

A Golden Age of Philanthropy?

The Impact of the Great Wealth Transfer
on Greater Boston

Based on Research by

John J. Havens

Paul G. Schervish, Ph.D.

Center on Wealth and Philanthropy
Boston College

Prepared for:

The Boston Foundation

 **The Boston
Foundation**
INNOVATION. INFORMATION. IMPACT.

May 2006

The Boston Foundation

The Boston Foundation, Greater Boston's community foundation, is one of the oldest and largest community foundations in the nation, with an endowment of over \$730 million. In 2005, the Foundation and its donors made more than \$60 million in grants to nonprofit organizations and received gifts of \$73 million. The Foundation is made up of some 850 separate charitable funds established by donors either for the general benefit of the community or for special purposes. The Boston Foundation also serves as a major civic leader, provider of information, convener, and sponsor of special initiatives designed to address the community's and region's most pressing challenges. For more information about the Boston Foundation, visit www.tbf.org or call 617-338-1700.

About Philanthropy Forums and Reports

Philanthropy is playing an increasingly critical role in the life of our community, our country and the world. As one of the oldest and largest community foundations in the country, the Boston Foundation has a deep stake in examining the impact of philanthropy—and the challenges faced by foundations and charitable individuals in the 21st century. The Foundation invites you to enter into a dialogue about the state of philanthropy through this series of forums and reports designed to explore some of the most critical issues confronting the sector—from strategic foundation grantmaking to charitable giving by individuals—with a special emphasis on Greater Boston.

Center on Wealth and Philanthropy

The Center on Wealth and Philanthropy at Boston College is a multidisciplinary research center specializing in the study of spirituality, wealth, philanthropy and other aspects of cultural life in an age of affluence. Founded in 1970, the Center is a recognized authority on the relation between economic wherewithal and philanthropy, the motivations for charitable involvement and the underlying meaning of the practice of care.

The Researchers

John J. Havens is Senior Research Associate and Associate Director of the Center on Wealth and Philanthropy at Boston College. He received his training in mathematics, economics, and physics at Yale University, and his graduate training in economics at the Massachusetts Institute of Technology. Recognized for three years by the *Nonprofit Times* as a member of the "Power and Influence Top 50," Havens has directed and published research exploring the associations among philanthropy, income and wealth and its implications for fundraising and philanthropy.

Paul G. Schervish is a Professor of Sociology and Director of the Center on Wealth and Philanthropy at Boston College. He is National Research Scholar at the Indiana University Center on Philanthropy and Senior Advisor to the John Templeton Foundation. Schervish was appointed a Fulbright Scholar for the 2000-2001 academic year at University College Cork in the area of research on philanthropy. For the 1999-2000 academic year, he was appointed Distinguished Visiting Professor at the Indiana University Center on Philanthropy, where he now serves as National Research Fellow. He has been named five times to the *Nonprofit Times'* annual "Power and Influence Top 50," a list which acknowledges movers and shakers in the nonprofit world. Schervish has published extensively in the areas of philanthropy and wealth, and is a consultant to fundraisers, financial advisors, and families on issues of wealth and philanthropy.

UNDERSTANDING BOSTON is a series of forums, educational events and research sponsored by the Boston Foundation to provide information and insight into issues affecting Boston, its neighborhoods and the region. By working in collaboration with a wide range of partners, the Boston Foundation provides opportunities for people to come together to explore challenges facing our constantly changing community and to develop an informed civic agenda.

A Golden Age of Philanthropy?

The Impact of the Great Wealth Transfer on Greater Boston

Based on Research by

John J. Havens

Paul G. Schervish, Ph.D.

Center on Wealth and Philanthropy
Boston College

Project Coordination:

Mary Jo Meisner, Vice President for Communications,
Community Relations and Public Affairs, The Boston Foundation

Ann McQueen, Senior Program Officer, The Boston Foundation

Editor: Barbara Hindley, Senior Editor, The Boston Foundation

Designer: Kate Canfield, Canfield Design

Dear Friends,

One of the primary mandates of the Boston Foundation, of all community foundations, is to promote philanthropy in the regions they serve. While helping donors make gifts during their lifetimes has become a major part of the Boston Foundation's work, charitable bequests continue to provide the permanent funds needed to address the most critical issues we face as a community.

These are the funds that have given the Boston Foundation the resources to make early investments in some of Boston's most innovative ideas and institutions—from the development of the Longwood Medical Area to the cleanup of Boston Harbor to the launching of WGBH-TV, City Year and numerous other nonprofits. Today, these permanent resources allow us to invest in Pilot Schools, be a major partner in the largest workforce development initiative in Boston's history, tackle the area's shortage of housing and respond to other urgent needs.

The importance of the kind of these permanent flexible funds is the reason that community foundations and nonprofit organizations across the country paid close attention to a 1999 report—by Paul G. Schervish and John J. Havens of Boston College's Center on Wealth and Philanthropy—predicting that we were about to witness the largest intergenerational transfer of wealth in American history. Their report estimates that by the year 2055, some \$41 trillion will change hands as Americans transfer the fortunes they have amassed over the last five decades, with \$6 trillion directly going to charities.

Schervish and Havens have developed a methodology that allows them to produce wealth transfer estimates for large metropolitan areas. This report reflects their findings for Greater Boston, which they were asked to prepare by the Boston Foundation.

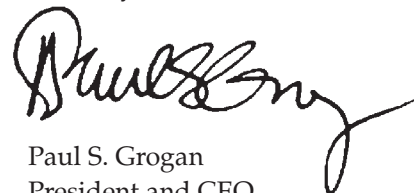
Their model estimates that from 2001 through 2055, Boston area households will transfer about \$1.25 trillion. While a large percentage of those funds will be left to heirs, the total in charitable bequests is projected at \$172 billion. Another \$187 billion in gifts will be made during the lifetimes of donors. If these estimates prove to be accurate, the potential exists for tremendous growth in this area's philanthropic and nonprofit sectors over the next 50 years.

And, because the research predicts that the wealth transfer is likely to take place in Greater Boston somewhat earlier than it will in the rest of the country, due to the older age of wealth holders here, this area may have the opportunity to provide national leadership in handling this important shift of resources.

The Boston Foundation will always serve as a partner in philanthropy by working closely with donors and advisors interested in exploring planned and legacy gifts. We will also continue our Endowment Partners Program, which makes the Boston Foundation's gift planning resources available to other nonprofits, helping them to build their own endowments—a critically important factor in their future stability.

No doubt, this report will prompt a fascinating debate, not only about its predictions, but its relevance to the nonprofit and philanthropic sectors. In releasing this report, it is our goal to stimulate this debate and encourage an ongoing conversation that will deepen our understanding of the nonprofit sector in Greater Boston and the region—and, ultimately, strengthen it. We welcome your participation in this conversation.

Sincerely,



Paul S. Grogan
President and CEO
The Boston Foundation

Contents

I. Executive Summary	6
Summary of Findings	7
Wealth Distribution	7
Distribution of Household Wealth by Net Worth	7
Distribution of Household Wealth by Age	8
Wealth Transfer Estimates	9
Final Estate Value and Distribution	9
Lifetime Giving and Charitable Bequests	9
The Timing of the Transfer	10
II. Analysis	11
What is the Significance of the Wealth Transfer for Greater Boston?	11
Venture Philanthropy and Donor Advised Funds	11
Planned and Legacy Giving and the Rise of Professional Fundraising	12
The New Philanthropy	12
GUIDE TO TABLES	13

I.

Executive Summary

Estimates of the much anticipated ‘wealth transfer’ in this country have been a topic of conversation in the nonprofit and financial worlds for years—and the numbers are staggering. By the year 2055, some \$41 trillion will change hands as Americans pass their accumulated assets from one generation to the next. It is the largest intergenerational transfer of wealth in the history of the United States and not all of these resources will be passed on to heirs; even the most modest projections anticipate that about \$6 trillion will be donated to charitable organizations.

Over the past 50 years in America, a small minority of the population has amassed the kinds of fortunes previously limited to monarchs and industrial magnates—and, barring a national or global catastrophe, this growth in wealth is expected to continue for the next 50 years. Increasing numbers of Americans will be achieving and even exceeding their financial goals and doing so at younger and younger ages.

The implications for philanthropy are so promising that there is talk of a “golden age”—a time when more individuals and families than ever before will have the means not only to meet their own material needs, but to use their wealth for far deeper purposes, including improving the world their children will inherit and inhabit.

What kind of impact will this great wealth transfer have on the Greater Boston area? How might it affect the area’s philanthropic and nonprofit sectors? Is there a way to prepare for this phenomenon that will enhance the potential for personal satisfaction on the part of wealth holders—and benefit the community as a whole?

To answer these questions and better understand the dimensions of the wealth transfer for Greater Boston, the Boston Foundation turned to Paul G. Schervish and John J. Havens, researchers at Boston College’s Center on Wealth and Philanthropy—and authors of the groundbreaking wealth transfer study of 1999. Titled

“Millionaires and the Millennium: New Estimates for the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy,” the report presented a detailed portrait of the expected wealth transfer for the country as a whole over the next five decades.

Five years after their original report, Mr. Schervish and Mr. Havens developed a methodology that allows them to produce wealth transfer estimates for states and large metropolitan areas. This report reflects their findings for the Greater Boston area, which, for the purposes of this report, is defined as seven Massachusetts counties: Bristol, Essex, Middlesex, Norfolk, Plymouth, Suffolk and Worcester, plus the town of Holland in Hampden county.

It offers two sets of estimates for households in the Greater Boston area—a baseline of current wealth and the projected wealth transfer. The baseline estimates the distribution of wealth by age of head of household in 2005, providing a helpful foundation for understanding the dimensions of wealth in Greater Boston. The second set of estimates represents the expected wealth transfer and the potential distribution of that transfer among government, heirs, charity and estate settlement costs.

A very conservative (2 percent) annual rate of growth is used throughout this report. (See **Figure 3** on page 9 and **Table 6** in the back of this report for wealth transfer estimates based on 3 percent and 4 percent annual rates of growth and other relevant statistics.)

The bottom line is that the total wealth of the two million households in the Greater Boston area amount to just under \$1 trillion (in 2005 constant dollars), making households in this area wealthier on average than those in the rest of the nation. Especially striking is the median household wealth, which is nearly twice that of the rest of the nation. There are also proportionately more millionaires in Greater Boston than in the United States as a whole. And, household wealth in Greater Boston is more highly concentrated among

older residents, which means that the expected wealth transfer will happen here before the rest of the country.

As far as the transfer is concerned, some \$172 billion will be bequeathed to charities, with most charitable bequests generated by a very small proportion of estates. In addition to charitable requests, about \$187 billion will be donated to charitable causes during the lifetimes of household members. The anticipated total is \$359 billion donated to charities.

Whether these figures will lead to a “golden age of philanthropy” remains to be seen, but it behooves the philanthropic and nonprofit sectors to study these scenarios and plan carefully and quickly for the future.

Summary of Findings

Wealth Distribution

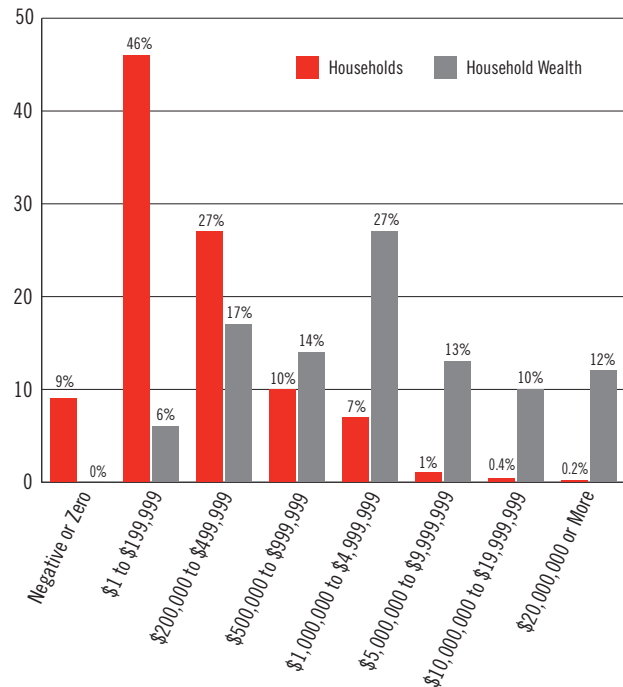
Throughout this document, household wealth is defined as household “net worth,” or the market value of all assets owned by household members minus debt. All dollars are measured in 2005 constant (inflation adjusted) dollars, which means that the values presented here represent 2005 buying power. For example, a transfer of \$200,000 to an heir in 2055 will have the same 2005 buying power as a transfer of \$200,000 in 2005, although by 2055, the \$200,000 will have a nominal value closer to \$1 million.

What is Net Worth?

Household wealth is defined as household net worth for this report, or the market value of all assets owned by members of households minus all debt. Dollars are measured in 2005 constant (inflation adjusted) dollars, which represent 2005 buying power.

FIGURE 1

Distribution of Household Wealth, 2001



Distribution of Household Wealth by Net Worth

In 2001, the total wealth of the two million households in Greater Boston area amounted to just under \$1 trillion (in 2005 constant dollars). This means that Greater Boston’s households are substantially wealthier than the national average.

Specifically, Greater Boston households were \$100,000—or 25 percent—wealthier, on average, than households in the rest of the nation. The average net worth of Greater Boston households is \$498,000, while the average nationally is just \$397,000.

Even more dramatic is the difference in *median* household wealth—which for Greater Boston is \$172,000, nearly twice that of the nation’s households, at \$89,000.

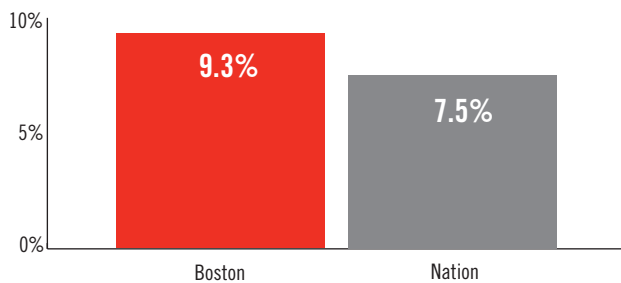
There are proportionately more millionaires in Greater Boston than in the United States as a whole—8.5 percent of households as compared with 6.7 percent nationally.

In 2005, 11 people in the Greater Boston area made the Forbes 400 list of the wealthiest Americans. The combined net worth of these 11 residents is \$35.25 billion dollars. Although each is very wealthy, their combined wealth is only a small fraction of the total personal wealth of all the residents in the Greater Boston area.

Only among the very wealthy do Greater Boston households have a slightly smaller fraction of total wealth than households in the nation, suggesting that the very wealthiest of the wealthy tend to live elsewhere.

FIGURE 2

Percent of Households Headed by Millionaires



Note: The share of millionaires is as a percent of all households with positive wealth.

Why is the distribution of wealth important?

Examining the distribution of wealth is important to the nonprofit and philanthropic communities for three reasons. First, combined with the rates of growth in household wealth, it determines the amount of wealth that will be transferred at the death of the householders, a considerable portion of which will go to charity.

Second, wealthy individuals tend to distribute a far larger portion of their estates to charitable bequests—and so the fact that Greater Boston has a much higher proportion of wealthy households than the rest of the country has major implications for charitable giving over the next 50 years.

Third, on average the more wealthy a household is, the more it also contributes in the form of yearly giving while its household members are alive.

Distribution of Household Wealth by Age

Household wealth in the Greater Boston area is more highly concentrated among older residents than it is in the rest of the nation. The largest difference is among households whose heads are between 60 and 79 years of age. In Greater Boston, such households had an average net worth of \$875,000 in 2001 as compared with \$638,000 for households in the nation. Similarly, households whose heads were age 80 or older owned 8 percent of the wealth in Greater Boston as compared with 5 percent nationally.

Why is the distribution of wealth by age important?

The fact that Greater Boston's wealth is concentrated among older residents means that the area will begin to experience the anticipated wealth transfer somewhat earlier than most other places in the country. This means that Boston's nonprofit and philanthropic communities have the opportunity not only to be a bellwether for the rest of the country, but to be a national leader in exploring ways to maximize the impact of these projected resources both on wealth holders and the recipients of their generosity.

Wealth Transfer Estimates

Final Estate Value and Distribution

Estimates for the anticipated wealth transfer, nationally and in Greater Boston, are based on the value of final estates (which is an estate without a surviving spouse), and historical patterns of the distribution of estates.

In Greater Boston, more than 1.6 million final estates will occur during the 55-year period from 2001 to 2055. Of those estates:

- More than 1 million of the final decedents (deceased persons) will be women;
- Some 612,000 will be men; and
- 22,000 will involve two spouses who die in the same year.

These final estates will be valued at \$1.25 trillion (2005 dollars) at the time of death—assuming an annual long-term growth rate of 2 percent. If historical patterns hold, \$47 billion will be distributed for estate fees, \$297 billion will go to the government in the form of estate taxes, \$739 billion will go to heirs and \$172 billion will be donated to charities.

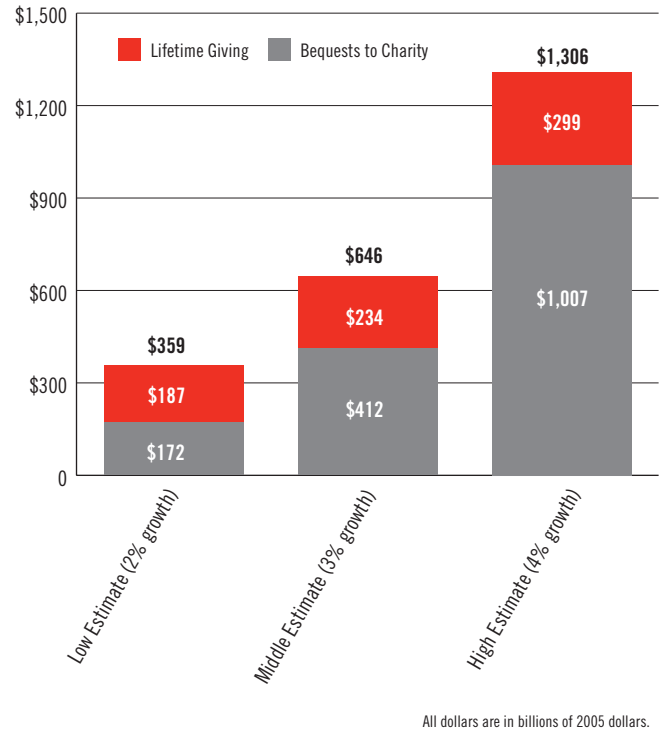
Most of the potential charitable bequests (52 percent) will be generated by a very small percentage of estates (just 0.5 percent) with assets of \$20 million or more.

This proportion of charitable bequests is large for two reasons:

- Final estates valued at \$20 million or more account for 20 percent of the \$1.254 trillion in total wealth transfer in Greater Boston; and
- On average, estates of \$20 million or more give the largest fraction (38 percent) of their value to charity as compared with 8 percent for estates of lesser value.

FIGURE 3

Greater Boston Charitable Giving By Three Long-Term Growth Projections Over the Next Five Decades



Lifetime Giving and Charitable Bequests

In addition to charitable bequests, of course, many individuals and families will make generous contributions to charity during their lifetimes (referred to here as “lifetime giving”).

In fact, this report projects that individuals and families in Greater Boston’s 2.008 million households will contribute \$187 billion to charitable causes before their deaths as well as the \$172 billion in anticipated charitable bequests during the 55-year period—for a total of \$359 billion.

Millionaire households, as a group, possess the greatest capacity for charitable giving and, based on historical patterns and projections, will contribute the greatest amount of charitable giving during the next 55 years. Higher rates of growth in wealth increase the potential for charitable giving for these millionaires faster than for less wealthy households.

During the earlier years of the 55-year period, lifetime giving will exceed charitable bequests, but as the full 55-year period approaches, charitable bequests will exceed lifetime giving.

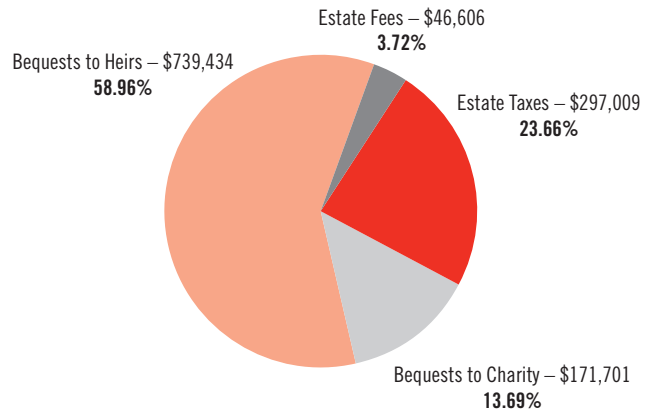
The Timing of the Transfer

In every age group considered for this study, average household wealth is higher in Greater Boston than it is in the nation, but the differences are particularly striking when the age of heads of households is considered.

Greater Boston households headed by individuals 60 years of age and older (28 percent of Greater Boston households) have an average of \$786,000 in net worth as compared with \$592,000 for heads of households nationally.

This is a significant finding, since it means that the wealth transfer of the 21st century will take place in Greater Boston before many other places in the rest of the country. With Greater Boston's charitable giving from both lifetime gifts and charitable bequests projected at \$359 billion from 2001 to 2055, the potential exists for tremendous growth in the area's philanthropic and nonprofit sectors over the next 50 years. And, because the wealth transfer is likely to take place in Greater Boston earlier than it will in much of the rest of the country, due to the older age of wealth holders, this area has the opportunity to provide national leadership in planning and handling this important shift of resources.

FIGURE 4
**Greater Boston Distribution of Final Estates,
Two-percent Long-Term Growth
2001-2055**



All dollars are in millions of 2005 dollars.

II. Analysis

What is the Significance of the Wealth Transfer for Greater Boston?

There is no doubt that the enormous intergenerational transfer of wealth which will take place over the next five decades will have a profound impact on Greater Boston's charitable giving through charitable bequests. And the underlying growth in wealth will have a great effect on lifetime giving as well.

But two important questions remain. First is it possible to increase the level of charitable giving (both in the form of bequests and lifetime giving) even beyond the levels that are projected? And with a substantial amount of the transfer also going to the heirs of wealthy individuals—will the personal windfall that accrues to these heirs spawn additional charitable giving by them? In other words, will these heirs use their wealth primarily to benefit themselves and their immediate families—marking a new era of excessive materialism and consumption—or will they look for deeper satisfactions? If they do seek something deeper, will it take the form of philanthropy? When historians look back on the next 50 years, will it be seen as a “golden age of philanthropy,” not just because of those who are currently wealthy, but because of the philanthropic choices made by their heirs as well?

The answers to these questions may be found in the ways that community foundations, nonprofit organizations and financial institutions prepare for the wealth transfer. If they take the opportunity to develop more sophisticated and dynamic approaches to fundraising, working closely with donors and their financial advisors to maximize the potential for charitable impact, the outcome could be even greater than this report projects.

Remember that the estimates in this report are extremely conservative (based on a modest 2 percent long-term growth)—and they assume that wealthy individuals and families will not become even more charitably inclined than they have been in the past.

History reflects a promising scenario. A distinctive trait of wealth holders in all time periods and places is that they enjoy the fullest range of choice in determining

and fulfilling their own destinies and those of their families and even communities.

Since increasing numbers of Americans are approaching, achieving, or even exceeding their financial goals with respect to the provision of their material needs, wealth can become a powerful tool for achieving the deeper purposes of life.

Venture Philanthropy and Donor Advised Funds

In recent years, many changes have taken place on the supply (or donor) side of philanthropy and on the demand (or beneficiary and fundraising) side. The last 10 years or so have witnessed the rise of a far more participatory and engaged approach to charitable involvement than in the past, sometimes referred to as ‘venture philanthropy’, with donors becoming actively involved in the charitable organizations they support.

Some donors are taking an entrepreneurial approach to their philanthropy, making it not only a key ingredient in their financial planning but central to their entire approach to living. This often takes the form of serving on a board or even the staff of a nonprofit organization—and sometimes results in changing the practices of the nonprofit organization itself.

Donor Advised Funds, which today are offered not only by community foundations but also by major investment firms, allow wealthy individuals and their families to run what amounts to their own private foundations without the administrative hassles or paperwork, giving donors the opportunity to participate more fully in their philanthropy.

This means that the idea of a ‘family foundation,’ once available only to the wealthiest of Americans—like the Rockefellers and Carnegies—can be extended to many more families, with parents passing their values and interests to the next generation and encouraging their children to develop charitable interests of their own.

Planned and Legacy Giving and the Rise of Professional Fundraising

On the ‘demand’ side, fundraising has become far more professional and sophisticated than at any other time in history, based on the understanding that a golden age of philanthropy will not happen as a natural byproduct of the growth in wealth. It will emerge as the result of an unprecedented growth in the quality and quantity of fundraising.

Large community foundations like the Boston Foundation are working closely with donors and their financial advisors to help wealthy people maximize their charitable giving while they are alive—for the benefit of their community—and beyond their lifetimes through planned and legacy giving.

There is no question that the great wealth transfer is a tremendous opportunity for Greater Boston’s nonprofit charitable organizations to assist donors and their legal and financial advisors in making larger and more important charitable contributions.

For larger nonprofit organizations, including hospitals and higher education institutions, fundraising is moving beyond the geographical boundaries of Greater Boston and extending its reach to warmer climates where the wealthy spend the winter months. As wealth continues to increase among older wealthy individuals and families in Massachusetts, more second homes will be purchased in warmer climates, and more charities will no doubt create satellite fundraising offices in those vacation spots. Increasingly, development officers will be thinking creatively about how to keep ‘snowbirds’ engaged in the well-being of the Greater Boston community.

Large community foundations and nonprofit organizations with development staffs have a distinct advantage not only in securing funds for current charitable purposes, but in encouraging charitable bequests through sophisticated approaches to gift planning, such as charitable lead and remainder trusts, charitable gift annuities and pooled income funds.

The smallest nonprofits are at a serious disadvantage—since they often have an executive director who also serves as their primary development officer, raising funds while simultaneously trying to run the day-to-day activities of the organization. Small agencies might benefit from joining forces when it comes to strategic

fundraising or taking the leap and hiring a full-time fundraiser, even if resources are tight.

Another solution is to develop more active boards that can play a primary fundraising role and make the connection with potential donors around a dynamic and well-expressed organizational mission.

Charitable organizations should be mindful of the fact that wealth and megawealth are concentrated within a small percentage of Greater Boston’s population. Seeking relationships with those individuals and their financial advisors could yield tremendous—but not necessarily immediate—results.

There are steps nonprofits can take today to capitalize on this unique opportunity. They can educate donors about their options for leaving assets to their preferred organizations through wills or other long-term vehicles, such as charitable remainder trusts. They can also join community-wide efforts that promote philanthropy.

The New Philanthropy

Today, partially as a result of increasing wealth and the nonprofit sector’s awareness of the wealth transfer, changes are taking place in philanthropy—both for the donor and the nonprofit organizations seeking their resources. These changes constitute what Paul Schervish calls the “new physics of philanthropy,” a set of forces that have to do with the money, meaning, motives and decision-making models of donors.

For Schervish, the new physics entails an innovative way of thinking, feeling and acting in regard to philanthropy. In the new physics, wealth holders seek out greater charitable giving, move their giving toward profound lifetime involvements, purposefully limit the amount left to their heirs and approach their philanthropy with an entrepreneurial disposition. Increasingly, they are making philanthropy a key ingredient of the financial morality they observe and impart to their children—and see charitable giving as a way to achieve happiness for themselves, their families and others.

A golden age of philanthropy? It is possible, but it won’t happen without the thoughtful involvement of people on the supply and demand side of the equation. This report is designed to stimulate debate and creativity as the great wealth transfer of the 21st century continues to build and—along with it—the potential transformation of individual and community lives.

Guide to Tables

Tables 1, 2 and 3

The distribution of household wealth (TABLE 1) and the distribution of household wealth by age of head of household (TABLE 3) are important to describe the current distribution of wealth in the Greater Boston area—this information is not available from any other source. TABLE 2 shows distribution of household wealth only for those households with positive wealth. About 9.3 percent of households in Greater Boston have negative wealth, as opposed to 10.4 percent nationwide.

Table 4

TABLE 4 give the details of the estimated wealth transfer in the growth scenario used for this report (two percent), and provides these estimates by the size of the categories of final estates.

Table 5

TABLE 5 lists information on the value of final estates, charitable bequests and lifetime giving for categories of current wealth—which is useful for targeting fundraising based on current levels of wealth—and provides estimates of capacity for giving by current wealth groups.

Table 6

TABLE 6 summarizes pertinent information from the other tables and gives estimates for higher rates of long-term growth, including 3 percent and 4 percent.

TABLE 1
**Distribution of Household Wealth
 Greater Boston Area and Nation**

Household Net Worth	Number of Households (thousands)		Percent of Households		Average HH Net Worth (thousands)		Aggregate HH Net Worth (millions)		Percent HH Net Worth		Average Age of Head (years)	
	Boston	Nation	Boston	Nation	Boston	Nation	Boston	Nation	Boston	Nation	Boston	Nation
Negative or Zero	188.10	11,058.46	9.37%	10.38%	(\$9.41)	(\$8.64)	(\$1,770.79)	(\$95,491.64)	-	-	36.3	37.9
\$1 to \$199,999	923.89	60,053.11	46.02%	56.40%	\$68.02	\$62.29	\$62,840.33	\$3,740,666.85	6.27%	9.05%	47.6	46.8
\$200,000 to \$499,999	533.11	19,181.12	26.55%	18.01%	\$316.30	\$322.10	\$168,623.30	\$6,178,229.06	16.84%	14.95%	53.3	54.2
\$500,000 to \$999,999	196.30	9,061.98	9.78%	8.51%	\$735.54	\$695.88	\$144,385.43	\$6,306,067.31	14.42%	15.26%	55.4	56.7
\$1,000,000 to \$4,999,999	138.03	6,068.77	6.88%	5.70%	\$1,989.30	\$1,911.89	\$274,576.52	\$11,602,790.09	27.42%	28.08%	55.3	57.6
\$5,000,000 to \$9,999,999	17.15	648.11	0.85%	0.61%	\$7,871.00	\$7,132.79	\$134,983.86	\$4,622,811.45	13.48%	11.19%	55.3	56.3
\$10,000,000 to \$19,999,999	7.08	288.45	0.35%	0.27%	\$13,503.23	\$13,442.69	\$95,638.45	\$3,877,536.53	9.55%	9.38%	63.9	58.3
\$20,000,000 or More	3.98	126.50	0.20%	0.12%	\$30,270.88	\$39,450.84	\$120,460.20	\$4,990,330.29	12.03%	12.08%	68.9	60.4
ALL	2,007.64	106,486.49	100%	100%	\$497.97	\$387.12	\$999,737.30	\$41,222,939.94	100%	100%	49.5	48.8

All dollar values are in 2005 dollars. Calculated at the Center on Wealth and Philanthropy at Boston College.

TABLE 2
**Distribution of Household Wealth Among Households with Positive Wealth
 Greater Boston Area**

Household Net Worth	Number of Households (thousands)		Percent of Households		Average HH Net Worth (thousands)		Aggregate HH Net Worth (millions)		Percent HH Net Worth		Cumulative Percent of Net Worth	
	Boston	Nation	Boston	Nation	Boston	Nation	Boston	Nation	Boston	Nation	Boston	Nation
\$1 to \$199,999	923.89	533.11	50.78%	29.30%	\$68.02	\$316.30	\$62,840.33	\$168,623.30	6.27%	16.84%	100.00%	100.00%
\$200,000 to \$499,999	533.11	196.30	29.30%	10.79%	\$316.30	\$735.54	\$168,623.30	\$144,385.43	16.84%	14.42%	49.34%	37.07%
\$500,000 to \$999,999	196.30	138.03	10.79%	7.59%	\$735.54	\$1,989.30	\$144,385.43	\$274,576.52	14.42%	27.42%	20.00%	16.97%
\$1,000,000 to \$4,999,999	138.03	17.15	7.59%	0.94%	\$1,989.30	\$7,871.00	\$274,576.52	\$134,983.86	27.42%	13.48%	9.25%	7.47%
\$5,000,000 to \$9,999,999	17.15	7.08	0.94%	0.39%	\$7,871.00	\$13,503.23	\$134,983.86	\$95,638.45	13.48%	9.55%	1.56%	1.11%
\$10,000,000 to \$19,999,999	7.08	3.98	0.39%	0.22%	\$13,503.23	\$30,270.88	\$95,638.45	\$120,460.20	9.55%	12.03%	0.61%	0.43%
\$20,000,000 or More	3.98	1,819.54	0.22%	100%	\$30,270.88	\$550.42	\$120,460.20	\$1,001,508.10	12.03%	100%	0.22%	0.13%
ALL	1,819.54	1,819.54	100%	100%	\$550.42	\$550.42	\$1,001,508.10	\$1,001,508.10	100%	100%	-	-

All dollar values are in 2005 dollars. Calculated at the Center on Wealth and Philanthropy at Boston College.

TABLE 3

Distribution of Household Wealth by Age of Head Greater Boston Area and Nation

Household Net Worth	Number of Households (thousands)		Percent of Households		Average HH Net Worth (thousands)		Aggregate HH Net Worth (millions)		Percent HH Net Worth		Average Age of Head (years)	
	Boston	Nation	Boston	Nation	Boston	Nation	Boston	Nation	Boston	Nation	Boston	Nation
Under Age 40	687.35	35,521.34	34.24%	33.36%	211.54	117.65	\$145,402.41	\$4,179,244.34	14.54%	10.14%	30.9	30.7
40 to 59 Years	757.52	42,666.62	37.73%	40.07%	543.90	475.70	\$412,014.68	\$20,296,304.85	41.21%	49.24%	48.6	48.4
60 to 79 Years	417.49	22,986.55	20.80%	21.59%	875.29	637.85	\$365,424.29	\$14,662,072.44	36.55%	35.57%	69.5	69.3
80 Years or Older	145.29	5,311.98	7.24%	4.99%	529.27	392.57	\$76,895.92	\$2,085,318.31	7.69%	5.06%	85.1	84.4
ALL	2,007.64	106,486.49	100%	100%	497.97	387.12	\$999,737.30	\$41,222,939.94	100%	100%	49.5	48.8

All dollar values are in 2005 dollars. Calculated at the Center on Wealth and Philanthropy at Boston College.

TABLE 4

Wealth Transfer and Its Distribution: 2001 to 2055 Two-Percent Long-Term Growth Scenario Greater Boston Area

	Neg or Zero	\$1 to \$999,999	\$1 M to \$4.9 M	\$5 M to \$9.9 M	\$10 M to \$19.9 M	\$20 M or More	Total
Number of Estates	71,877	1,377,643	171,888	23,072	12,454	7,584	1,664,519
Value of Estates	(\$660)	\$292,187	\$385,409	\$161,545	\$165,631	\$249,965	\$1,254,076
Estate Fees	\$13	\$10,349	\$15,786	\$6,639	\$6,478	\$7,341	\$46,606
Estate Taxes	\$0	\$1,418	\$84,540	\$60,144	\$66,089	\$84,818	\$297,009
Bequests to Charity	\$0	\$6,787	\$28,222	\$19,596	\$27,018	\$90,079	\$171,701
Bequests to Heirs	\$0	\$273,633	\$256,862	\$75,166	\$66,045	\$67,727	\$739,434

All dollar values are in millions of 2005 dollars. Estimated at the Center on Wealth and Philanthropy at Boston College.

TABLE 5

Wealth Transfer and Lifetime Giving by Household Wealth Category Two-percent Long-Term Growth Scenario Greater Boston Area

Household Wealth Category	Number of Households		Household Wealth (millions)		Number of Final Estates		Value of Final Estates (millions)		Number of Surviving Households		Wealth of Surviving Households (millions)		Lifetime Contributions (millions)		Charitable Bequests (millions)		Total of Charitable Bequests and Lifetime Giving (millions)		Percentage of Total Charitable Giving		Cumulative Percentage of Households	
	2001	2001	2001	2001	55 years	2055	55 years	2055	2055	55 years	2055	55 years	2055	55 years	2055	55 years	2055	55 years	2055	55 years	2055	
Negative or Zero	188,098	(\$1,770.79)	120,642	\$3,303	\$3,303	67,456	\$3,483	\$3,807	\$234	\$4,041	1.1%	100.0%	100.0%									
\$1 to \$199,999	923,890	\$62,840.33	734,542	\$114,066	\$114,066	189,348	\$82,973	\$38,904	\$11,336	\$50,241	14.0%	98.9%	90.6%									
\$200,000 to \$499,999	533,112	\$168,623.30	475,658	\$201,354	\$201,354	57,454	\$63,249	\$45,267	\$8,802	\$54,069	15.1%	84.9%	44.6%									
\$500,000 to \$999,999	196,299	\$144,385.43	179,369	\$150,574	\$150,574	16,930	\$44,282	\$20,397	\$7,448	\$27,844	7.8%	69.8%	18.1%									
\$1,000,000 to \$4,999,999	138,026	\$274,576.52	127,817	\$356,980	\$356,980	10,210	\$48,009	\$42,225	\$34,372	\$76,596	21.4%	62.0%	8.3%									
\$5,000,000 to \$9,999,999	17,150	\$134,983.86	15,929	\$164,032	\$164,032	1,220	\$25,178	\$11,886	\$26,640	\$38,526	10.7%	40.7%	1.4%									
\$10,000,000 or More	11,062	\$216,098.65	10,562	\$263,767	\$263,767	500	\$14,100	\$24,376	\$82,870	\$107,245	29.9%	29.9%	0.6%									
Total	2,007,637	\$999,737.30	1,664,519	\$1,254,076	\$1,254,076	343,118	\$281,274	\$186,861	\$171,701	\$358,562	100%	-	-									

All dollar values are in millions of 2005 dollars. Calculated at the Center on Wealth and Philanthropy at Boston College.

TABLE 6

Projected Wealth Transfer and Charitable Contributions by Long-Term Growth Rate 55-Year Period from 2001-2055 Greater Boston Area

	Low Estimate (2% Long-term Growth)* (\$2005 in Billions)	Middle Estimate (3% Long-term Growth)* (\$2005 in Billions)	High Estimate (4% Long-term Growth)* (\$2005 in Billions)
Total Wealth Transfer	\$1,254.1	\$2,274.0	\$4,296.8
Bequests to Charity**	\$171.7	\$412.0	\$1,007.0
Lifetime Giving by Individuals***	\$186.9	\$234.3	\$299.2
Total Charitable Contributions	\$358.6	\$646.2	\$1,306.2
% of Total Contributed by Millionaires	65.3%	77.7%	89.5%

*Note: This table is calculated for long-term trends of 2%, 3%, and 4% in growth rates of both real personal wealth and real lifetime giving. The actual real growth rate in lifetime giving was 1.61% in the 10 years from 1985 through 1995; 10.12% in the 5 years from 1995 through 2000; and 3.34% in the 19 years from 1985 through 2004.

**Note: Bequests to charity were estimated specifically for Greater Boston by the Center on Wealth and Philanthropy, Boston College.

***Calculated by the Center on Wealth and Philanthropy based on data from the 2001 Survey of Consumer Finances.

