Giving Data Show Boomers Poised for Record Giving Capacity

(Feb. 7, 2012) The boomer generation in the U.S. aged 46-64 is wealthier than any previous generation and their financial capacity to give will likely only increase, say scholars from the Center on Wealth and Philanthropy at Boston College.

"Boomers will receive the greatest wealth transfer in history," said John Havens and Paul Schervish. "But a substantially larger transfer of wealth will be given by them than was given to them."

Based on data from the 2007 Survey of Consumer Finances sponsored by the Board of the Federal Reserve, the scholars found that wealth is growing larger from one generation to the next, but also that Americans 65 and older have seen a large increase in wealth in recent years.

The wealth of the pre-boomer generation aged 65 and above increased (in real terms) by 90 percent during the 18 years since their generation was age 46-64, said Havens and Schervish. "There is every reason to believe that the wealth of the boomer generation will also continue to increase in real terms as the economy resumes its trajectory of growth during the next 18 years," they said.

More Millionaires

Measured both in numbers and percentage of the generation, Havens and Schervish say there are more boomer millionaires today than there were among the pre-boomer generation when they were the same age, after adjusting for inflation.

In 2007 the number of boomer households with at least $1 million in total assets was already 6.51 million out of 43.7 million total boomer households. In percentage terms, 14.8 percent of boomer households owned at least $1 million in total assets.

Plus, based on the growth in wealth of the pre-boomers 65 and older in recent years, boomers are poised for further growth in years to come.

In 2007 there were 4.28 million pre-boomer households with at least $1 million in assets out of a total of 23.41 million pre-boomer households – in proportional terms this amounts to 18.3 percent. In 18 years the proportion of pre-boomer households with a million dollars in assets has increased by 79 percent. Therefore, over the next 18 years the percentage of boomer households with at least $1 million in total assets (in 2007 purchasing power) could well approach 25 percent – good news in terms of having a strong fundraising prospect pool.

Boomers and Giving

Overall, boomers are already charitably inclined, the scholars note. Boomers make up 37.7 percent of all households but are responsible for 50.3 percent of all contributions.

Furthermore, just as their financial capacity is poised to grow based on the growth seen by the generation before them, boomers are likely going to be inclined to give more over the next several years.

Giving by boomers has the capacity to increase from $112.2 billion to $144 billion per year (in 2007 dollars) during the next 18 years.

As for the next generation, Havens and Schervish found that the post-boomers aged 28-45 have greater wealth than boomers did at the same age, however they currently give less than boomers give at the same age, possibly due to anticipation of living longer and signs of financial insecurity seen in the late 90s and post 9/11.

Overall, the 2007 data and historical trends show that there is great capacity among older Americans, boomers and the next generation of donors to give more than ever.

For more on these findings, download Capacity for Care: Today, Yesterday and Tomorrow, by John Havens and Paul Schervish, Center on Wealth and Philanthropy, Boston College.

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