 M &lt; 5 M</td>
<td>5.3</td>
<td>$18.1</td>
<td>$17.3</td>
<td>$6.8</td>
<td>$10.5</td>
<td>$0.9</td>
<td>9%</td>
<td>$3.4</td>
<td>33%</td>
<td>$6.1</td>
<td>58%</td>
</tr>
<tr>
<td>5 M &lt; 10 M</td>
<td>1.7</td>
<td>$11.7</td>
<td>$11.0</td>
<td>$4.5</td>
<td>$6.5</td>
<td>$1.0</td>
<td>15%</td>
<td>$2.6</td>
<td>41%</td>
<td>$2.9</td>
<td>44%</td>
</tr>
<tr>
<td>10 M &lt; 20 M</td>
<td>0.6</td>
<td>$7.9</td>
<td>$7.5</td>
<td>$3.4</td>
<td>$4.1</td>
<td>$0.7</td>
<td>16%</td>
<td>$1.9</td>
<td>46%</td>
<td>$1.6</td>
<td>39%</td>
</tr>
<tr>
<td>20 M or more</td>
<td>0.3</td>
<td>$15.5</td>
<td>$14.8</td>
<td>$6.4</td>
<td>$8.4</td>
<td>$3.4</td>
<td>41%</td>
<td>$2.9</td>
<td>35%</td>
<td>$2.0</td>
<td>24%</td>
</tr>
<tr>
<td>Total</td>
<td>69.8</td>
<td>$117.7</td>
<td>$111.6</td>
<td>$38.6</td>
<td>$73.0</td>
<td>$8.7</td>
<td>12%</td>
<td>$15.6</td>
<td>21%</td>
<td>$48.7</td>
<td>67%</td>
</tr>
</tbody>
</table>

Table 6: Distributions between charitable causes, taxes, and heirs other than spouse: 1997 federal estate returns

<table>
<thead>
<tr>
<th>Gross estate category</th>
<th># Returns (thousands)</th>
<th>Amount (billions)</th>
<th>Net worth (billions)</th>
<th>Fees &amp; surviving spouse (billions)</th>
<th>Available after F &amp; S S (billions)</th>
<th>Charitable deduction Amount (billions)</th>
<th>% of available</th>
<th>Taxes Amount (billions)</th>
<th>% of available</th>
<th>Heirs and other Amount (billions)</th>
<th>% of available</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.6 M &lt; 1M</td>
<td>47.5</td>
<td>$36.5</td>
<td>$35.5</td>
<td>$7.4</td>
<td>$28.1</td>
<td>$1.1</td>
<td>4%</td>
<td>$1.3</td>
<td>5%</td>
<td>$25.7</td>
<td>91%</td>
</tr>
<tr>
<td>1 M &lt; 2.5 M</td>
<td>32.4</td>
<td>$47.6</td>
<td>$45.7</td>
<td>$15.0</td>
<td>$30.7</td>
<td>$1.5</td>
<td>5%</td>
<td>$5.3</td>
<td>17%</td>
<td>$23.9</td>
<td>78%</td>
</tr>
<tr>
<td>2.5 M &lt; 5 M</td>
<td>6.7</td>
<td>$22.8</td>
<td>$21.8</td>
<td>$8.7</td>
<td>$13.1</td>
<td>$1.3</td>
<td>10%</td>
<td>$4.2</td>
<td>32%</td>
<td>$7.6</td>
<td>58%</td>
</tr>
<tr>
<td>5 M &lt; 10 M</td>
<td>2.2</td>
<td>$15.0</td>
<td>$14.4</td>
<td>$6.1</td>
<td>$8.3</td>
<td>$1.0</td>
<td>12%</td>
<td>$3.4</td>
<td>41%</td>
<td>$3.9</td>
<td>47%</td>
</tr>
<tr>
<td>10 M &lt; 20 M</td>
<td>0.8</td>
<td>$11.0</td>
<td>$10.5</td>
<td>$4.6</td>
<td>$5.9</td>
<td>$1.0</td>
<td>17%</td>
<td>$2.6</td>
<td>44%</td>
<td>$2.3</td>
<td>39%</td>
</tr>
<tr>
<td>20 M or more</td>
<td>0.4</td>
<td>$29.3</td>
<td>$28.2</td>
<td>$11.3</td>
<td>$16.9</td>
<td>$8.3</td>
<td>49%</td>
<td>$5.1</td>
<td>30%</td>
<td>$3.5</td>
<td>21%</td>
</tr>
<tr>
<td>Total</td>
<td>90.0</td>
<td>$162.3</td>
<td>$156.1</td>
<td>$53.1</td>
<td>$103.1</td>
<td>$14.3</td>
<td>14%</td>
<td>$22.0</td>
<td>21%</td>
<td>$66.8</td>
<td>65%</td>
</tr>
</tbody>
</table>

Table 7: Changes in value and allocation of final estates: All estates

<table>
<thead>
<tr>
<th>$ billions</th>
<th>Value</th>
<th>Bequests to charity</th>
<th>Taxes</th>
<th>Bequests to heirs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>$62.6</td>
<td>$6.8</td>
<td>$13.2</td>
<td>$42.6</td>
</tr>
<tr>
<td>1995</td>
<td>$73.0</td>
<td>$8.7</td>
<td>$15.6</td>
<td>$48.7</td>
</tr>
<tr>
<td>1997</td>
<td>$103.1</td>
<td>$14.3</td>
<td>$22.0</td>
<td>$66.8</td>
</tr>
<tr>
<td>%△ 92-95</td>
<td>16.61%</td>
<td>27.94%</td>
<td>18.18%</td>
<td>14.32%</td>
</tr>
<tr>
<td>%△ 95-97</td>
<td>41.23%</td>
<td>64.37%</td>
<td>41.03%</td>
<td>37.17%</td>
</tr>
<tr>
<td>%△ 92-97</td>
<td>64.70%</td>
<td>110.29%</td>
<td>66.67%</td>
<td>56.81%</td>
</tr>
<tr>
<td>Std 92-95</td>
<td>1.00</td>
<td>1.68</td>
<td>1.09</td>
<td>0.86</td>
</tr>
<tr>
<td>Std 95-97</td>
<td>1.00</td>
<td>1.56</td>
<td>0.99</td>
<td>0.90</td>
</tr>
<tr>
<td>Std 92-97</td>
<td>1.00</td>
<td>1.70</td>
<td>1.03</td>
<td>0.88</td>
</tr>
</tbody>
</table>

Source: Calculated at the Social Welfare Research Institute at Boston College

Table 8: Changes in value and allocation of final estates: Estates of $20 million or more

<table>
<thead>
<tr>
<th>$ billions</th>
<th>Value</th>
<th>Bequests to charity</th>
<th>Taxes</th>
<th>Bequests to heirs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>$7.2</td>
<td>$2.4</td>
<td>$2.8</td>
<td>$2.0</td>
</tr>
<tr>
<td>1995</td>
<td>$8.4</td>
<td>$3.4</td>
<td>$2.9</td>
<td>$2.0</td>
</tr>
<tr>
<td>1997</td>
<td>$16.9</td>
<td>$8.3</td>
<td>$5.1</td>
<td>$3.5</td>
</tr>
<tr>
<td>%△ 92-95</td>
<td>16.67%</td>
<td>41.67%</td>
<td>3.57%</td>
<td>0.00%</td>
</tr>
<tr>
<td>%△ 95-97</td>
<td>101.19%</td>
<td>144.12%</td>
<td>75.86%</td>
<td>75.00%</td>
</tr>
<tr>
<td>%△ 92-97</td>
<td>134.72%</td>
<td>245.83%</td>
<td>82.14%</td>
<td>75.00%</td>
</tr>
<tr>
<td>Std 92-95</td>
<td>1.00</td>
<td>2.50</td>
<td>.021</td>
<td>0.00</td>
</tr>
<tr>
<td>Std 95-97</td>
<td>1.00</td>
<td>1.42</td>
<td>0.75</td>
<td>0.74</td>
</tr>
<tr>
<td>Std 92-97</td>
<td>1.00</td>
<td>1.82</td>
<td>0.61</td>
<td>0.56</td>
</tr>
</tbody>
</table>

Source: Calculated at the Social Welfare Research Institute at Boston College

increase going to charity was 246 percent, or 82 percent greater than the percentage increase in the value of estates.

The findings just cited, although based on independent samples rather than longitudinal panel data, support the notion that charitable giving is highly elastic in regard to wealth and income. That is, as wealth increases, not only does the amount going to charity increase, but the proportion of resources allocated to charity also increases. Thomas Murphy discusses the decision-making dynamics of wealth holders that undergird this elasticity of charitable giving. He maintains, correctly the authors believe, that there is nothing automatic about a shift toward philanthropic giving in the presence of...
substantial financial wherewithal. For one reason, explains Murphy, the translation of increased resources into increased philanthropy depends upon the composition of a wealth holder’s assets—for instance, whether the assets remain tied up in a business enterprise. Nevertheless, says Murphy, growth in financial wherewithal does result in a potential positive effect for philanthropy for households once they are at or near their desired level of consumption and when additional sums for self, family, and investment have been accumulated at the desired level. When this point is reached, each new dollar added to available financial resources is—minus any tax obligations—a dollar available for philanthropy. The essence of the material side of the supply-side approach is that it is at such a point of subjectively defined financial security that wealth becomes an even more willing ally of philanthropy, but just how strong an ally depends on how deftly fund raisers and charities can mobilize such potential financial vectors by working with rather than against the motivational forces termed the spiritual side of the supply side.

These supply-side orientations of wealth holders that incline them toward charitable giving and the implications for fund raising are the topics covered in Part 2 of this paper to be published in the subsequent issue of this journal.

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References
The demand side represents how philanthropic prizes are currently solicited. It is the contention of the authors that fund raisers all too often consider donors reluctant to give. Fund raisers work diligently to get them to ‘shift’ their giving to their institutions, sometimes attempting to make them feel stingy or guilty if they are not on their donor list. The myriad of giving levels, annual and campaign reports, friend-raising efforts, compelling case statements, and advice on tax incentives evidence this. This practitioner submits that over time people have come to believe that if they build a better list of needs—their version of the mousetrap—they will come this is demand-side philanthropy.

Enter the theory of supply-side philanthropy. Supply side, being foreign to many in the charity arena, presents a different consideration of donors and giving, offering insights one cannot and should not ignore.

Wealth holders are the supply side of philanthropy. They are influenced by a set of vectors very different from the demands list. Capacity and desire, direction and magnitude, play a much larger role in the making of a gift than does dollar allocation, wish lists, or choice of charities. More directly, increase in wealth and philanthropic inclination inherently increase the supply available for giving.

This study shows that the influence of giving, for both annual gifts and bequests, is affected by the growth in personal wealth, along with reaching a fulfillment of giving to family and providing for personal needs. Readers learn that when donors reach their saturation point—the time in their lives when they have maximized their desired consumer, family preservation, and investment levels—the potential for philanthropy is extremely high and positive. Their desire to give actually increases, but not directly because they have provided a list of needs. While “making a difference” holds some value, desire is higher by virtue of their ability, capacity, and chosen duty to share their wealth.

Practitioners are constantly reminded of the forecast of the great “transfer of wealth.” This study takes that forecast one step further. The authors developed their own Wealth Transfer Microsimulation Model project, revealing not only that the transfer of wealth is increasing but also that people have entered an era of deep wealth, deeper than ever estimated. Tables provided by the authors report the three levels of their estimations, ranging from a low of $41 million to a high of $136 trillion available for transfer, advancing numbers regularly prophesized. Could they be right? This practitioner refers to the John Maynard Keynes quote at the opening of this paper. Aligning themselves with his thinking, these authors, based on their research, may not be “foolish to contemplate the possibility of a far greater progress [transfer of wealth] still.” Therefore, if they are correct there is an enormous challenge and opportunity awaiting.

Material and spiritual vectors affect the giving patterns of wealth holders. Growth in financial wherewithal has the potential to make fuller hearts and chosen duty de rigueur. Research conducted by the authors of “Federal Estate Tax Returns,” over a five-year period, showed a significant shift and increase in the allocation of final estates to charity rather than to heirs. Practitioners cannot ignore these revealing facts and must institute a better balance of the desire of the donor versus
the case statement. The qualitative and quantitative results could prove very lucrative.

Part 1 successfully awakened a perspective about donors and their motivations to give to charity. In Part 2, the authors will reveal an in-depth study of the social-psychological side of supply-side philanthropy and the implications for fund-raising, public policy and the possible repeal of estate tax. One trusts the study will provide more thought-provoking ideas for action.

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