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Financial Resources and Charitable Contributions of Retired Households

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Retired households, on average, own 58% more wealth but earn 35% less income than non-retired households. On average, they also contribute substantially more (69%) to charitable causes than do non-retired households.

These are the initial results of a work in progress at the Center on Wealth and Philanthropy (CWP) at Boston College. The work is based on data from the 2001 Survey of Consumer Finances, sponsored by the Board of Governors of the Federal Reserve.

A summary of the preliminary findings is posted on the CWP web page. The summary and its tables will be expanded into a working paper as the analysis proceeds.

Findings Regarding Retired Households

The summary table indicates that in 2001 there were 21.5 million (20% of all) households in which the head reported being retired from one or more jobs they once held. We call such households “retired households”. We call all other households “not retired households.”

On average the heads of retired households were older than not retired households (73 years vs. 43 years), less likely married (55% vs. 62%), more likely widowed (29% vs. 4%), and less likely employed (4% vs. 87%). The heads of some retired households (4%) were employed even though they were also retired.

As expected, retired households earned less income (\$47 thousand) on average than not retired households (\$72 thousand). However through a lifetime of accumulation of savings and assets, they owned more net worth (\$561 thousand) on average than not retired households (\$354 thousand). Moreover, on average they

contributed substantially more to charity (\$2,700) than did not retired households (\$1,594).

In aggregate, the retired households comprised 20% of the households, earned as a group \$1 trillion (14% of the aggregate household income), owned as a group \$12 trillion (29% of the aggregate household wealth), and contributed as a group \$58 billion (30% of aggregate household charitable contributions).

Marital Status and Gender

The heads of most (55%) of the 21.5 million retired households were married. These households earned 74% of the \$1 trillion earned by all retired households, owned 77% of the \$12 trillion of net worth owned by all retired households, and contributed 54% of the \$58 billion contributed by all retired households. On average these households had \$63 thousand in income and \$793 thousand in net worth per household. They contributed an average of \$2,660 per household to charitable causes.

Unmarried women headed 29% of the 21.5 million retired households. They earned 14% of the \$1 trillion earned by all retired households, owned 10% of the \$12 trillion of net worth owned by all retired households, and contributed 10% of the \$58 billion contributed by all retired households. On average they had \$22 thousand in earnings and \$197 thousand in net worth per household. They contributed an average of \$936 per household.

Unmarried men headed 16% of the 21.5 million retired households. They earned 13% of the \$1 trillion earned by all retired households, owned 13% of the \$12 trillion of net worth owned by all retired households, and contributed 36% of the \$58 billion contributed by all retired households. On average they had \$41 thousand in earnings and \$428 thousand in net worth per household. They contributed an average of \$6,162 per household. It should be cautioned, however, that while the data from the 1995 and the 1998 Surveys of Consumer Finances also indicate that unmarried men in retired households contributed more on average than unmarried women in retired households, the difference was on average only about two times greater.

At this stage of the analysis it is not clear why unmarried men appear to give more on average to charitable causes. Further analysis will at least clarify the findings. The reader should not rely on this preliminary finding until it is clarified.

All estimates were calculated by John Havens at the Center for Wealth and Philanthropy at Boston College based on data from the 2001 Survey of Consumer Finances, sponsored by the Board of Governors of the Federal Reserve. Population estimates refer to the 2001 population and dollar estimates are in 2001 dollars.

Selected Characteristics of Retired and Not Retired Households in 2001

	Retired Households	Not Retired Households	All Households
Number of Households (Millions)	21.5	85.0	106.5
Percentage of Households	20.2%	79.8%	100.0%
Average Age (Years)	72.8	42.9	49.0
Percentage Married	55.0%	61.7%	60.3%
Percentage Widowed	29.0%	4.1%	9.1%
Percentage Employed	4.4%	86.7%	70.1%
Average HH Income	\$47,385	\$72,230	\$67,204
Average HH Net Worth	\$560,896	\$353,955	\$395,818
Average HH Contribution	\$2,700	\$1,594	\$1,817

Source: Calculated at the Center on Wealth and Philanthropy at Boston College based on data from the 2001 Survey of Consumer Finances, sponsored by the Board of Governors of the Federal Reserve.