

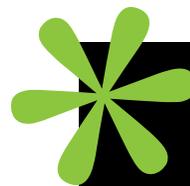
PHOTO COURTESY OF BOSTON COLLEGE



BY MUKUL VERMA

# Abundant Future

*A conversation about the transfer of \$41 trillion in wealth, and why you can't tell Donald Trump to give it up for good.*



**T**he gifts come in nearly uncountable numbers of zeroes from people named Gates and Buffett. Most people gasp at the level of generosity; Paul Schervish uses a combination of curiosity and academic rigor to explain it. As director of the Center for Wealth and Philanthropy at Boston College, he is considered the top researcher on philanthropy. Ahead of a speech in Baton Rouge this fall, Schervish spoke to Currents about what makes people give and why you can't tell them what to do with their money.

**When you released research that showed at least \$41 trillion in U.S. wealth would be transferred by 2052, did people question the work, because that's a big number?**

*Schervish:* Actually, it was released at the time of the White House conference on philanthropy, which was hosted by Hillary Clinton. We had been in touch with government economists to help verify some of the numbers, including the Council for Economic Advisors and the Centers for Disease Control, which had mortality tables. The White House had vetted the estimates because there was a question of whether Mrs. Clinton was going to use that new number in her talk. They told us that if they didn't believe the number, she wouldn't use it. Eventually, it was received with high expectations rather than with skepticism.

**Did you expect the number to resonate?**

We had no idea. We had a sense that it would. At the time, the number being used was \$10 trillion, which was released in 1990 and had gained prominence in 1993. It wasn't a mistake; it was

that the researchers had calculated transfers only for households that were headed by people over 55 with children. Also, when we did our study, the wealth in the country was greater.

**What are some of the biggest moments in philanthropy?**

I think that The Gates Foundation is certainly one in our recent history. It put on the table the notion that the ultra-rich would not be passing the maximum amount of their estate to their heirs, that they would limit the amount given to heirs and pursue other, deeper purposes for the use of their wealth while they are alive. It showed several things. One, the enormity of the gifts. Two, the dramatic impact the gifts have by leveraging government money around the world. Three, the emphasis on inter vivos giving (philanthropy while alive). And four, the notion of limiting the amount given to heirs, which opened up a new way of thinking for how the ultra-wealthy allocate their wealth.

Warren Buffett, who is giving most of his billions to the Gates Foundation, would be an example. But there have been many others who are not waiting until death to use their estates for good.

**Recent biological experiments assert that people usually donate because it makes them feel good. The conventional wisdom has been that people give for selfish reasons. Why do people give?**

Paul G. Schervish, a philanthropy researcher, is this year's speaker at the Marcia Kaplan Kantrow Lecture Series of the Baton Rouge Area Foundation. He will appear Oct. 17 from 6-7 p.m. at the Manship Theatre in the Shaw Center for the Arts. Admission is free.

# Being financially secure opens up the fullness of choice and leads to a search for a deeper experience in life. And that leads to gifts.

It makes them happy. I would have said this before the biological studies. I would have said this is a psychical factor, and they are finding there is something that is hard-wired in the brain. Giving is the kind of activity that we all wish to participate in with time or money, to pay attention to the needs of others because they are in need and not because I need money. The giving includes taking in people after Katrina, giving money to people who are strangers in need, giving gifts just for kindness. None of that is tax deductible, but people do that. It's just like the relationship we have with our children and parents - the enormous satisfaction and happiness from philea, the root word for philanthropy meaning friendship love. Why do people do it? It involves the mutual nourishment of two individuals.

## **Unlike Bill and Melinda Gates and Warren Buffett, Donald Trump recently said he planned to leave all his money to his kids. Should he also use his wealth for philanthropy?**

I think it's different in every case. If you own assets – a family farm or a family business – you may desire that it survive you and you don't want to break it up, so you leave it to your family. On a spiritual level, it's not for any one of us to decide the best allocation for someone else. We can ask them to consider the options, but the notion that we know better than them and can make a final judgment for them is incorrect.

## **How should people determine the amount they should leave their children?**

It's a craft, which means it's a mixture of art and science. It's a mixture of intuitive and emotional knowledge and rigorous intellectual thought. I think it depends on what is being left and how much is being left. There is a tendency to scold people into charity and set standards. The deepest religious traditions would not pre-determine what is the right thing for others to do with their wealth. Rather, it's a discernment process. It's to do what is the greater good and what inspires you.

## **Is there a common event in people's lives that prompts them to decide on donating their wealth?**

The reason people give is identification. What emerges is that most people are engaged in some form of philea all through their life, so the connection to others and the desire and enjoyment and happiness derived from meeting the true needs of others directly is already present. What turns people to formal philanthropy are several motivations. It's a combination of some motivations that are universal and some that are more specific to the very wealthy. The universal ones include identifying with the fate of others and wanting to give out of gratitude for being blessed. A motivation that is particular to wealth holders is financial security. They have gotten to the point where they have provided for the desired standard of living for themselves and their heirs indefinitely into the future. Being financially secure opens up the fullness of choice and leads to a search for a deeper experience in life. And that leads to gifts.

Another motivation particular to wealth holders is hyperagency, the ability to not only act in the world but to create the world. So hyperagency

is the orientation and ability – psychological disposition and material ability – to produce the institutions and organizations of the world.

**Are people more generous today than they used to be?**

There is clearly more charitable giving than their used to be. It's part of the cultural education and socialization that is going on, but also part of the expanded capacity to give. The distribution of income is uneven, but the standard of living is rising dramatically for most people. So people at all income levels have more discretionary money than they might have had at another time. Whether they are more generous is unknowable unless we know their hearts. But are they more engaged in charitable giving? Yes.

**What's your view of all the tech billionaires giving money to solve problems in new ways?**

Manufacturing once was the major source of wealth, and it was limited to fewer people. Now the mind and intellectual capital are the source for solving problems that lead to creation of wealth. When they reach a point at which they are less interested in accumulating more, the new wealthy still have the notion of being social entrepreneurs. They try to encourage others to de-

velop and apply ideas where problems need to be solved. What they are doing in this realm is solving problems, which they see as parallel to the businesses in which they made money and to the nature of entrepreneurial activity.

More people at a younger and younger age have financial security so they have full choice about what to do with their time and resources, and one of the most attractive things is to attend to the needs of others directly.

**It seems a pivot point in philanthropy is upon us.**

I think we are only at the beginning of understanding affluence, wealth and great wealth. It's new in history. It's not new in history that people would be concerned about the whole earth. But it's new that we have the will and the science to solve worldwide problems. It's even newer that we have the resources to do it. It's even newer that we have the organizational ability and the social relations. It has all occurred in the last 60 years.

One of the chief questions for our age: What is the quality of your satisfactions? And the question to an increasing number of people: Are you attuned to a deeper satisfaction than consumption beyond what is necessary? •