Philanthropy – Facts

PHIL-FACTS

Philanthropy Fact Sheet
Prepared for the First Lady
by the Council of Economic Advisers
October 1999

- **Philanthropic giving in 1998 was estimated to be $174.5 billion.**

- **Individuals accounted for 85 percent of all contributions in 1998**, while corporations and foundations accounted for 5 percent and 10 percent of contributions, respectively. Contributions by individuals have increased 31 percent since 1995, while foundation giving has increased by over 50 percent.

- **There has been a recent resurgence in philanthropy as a percentage of GDP.** Total giving represented just over 2 percent of GDP in 1970. However, it dropped in the 1970s to just 1.7 percent in 1979 and remained fairly constant at about 1.75 percent in the 1980s and early 90s. But since 1995, giving has risen sharply to just over 2 percent in 1998 – back to the levels of 30 years ago.

- **Religion was by far the single largest recipient of contributions, at 44 percent of the total last year.** Donations to religion averaged about 50 percent of total contributions from the early 1980s to the mid-1990s, but have fallen as a share of the total since 1995.

- **Other organizations have received substantial increases in donations since 1990.** These include education (up 59 percent), environmental organizations (up 69 percent), public-benefit organizations such as civil rights groups and community development organizations (up 77 percent), and gifts to foundations (up 254 percent).

- **Families at every level of income (except the very top) are about equally generous**: The 95 percent of families with incomes under $100,000 all tend to contribute roughly 1.5 percent to 2 percent of their incomes, on average – even the very poor. Those with incomes above this level tend to contribute a higher percentage of their incomes.

- **Elderly households (over age 65) at every level of income are generous givers.** They tend to make larger inter vivos contributions in terms of both donation size and as a percentage of their incomes than non-elderly households.

- **Wealthy households give a disproportionate share of individual contributions.** The 20 percent of families with incomes of $60,000 or more in 1994 gave 67 percent of all individual contributions that year. The 4.3 percent of families with incomes above $125,000 gave 46 percent of the total.

- **An estimated $12 trillion in wealth will be transferred over the next 20 years.** This will result in an estimated $1.7 trillion in charitable bequests. Over the next 55 years, the wealth transfer is estimated to be $41 billion, resulting in $6 trillion in charitable bequests.

SPECIAL ANALYSIS

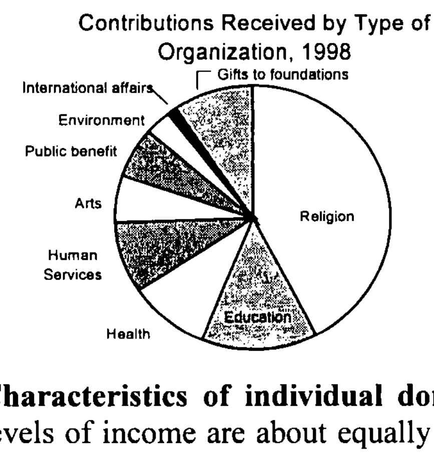
Recent Trends in Philanthropy

Charitable giving in 1998 reached an estimated $174.5 billion, or just over 2 percent of GDP (see upper chart). Giving has not been so large as a share of GDP since the early 1970s, and recent estimates of future giving suggest that contributions will continue to rise over the next 20 years as Baby Boomers age.

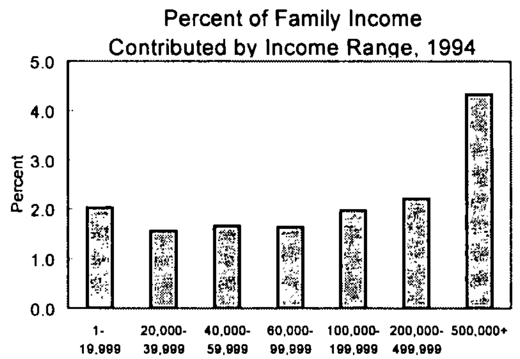
Sources of data. Data on giving come from a variety of sources. The data in the upper chart come from *Giving USA*, which combines data on giving by individuals, foundations, and corporations to make annual estimates of total giving. Individual giving (apart from bequests) is estimated from IRS data on charitable contributions by those who itemize and national survey data on giving by non-itemizers.

Who gives? Individuals accounted for an estimated 85 percent of all contributions in 1998 (77 percent of all giving was from individuals and another 8 percent was from bequests). Other giving came from foundations (10 percent) and corporations (5 percent). About 70 percent of households contributed to charity last year, giving an average of $1,075. Contributions by individuals have increased 31 percent since 1995, while foundation giving has risen by about 50 percent.

Who gets? Religion is by far the single largest recipient category, with 44 percent of total contributions in 1998 (see lower chart). Several types of organizations have received substantial increases in donations since 1990. These include education (up 59 percent), environmental organizations (up 69 percent), public-benefit organizations such as civil rights groups and community development organizations (up 78 percent), and foundations (whose receipt of gifts is up 254 percent).



Characteristics of individual donors. Except for the richest, families at all levels of income are about equally generous. The average contribution in groups with annual income below $500,000 (representing 99.7 percent of families) was roughly 1.5 to 2 percent of income in 1994 (see chart on next page). The average



contribution of the richest 0.3 percent of donors, by contrast, was 4.3 percent of income.

Giving by net worth shows a different pattern. Those with the least net worth give the most in percentage terms, and this percentage declines with increases in net worth. This is consistent with the highly skewed distribution of net worth and the relatively small net worth in much of the distribution. Households with high income or wealth do, however, provide a disproportionate share of individual contributions. For example, the 20 percent of families with incomes of $60,000 or more in 1994 gave 67 percent of all individual contributions that year. The 4.3 percent of families with incomes above $125,000 gave 46 percent of the total. Finally, elderly households (those with a head aged 65 or over) in every income group make larger contributions than their non-elderly counterparts.

A golden age of philanthropy? A new study estimates that levels of charitable bequests—one component of individual giving—will increase dramatically over the next 20 years, due in part to the aging of Baby Boomers. The study's lower-bound estimate of total charitable bequests over the period is $1.7 trillion (in 1998 dollars). Such estimates are inherently speculative, but if this estimate proves accurate, bequests over the next two decades will be an order of magnitude greater than the $176 billion in bequests over the past 20 years and would imply dramatic increases in total philanthropic giving.

Conclusion. The strong economy and stock market have helped create a resurgence in philanthropy since 1995. Projections show that increases in giving are likely to continue, and may accelerate as Baby Boomers age.

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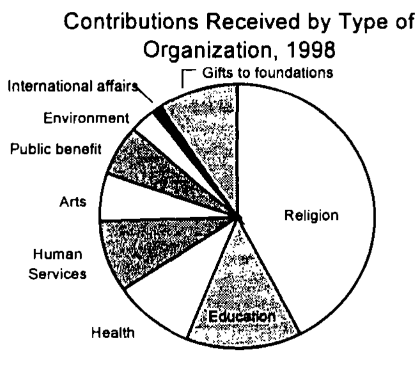

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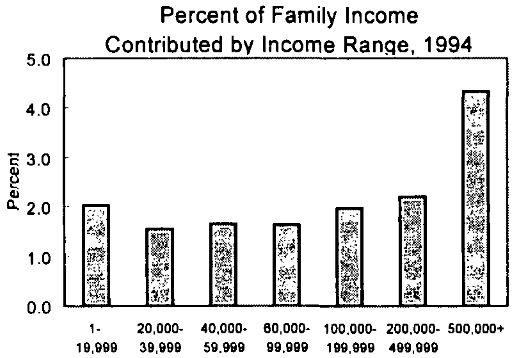

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