

# Charitable Giving by Older Women: Is There a “Bag Lady Syndrome?”

**Dr. Eleanor Brown**

James Irvine Professor of Economics  
Pomona College

**Dr. Debra Mesch**

Professor of Public and Nonprofit Management and  
Director, Women’s Philanthropy Institute at  
The Center on Philanthropy at Indiana University

**Amir Hayat**

MA Economics, IUPUI  
The Center on Philanthropy at Indiana University

January, 2012

# The “Bag-Lady Syndrome”

- “A deep-seated dread of running out of money in old age and having to live alone and penniless on the street” (Perry, 2000).
- Why is the “Bag-Lady” predominantly a woman’s fear?
  - Women worry more than men that their resources for old age will be inadequate.
  - Women tend to be more conservative investors, taking less risk and accepting lower returns than men.
  - There is an historically high number of single women who are divorced, widowed or never married, addressing the reality of having no spousal support as they age.

# Is There a Male Counterpart to the “Bag Lady”?

No, men don't have bowery bum fears...They have fears that are more rational and related to their provider burden: being injured, dying young, being laid off, things like that. Whereas bag-lady syndrome is more global, a magical, nameless thing like free-floating anxiety.

# Rational Differences in Charitable Giving



- Women live longer and are disproportionately affected by risks associated with their longer life spans and health conditions that often result in women outliving their income and assets and losing access to their spouse's resources.
- Social security provides the majority of income for two-thirds of elderly beneficiaries, however, for single women, social security is the dominant source of income in old age and is a particularly important source of income for older minority women.
- For older women, a widow typically suffers a 30 percent drop in living standards around the time she loses her husband which often pushes many widows into poverty.
- Roughly one quarter of older African American and Hispanic women live below the poverty level and are less likely than older white women to have income from private pensions or assets.
- Men and women experience differentials in annuity payouts.

# Purpose of Research



- We examine philanthropic giving by older individuals, taking into consideration life expectancy as it differs by gender, race/ethnicity, and age as well as the annuitized value of wealth in explaining giving.
  - Research Question:
    - Is the alleged shortfall in unmarried older women's giving relative to unmarried older men's attributable to gender differences in life expectancy?
    - Are there differences in giving between older men and women when we consider life expectancy and consumption flow values?
-

# The Data



- PSID and Center on Philanthropy Panel Study (COPPS)
- Male and female single-headed households (unweighted)
  - 2003 (n= 1657)
  - 2005 (n= 1499)
  - 2007 (n= 1571)
  - Pooled dataset (n = 4727)
- Baby Boomer generation and older (born 1946 and later)
- Single heads of households (not married or living with a partner)

# Variables



- Dependent Variables
  - Total amount given to charity, conditional on giving
  - Likelihood of giving to charity
- Controls Used in Study
  - Life expectancy by sex, age, and race/ethnicity
  - Income
    - Head of household's total labor income
    - Head's total non-labor income
    - Total income from other family members in household
  - Wealth expressed as consumption flows
    - With home equity
    - Without home equity
  - Education
  - # of children in household
  - Religions participation (for 2003 and 2005 years)
  - Employment status
  - Health of head of household
  - Region of country
  - Marital status

# Analysis, Part 1: Are older women more tight-fisted than older men?

- Tobit Model for log of total giving to charity
- Logistic regression model for effects of gender on likelihood of giving to charity.



# Adjusting wealth for life expectancy

- What steady flow of consumption will a person's stock of wealth support over their expected remaining lifetime?  $r=.03$

*Years of life expectancy at age 65 in 2007:*

Hispanic: men 19.2; women 21.9

Non-Hisp. white: men 17.2; women 19.8

Non-Hisp. black: men 15.1; women 18.5



# Main Results: Amount Given

- Coefficient for female is always positive.
  - Significant for 2005, 2007, and pooled sample ( $p < .05$  or better)
  - Being female is associated with about 49% increase in giving in 2005, about 66% increase in giving in 2007, and about 40% increase in giving in pooled data)
  - *Interpretation*: Older women are no less generous in giving to charity than similarly situated older men. With controls, evidence that older women give more.
- Religious attendance, being a widow, age, education, having good health, income, are positively and significantly related to amount given to charity.
- Wealth as Consumption Flow variables are positive and significant.
- Being African-American is negatively associated with total (formal) giving when compared to Whites.



# Main Results: Likelihood of Giving

- Coefficient (odds ratio) for female is always  $> 1$ ; significant for 2007 and pooled data ( $p < .001$ ).
  - *Interpretation:* In 2007, the odds that women will donate to charity are about 81% greater than the odds that men will donate to charity, while women have about 41% greater odds of donating to charity in the pooled dataset than men.
- Religious attendance, being a widow, age, education, 2007 income, having good health increase likelihood of giving to charity.
- More wealth as Consumption Flow of home equity is associated with greater likelihood of giving.
- Being African-American is negatively associated with likelihood of (formal) giving when compared to Whites.

# Conclusions, Part 1



- We find no evidence that older women give less than similarly situated men—if anything, women give more.
- Women may have a fear of outliving their resources, but our results do not find evidence that this fear has an affect on giving to charity.

## Analysis, Part 2: Who appears to be more “tight-fisted” when giving to charity?

- Examined only those individuals who responded in all three years and were single heads of households during all three years (n = 1093).
- Averaged three income measures and wealth without home equity across all three waves of data.
- Calculated consumption flow supported by the averaged wealth value.
- Constructed a binary variable representing whether or not the individual had a larger consumption flow value from wealth in 2007 than their value in 2003.
- Estimated giving function where DV is total giving to charity in 2005 with controls. Ran giving equations without controlling for gender. Predicted log values are estimated for each respondent.

# Being “tight-fisted”

- If log of actual giving is less than 75% of predicted value of giving, classified as being tight-fisted.
- If log of actual giving is less than 50% of predicted value of giving, classified as *very* tight-fisted.
- Ran logistic regressions to investigate the effects of gender on the odds of being tight-fisted including controls, using binary variable equal to one if respondent gained wealth between 2003 and 2007.

# Results



## Sample Descriptives:

- 32% of sample gave less than 75% of predicted amount of giving.
- 30% of sample gave less than 50% of predicted amount of giving.
- 52% of respondents in sample gained wealth not including their home equity from 2003-2007.

## Dependent Variable:

- Odds of Being Tight-Fisted or Very Tight Fisted when giving to charity

## Results:

- Odds ratio for female binary variable are less than one and significant ( $p < .01$ ).
- *Interpretation: Women are about half as likely to be tight-fisted as similarly situated men.*

# Analysis of Respondents Over Age 65

- Accumulation of wealth late in life might signal irrational hoarding
- Examined single heads of households who were age 65 or older in all three waves
- Find no difference between men and women over age 65 in terms of being tight-fisted.
- 10.91% of men are both very tight-fisted and accumulating wealth; 14.96% of women are both very tight-fisted and accumulating wealth (not statistically significantly different)



# Conclusions

We find no evidence that women are being more fight-fisted than their similarly situated male counterparts.

Among people who give far less than predicted and continue to accumulate wealth beyond normal retirement age, men and women are equally represented.

# For More Information



Women's Philanthropy Institute  
550 W. North Street, Suite 301  
Indianapolis, IN 46202

317-278-8990 ✉ [wpiinfo@iupui.edu](mailto:wpiinfo@iupui.edu)

[www.philanthropy.iupui.edu/womensphilanthropyinstitute](http://www.philanthropy.iupui.edu/womensphilanthropyinstitute)