The Wealth Draw-down of the Fabulously Rich: Insights from Private Family Foundations

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Abstract

We connect genealogical records to the universe of 501(c)(3) private foundations to provide novel insights into the late-in-life assets holdings and charitable contributions of the wealthiest households in the U.S. This linkage allows us to track life-cycle financial assets and charitable disbursements for 8,276 families, each holding an average of $20.65 million in family foundation assets annually. In contrast to life-cycle models that predict a steady draw-down of assets late in life, we find that the death of the eldest family member leads to a 96.9% increase in foundation assets within two years. Yet few are prepared to distribute their wealth postmortem — charitable disbursements take years to match post-death inflows and funds are more likely to fall below the five-percent rule to qualify for non-profit status. We also find that the doubling of the lifetime estate and gift tax exemption in the 2017 Tax Cuts and Jobs Act caused a 47.2% reduction in postmortem inflows into family foundations, which suggests that many family foundations are used to reduce estate taxes. These findings contribute to our understanding of inter-generational wealth inequality.

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1 Introduction

Intergenerational wealth inequality remains a pressing concern in many developed economies, particularly in the United States (Kotlikoff and Summers, 1981; Kotlikoff, 1988; Modigliani, 1988; Carroll, 1998; Castañeda et al., 2003; De Nardi, 2004; Piketty, 2011; Saez and Zucman, 2016; De Nardi and Fella, 2017; Elinder et al., 2018). The concentration of wealth among a small percentage of the population has far-reaching implications for economic mobility, social equity, and the overall health of democratic societies (Carroll, 1998; Dynan et al., 2004; Piketty et al., 2006; Atkinson et al., 2011; Mian et al., 2020; Bach et al., 2020; Smith et al., 2022). While there are notable public instances of ultra-wealthy individuals pledging to distribute their assets, the broader picture of wealth transfer and charitable giving among the wealthiest Americans is understudied.[1]

Nonetheless, despite such highly publicized examples, there is scant empirical evidence on what the ultra-wealthy do with their wealth late-in-life, particularly on the trade-off between leaving bequests to subsequent generations of family versus drawing down wealth through charitable giving. Prior studies of late-in-life wealth dynamics focus on the broader population, but studying the ultra-wealthy is crucially important because of the total dollars at stake. Moreover, studies of late-in-life wealth dynamics often find that many households do not significantly draw down their assets as they age (Sinclair and Smetters, 2004; Ameriks et al., 2008; Davidoff, 2009; De Nardi et al., 2010; Lockwood, 2012; De Nardi et al., 2016). Many wealthier households die with more wealth than when they retire (Poterba et al., 2011). This phenomenon challenges conventional economic models of saving and consumption, which typically predict asset de-accumulation later in life.

This disparity between public philanthropic pledges and observed wealth retention highlights a crucial challenge in the study of intergenerational wealth transfer: the lack of comprehensive, high-quality data on the asset holdings of the wealthiest Americans. While valuable, traditional data sources in the life-cycle literature, such as the Survey of Consumer Finances (SCF) and the Health and Retirement Study (HRS), have two primary limitations when studying the ultra-wealthy. First, they often have sparse coverage of the top wealth percentiles. The extremely wealthy are both rare

[1]The Giving Pledge, a charitable campaign founded by Bill Gates and Warren Buffett, stands as a high-profile example of philanthropic commitment among the ultra-wealthy. This initiative encourages billionaires to contribute a majority of their wealth to philanthropic causes, either during their lifetime or upon death. Signatories of the Giving Pledge include prominent figures such as Mark Zuckerberg, Elon Musk, and MacKenzie Scott, among others. Their public commitments have brought significant attention to the potential impact of large-scale philanthropy on addressing global challenges.

in the population and usually difficult to include in survey samples, leading to underrepresentation. Second, many of these surveys are not longitudinal panels, making it challenging to track changes in wealth over time for specific households. The SCF, for instance, provides detailed cross-sectional data but does not follow the same households over time. The HRS, while longitudinal, focuses primarily on older Americans and may not capture the full spectrum of wealth dynamics among the ultra-wealthy.

We develop a novel approach to address these data limitations and gain deeper insights into the wealth management and philanthropic behaviors of the ultra-wealthy. Our study focuses on private family foundations, which serve as a unique window into the financial strategies of wealthy families. Fidelity Financial defines these foundations as

> "... funded with the family's assets and often run by family members who can also participate in its charitable grantmaking. It can last as long as the family needs it to serve its philanthropic ambitions, and it can adapt as the family's composition and charitable focus change."

Our novel dataset merges IRS Form 990-PF tax filings of family foundations with genealogical records of foundation members, providing a comprehensive view of both the financial activities and life events of the families controlling these philanthropic entities. The foundation data are sourced from three key repositories: the IRS Tax Exempt Organization Search Bulk Data Downloads, the Annual Extract of Tax-Exempt Organization Financial Data, and the National Center for Charitable Statistics (NCCS) Core Files. This combination allows for extensive coverage spanning over two decades, offering a rich historical perspective on foundation activities. To identify family foundations within this broader sample of private foundations, we employ criteria developed by the Foundation Center, focusing on foundation names and trustee relationships that indicate family control. As a result, we identified 8,276 family foundations with assets exceeding $10 million.

The genealogical component of our dataset is constructed using information from Radaris and Spokeo, leveraging trustees' personal details to build family trees and track generational changes. This unique approach enables us to identify significant life events, particularly the passing of first-generation family members, by analyzing changes in trustee composition over time. Our refined sample focuses on foundations that have experienced such generational transitions, providing a novel

lens through which to examine the impact of family heads' deaths on foundation governance and operations. Within our sample, we identified 1,260 foundations that experienced first-generation deaths.

To establish a comparative basis for our analyses, we constructed a death matching sample comprising these 1,260 cases of family head deaths, along with a control group of private foundations matched based on asset size. This approach resulted in a total of 25,626 foundation-year observations, examined within a time window of up to five years before and after each death event. The financial characteristics of this sample reveal a wide range of foundation sizes, capturing the diversity of wealth within the ultra-wealthy segment. Importantly, our matching process ensured that both treatment and control groups exhibited similar financial characteristics prior to the death events, as evidenced by statistically insignificant differences in key variables like inflows and outflows.

This carefully constructed dataset offers several unique advantages for studying intergenerational wealth transfer and philanthropic behavior. The integration of financial data with genealogical records allows us to track both financial changes and shifts in foundation governance in response to generational transitions. Additionally, the matched control group and the ability to observe foundations before and after significant life events enable us to employ difference-in-differences analyses, isolating the impact of household heads' deaths on various foundation outcomes.

Building on our unique dataset, we employ a difference-in-differences model that leverages the staggered timing of deaths in our death-matching sample. The model examines three key variables: inflows and outflows scaled by foundation assets at the time of death, and the likelihood of large outflows exceeding 5% of assets. To address potential concerns regarding staggered treatment timing and heterogeneous effects, we validate our primary regression specification using an alternative estimator developed by Callaway and Sant'Anna (2021). This estimator is designed to accurately estimate treatment effects in settings with multiple time periods and varying treatment times, enhancing the robustness of our findings.

Our analysis reveals that in the years following the death of a family head, these foundations experience a significant wealth influx, with assets increasing by approximately 33-34% compared to their value at the time of death. This clearly indicates a major transfer of wealth into these charitable vehicles, likely driven by estate planning or posthumous giving strategies. While outflows

do rise after the family head's passing, the increase is far more modest—around 6% relative to the foundation's pre-death size. Most striking is the reduced likelihood of large charitable distributions exceeding 5% of the foundation's assets after the family head's death. These findings challenge the conventional understanding of family foundations' roles in philanthropy, wealth management, and intergenerational wealth transfer, and further contribute to the ongoing discourse on wealth inequality and the effectiveness of charitable giving incentives.

To gain deeper insights into the financial dynamics of family foundations following the death of a family head, we decompose the inflows and outflows, revealing distinct patterns in how money moves into and out of these entities. This detailed analysis allows us to pinpoint specific sources of new funds, and examine the distribution patterns of charitable giving. By employing fuzzy matching techniques, we identify instances where trustees themselves are donors and track historical recipients, providing a more granular view of the foundations' financial flows and the strategic behaviors underlying their philanthropic activities.

Following a family head's death, trustees become the most significant contributors, increasing their contributions by 28% relative to the foundation's assets at the time of death. This substantial increase, often in the form of noncash contributions likely to be equities, points to a sophisticated tax optimization strategy. By contributing appreciated assets directly to the foundation, families can potentially avoid substantial capital gains taxes while maximizing the value transferred to the foundation. On the outflow side, we observe a tendency to maintain existing philanthropic relationships, with the largest increase in outflows directed towards previous donees. This suggests a certain conservatism in grant-making practices during a period of transition. Additionally, we find a slight preference for supporting larger organizations in the aftermath of a family head's passing.

To further understand the dynamics of family foundations following the death of a family head, we examine heterogeneity across foundation characteristics, focusing on two key dimensions: the age of the family foundation and the presence of heirs. This analysis provides insights into how different types of foundations respond to significant family events and balance their roles in wealth preservation and charitable giving.

Our findings reveal distinct patterns between young and older foundations. Young foundations, established in 1998 or later, show a more pronounced response to a family head's death, with larger increases in both inflows and outflows compared to older foundations. This suggests

that newer foundations may be structured to react more dynamically to such events, possibly due to evolving estate planning strategies and tax considerations. In contrast, older foundations exhibit more stable behavior, indicating a potentially more static approach to asset management and charitable giving in the wake of significant family events.

The presence of heirs also significantly influences foundation behavior. While both foundations with and without heirs experience increased inflows following a family head's death, their distribution patterns vary markedly. Foundations with heirs show a much smaller increase in outflows compared to those without heirs, suggesting a greater focus on wealth preservation and intergenerational transfer. This difference in outflow behavior underscores how the presence of heirs can substantially influence a foundation's approach to charitable giving, balancing philanthropic goals with family wealth considerations.

Our study also examines the impact of the Tax Cuts and Jobs Act of 2017 on the financial flows of family foundations following a family head's death. This landmark legislation, which doubled the lifetime estate and gift tax exemption from $5.49 million to $11.18 million per individual, provides a unique opportunity to observe how high-net-worth individuals adjust their wealth transfer and charitable giving strategies in response to major tax policy changes.

Our analysis reveals significant shifts in foundation behavior post-2017. We find that the inflow of assets to family foundations following a family head's death decreased substantially after the Act's implementation. Specifically, we observe a 47.2% reduction in postmortem inflows to family foundations, compared to the pre-2017 period. This dramatic change suggests that the increased estate tax exemption has reduced the incentive to use family foundations as vehicles for estate tax management.

These findings have important implications for understanding the relationship between tax policy and charitable giving among the ultra-wealthy. The observed decrease in foundation inflows following the tax law changes implies that lowering the exemption threshold could potentially increase the use of family foundations, which would inevitably lead to higher charitable distributions due to minimum payout requirements. Conversely, the higher exemption introduced by the 2017 Act may contribute to greater intergenerational wealth inequality by allowing more assets to bypass both charitable giving and taxation.

Our investigation extends to the role of Donor-Advised Funds (DAFs) in the philanthropic strategies of family foundations, particularly following the death of a family head. DAFs offer a unique mechanism for separating the timing of tax deductions from actual charitable distributions, providing flexibility in philanthropic planning. Our findings reveal a significant shift towards DAF utilization in the wake of a family patriarch or matriarch's passing, with increases in both the likelihood and relative size of DAF contributions. This trend, consistent across various types of DAF sponsors, suggests that these funds serve as crucial tools for family foundations during periods of transition. DAFs may function as temporary repositories for funds while the next generation determines long-term charitable priorities, or as a means to meet distribution requirements while postponing decisions on ultimate charitable recipients. This strategic use of DAFs reflects a desire for adaptable giving options, a need for time to reassess charitable priorities, and a method to maintain tax benefits while planning future giving.

In our comprehensive examination of family foundations, we extend our analysis beyond direct charitable contributions to investigate potential resource allocations that may not directly align with charitable objectives. This aspect of our study is crucial, particularly during periods of transition such as the death of a family head, when the challenges of maintaining a strict focus on charitable purposes may be amplified.

Our investigation focuses on two key areas: interactions with disqualified persons as defined by the IRS, and specific categories of expenses and asset holdings not directly related to charitable giving. By analyzing transactions and engagements with disqualified persons, we gain insights into how family foundations manage relationships with insiders and whether these interactions align with the foundation's charitable purpose. Additionally, we examine compensation paid, non-giving expenses, undistributed income, investment income, and non-charitable assets to assess how family foundations allocate resources beyond their primary philanthropic activities.

Our findings reveal significant increases in various forms of engagement with disqualified persons following a family head's death, including furnishing goods and services, paying compensation, and transferring assets. We also observe substantial increases in non-giving activities across all examined categories. These patterns suggest a shift towards activities that may benefit insiders and a trend towards increased internal expenses, wealth accumulation, and potentially delayed charitable distributions following a leadership transition.

Contributions to the Literature

Our paper contributes to the growing literature on post-retirement household finance, particularly in understanding wealth draw-down among retirees. Previous research has demonstrated that many households use housing equity and non-annuitized assets as "precautionary savings," accessing them primarily during significant life events such as spousal death or medical emergencies (Venti and Wise, 2004; Davidoff, 2009; De Nardi et al., 2010; Poterba et al., 2011). This cautious approach contrasts with traditional life-cycle model predictions. Additionally, Heimer et al. (2019) revealed that subjective survival beliefs, often biased, play a crucial role in shaping saving behaviors, leading to undersaving and slower-than-expected wealth depletion. Ameriks et al. (2011) and Ameriks et al. (2020) further emphasized the role of self-insuring against long-term care risks in wealth retention. Our study extends this body of work by focusing on an underexplored subset of households—the ultra-wealthy. By examining private family foundations, we provide new insights into how extremely wealthy individuals manage retirement wealth and engage in philanthropy, offering a broader perspective on wealth dynamics across the financial spectrum.

Our paper also connects to the literature on bequest motives (Lockwood, 2012; Ameriks et al., 2011; Lockwood, 2018; Boar, 2021; Kvaerner, 2023; Heimer and Li, 2024) and inheritances (Kotlikoff and Summers, 1981; Kotlikoff, 1988; Modigliani, 1988; Andersen and Nielsen, 2011; Bellon et al., 2021). Ameriks et al. (2011) use hypothetical surveys to show that both precautionary and bequest motives are significant, even in the middle class, suggesting demand for annuities covering long-term care. Kvaerner (2023) finds that negative life expectancy updates increase the likelihood and size of intergenerational wealth transfers. Heimer and Li (2024) document that people overestimate the likelihood and size of bequests, with preferences following a U-shaped pattern over the life cycle, especially for stock owners and wealthier individuals.

Our paper further extends the body of knowledge on the finance of charitable entities, exploring various aspects of nonprofit financial management, governance, and investment strategies (Yermack, 2009; Andreoni et al., 2014; Dahiya and Yermack, 2018; Schmitz, 2021; Binfarè and Zimmerschied, 2023). Babenko et al. (2021) leverage the Nonprofit Revitalization Act of 2013, passed in New York, to show that regulations targeting CEO pay-setting processes can enhance nonprofit performance. Lo et al. (2021) highlight the variability in endowment fund returns, emphasizing governance and management practices. Adelino et al. (2015) find that nonprofit hospitals'

investment decisions respond to cash flow shocks, similar to for-profit firms. Gilbert and Hrdlicka (2015) develop a model explaining university endowment sizes, considering opportunity costs and regulatory constraints. Our study builds on this literature by showing how the death of key family members leads to significant changes in the flows of funds into and out of family foundations.

The literature on the public economics of charitable giving, particularly focusing on the philanthropic behaviors of high-net-worth individuals, has been expanding. Smeets et al. (2015) conduct experiments with millionaires, revealing greater generosity towards low-income recipients in non-strategic giving situations. Kessler et al. (2019) explore motivations behind generosity among the rich through a field experiment with Ivy League alumni, finding that granting agency over donations increases giving among wealthy donors. Research has also explored tax-related aspects of charitable giving. Almunia et al. (2020) examine tax incentives' effects on UK charitable contributions, while Ring and Thoresen (2024) investigate wealth taxation's impact on giving in Norway. Andreoni (2018) and Grennan (2022) study donor-advised funds (DAFs) as philanthropic innovations, and Andreoni and Serra-Garcia (2021) finds that allowing donors to decide now to give later can increase donations. Our study extends this literature by examining charitable giving patterns of ultra-wealthy individuals through family foundations.

2 Data and Institutional Setting

The study uses several new data sets not seen before in research. Below we explain the data sources we use for our tests and how we built them.

2.1 Base Sample of Family Foundations

A private foundation is a charitable organization typically established by an individual, family, or corporation to support philanthropic activities. The foundation is governed by a board of directors or trustees responsible for receiving charitable contributions, managing and investing the foundation's assets, and distributing grants to other charitable organizations. To maintain their tax-exempt status and provide transparency, private foundations are required to file annual tax returns, such as IRS Form 990-PF.

Form 990-PF serves as a comprehensive annual information return for private foundations. This document provides crucial details about a foundation's financial activities, governance structure, and grantmaking practices. Key components of the form include financial data, a complete list of grants made during the fiscal year, and information about trustees and key officers. Private foundations must file this form annually, usually within four and a half months after the end of their fiscal year. The form is considered public information and must be made available for inspection upon request. Foundations are required to maintain a minimum annual payout of 5% of the average market value of their assets, which is reported on Form 990-PF. This transparency allows for public scrutiny of the foundation's charitable activities and ensures compliance with IRS regulations.

To ensure comprehensive coverage, we collect IRS Form 990-PF tax filing information from three sources. The primary source is the IRS Tax Exempt Organization Search Bulk Data Downloads, which provides detailed XML files for electronically filed Form 990-PF submissions from 2010 to 2023. In cases where individual filings are missing from the primary source, we supplement the data with the Annual Extract of Tax-Exempt Organization Financial Data, available from 2012 to 2020. Finally, to extend the historical coverage of the data, we incorporate the National Center for Charitable Statistics (NCCS) Core Files, which span from 2000 to 2015. By combining these sources, we create a comprehensive dataset that covers a wide range of years and enables a thorough analysis of the tax-exempt organizations' financial information.

Family foundations, a subset of private foundations, are distinguished by the significant involvement of a donor family in their governance and funding. However, it is important to recognize that family foundations do not have a separate legal status from other independent foundations (Moody et al., 2011). This absence of legal distinction necessitates the application of specific criteria to identify and categorize family foundations within the broader philanthropic landscape.

To differentiate family foundations from other private foundations, we adopt the criteria developed by Foundation Center (2012), which require meeting at least one of three conditions: (1) the foundation's name includes the word "family" or "families," (2) the foundation has more than two trustees with the same surname, which also matches the surname of at least one donor, or (3) the foundation's name incorporates the surname of at least one trustee. To identify family foundations based on these criteria, we extract the names of trustees from the XML files provided

by the IRS. This information allows us to analyze the composition of the foundation's board and determine whether it meets the specified conditions for classification as a family foundation.

To gather genealogical information for the family foundations, we leverage the address and names of trustees to retrieve records from Radaris and Spokeo. These comprehensive people search services provide access to public data records, enabling us to find detailed information about individuals. By inputting a trustee's name, city, and state, the services return multiple profiles that include the individual's name, age, aliases (often including maiden names), places of residence, and a list of related persons, typically comprising family members and relatives. To validate the accuracy of the family records, we require at least two trustees to appear within a person's profile as related individuals, verifying the relatives associated with each trustee. This process allows us to construct a more complete picture of the trustees' familial connections and personal histories.

To identify the passing of first-generation family members, we analyze the genealogical information and consider a death to have occurred when the eldest family member or other family members within 20 years of the eldest member's age no longer appear on the list of trustees. We further investigate these disappearances by manually searching for obituaries using search engines. Although we were unable to find sources to validate every single death in our sample, the distribution of the disappearances closely resembles the distribution of confirmed deaths. This similarity gives us confidence that the disappearance of older family members from the list of trustees is a strong indication of their passing, even if we cannot definitively confirm each individual case.

Panel A of Table 1 summarizes each step of the sample construction process. Starting with a comprehensive dataset of IRS Form 990-PF tax filings from 2000 to 2023, we begin with a full sample of 177,371 foundations sourced from three different databases: IRS Tax Exempt Organization Search Bulk Data Downloads, Exempt Organization Extract files summarized each year by the IRS, and the NCCS Core files.

Our refinement process involves several steps. First, we exclude foundations whose inflation-adjusted assets are smaller than $100,000, reducing the sample size to 96,567. We then apply a rule-based family identification process (Foundation Center, 2012), narrowing the sample to 21,844 foundations. To enhance accuracy, we cross-reference the remaining foundations with genealogical records with Radaris and Spokeo, resulting in 8,276 confirmed family foundations with verified

genealogical information. Finally, we focus on foundations that experienced first-generation deaths, yielding our final sample of 1,260 foundations.

This refined dataset forms the basis for our subsequent analysis, providing novel insights into the late-in-life asset holdings and charitable contributions of the wealthiest households in the U.S. Our methodology ensures a focus on family foundations with reliable genealogical data and generational transitions, allowing for more precise analysis of the impact of founder deaths on foundation governance and operations.

[Table 1 here]

In Table 1, Panel B reports summary statistics on financial characteristics for our base sample, which includes all family foundations classified under Section 2.1 from 2000 to 2023, resulting in 124,910 foundation-year observations. We report assets, inflows, outflows, and liabilities in millions of dollars. Additionally, we provide ratios for inflows, outflows, liabilities, cash, and corporate stock, each scaled by assets and expressed as percentages. The mean asset value is $20.65 million, while the median is $3.15 million. Inflows show a mean of $2.03 million and a median of $0.03 million while, outflows have a mean of $1.52 million and a median of $0.20 million.

It is worth noting from the summary statistics that foundations can disburse less than 5% of their total assets. The so-called "5% rule" refers to the required annual outflows of 5% of a foundation's non-charitable assets. However, this amount can be adjusted for various reasons, such as debt on properties or discounts on hard-to-sell assets. Foundations can also set aside reasonable cash reserves for operating expenses. In some cases, these adjustments might be significant enough to reduce the required payout below the 5% threshold or even to zero for a given year. This flexibility allows foundations to manage their finances effectively when facing unusual circumstances, without necessarily compromising their long-term charitable objectives. The presence of outflows below 5% in our data reflects the real-world application of these adjustment provisions. While this flexibility is designed to accommodate legitimate financial constraints, it's important to recognize that it could potentially be used strategically by foundations facing challenges in identifying immediate disbursement opportunities or wishing to retain more assets for future use.

It is also worth emphasizing the nature of inflows to these foundations. The data reveals that inflows are typically infrequent and highly variable. The median inflow is relatively modest, about

$30,000, despite a median asset size of $3 million. However, the standard deviation of inflows is approximately $65 million, indicating an extremely skewed distribution. This pattern suggests that while many family foundations receive little to no inflow in a given year, a small number experience substantial inflows, possibly from large donations from family members. Such a distribution underscores the irregular and potentially unpredictable nature of foundation funding, which may influence their disbursement strategies and overall financial management. This variability in inflows could also explain why some foundations might need the flexibility to adjust their required payouts in certain years, as discussed earlier.

2.2 Death Matching Sample

To establish a comparative basis for our main analyses, we examine family foundations that have experienced the death of a household head and compare them with a control sample of other private foundations. To construct this control sample, we match foundations based on asset size, selecting control foundations whose assets most closely match those of the treated foundations at the time of death. This approach allows us to isolate the effects of a household head's death by comparing foundations with similar financial characteristics, differing primarily in their experience of this key event.

Our baseline sample includes 1,260 cases of death of family heads. To focus on the immediate impact of these deaths, we examine a time window of up to five years before and after each death event. This approach results in a maximum possible window of 11 years for each affected family foundation, with the actual duration depending on the timing of the death within our sample period. We then matched these foundations with counterparts from a control sample, creating our death matching sample, which comprises 25,626 foundation-year observations. Panel C of Table 1 presents summary statistics on financial characteristics for this death matching sample, allowing for comparative analysis between foundations that experienced the death of a family head and those that did not. The mean asset value is $12.88 million, while the median is $3.06 million. Inflows have a mean of $1.08 million and a median of zero, while outflows show a mean of $0.91 million and a median of $0.16 million.

[Table 2 here]

Table 2 provides a comparative analysis of family foundations that experienced the death of a family head and control private foundations, focusing on their financial characteristics just prior to the death event. This comparison is crucial for our empirical strategy, which relies on the assumption that both groups would have exhibited similar trends in outcomes (e.g., inflows and outflows) had the death event not occurred.

Table 2 shows the inflation-adjusted asset sizes, inflows, outflows, and liabilities for both family foundations and control private foundations. This comparison highlights the financial similarities between the two groups at the time of death. The distributions of key variables, like inflows and outflows, are very similar for both groups. For example, inflows average \$0.78 million for family foundations and \$1.04 million for controls, and the difference between them is not statistically significant, with a p-value of 0.25. Similarly, outflows are \$0.94 million for family foundations and \$0.62 million for controls, and this difference also lacks statistical significance, with a p-value of 0.21. These statistically insignificant differences across the non-matched variables suggest that the control group was well-selected. We provide evidence supporting this parallel trends assumption later in the paper.

2.3 Comparison with the Survey of Consumer Finance

To validate the sample of family foundations, we utilize the Survey of Consumer Finances (SCF), a comprehensive triennial survey conducted by the Board of Governors of the Federal Reserve System. The SCF provides the most detailed accounting of household assets and liabilities for a representative sample of U.S. households, offering repeated cross-sectional data since 1989. Our analysis focuses on SCF data from 2010 to 2022, as 2010 marks the earliest year the survey began reporting foundation values, and 2022 is the most recent available vintage. We extract key variables including the age of the household head, net worth, charitable contributions, and the value of foundations.

[Table 3 here]

Table 3 presents summary statistics of foundation values categorized by age groups and further divided into net worth tercile groups. This analysis aims to capture the differential in

foundation values across various age brackets and net worth segments, providing insights into the demographic and financial factors influencing foundation ownership and value.

The data reveals a stark contrast in foundation ownership between high net worth families and others. For both 2010 and 2022, foundation values are predominantly close to zero for low and medium net worth groups across all age categories. This pattern suggests that establishing and maintaining foundations is primarily a practice of the wealthiest households, with little to no engagement from those in lower net worth brackets. Among high net worth families, there's a clear trend of increasing foundation values with age, particularly notable in the 75 and above age group.

It's important to note, however, that while the Survey of Consumer Finances (SCF) is designed to include more high net worth households than a random sample would, it is not specifically meant to study the very richest individuals. As a result, it may not fully capture the behavior of family foundations and their role in charitable activities or wealth transfers among the extremely wealthy. This limitation underscores the advantage of our paper's main sample, which uses IRS 990 tax filings

Among high net worth families, there's a clear trend of increasing foundation values with age. In 2010, the value of foundations for those aged 75 and above was notably higher than for younger age groups, with a foundation-to-networth ratio of 0.921%. This trend is even more pronounced in 2022, where the oldest age group shows a remarkable foundation-to-networth ratio of 9.997%, far exceeding all other age categories. This suggests that as wealthy individuals age, they tend to allocate a larger portion of their wealth to foundations, potentially for estate planning, tax management, or philanthropic legacy purposes.

[Figure 1 here]

It's important to note that the SCF is designed for cross-sectional analysis rather than longitudinal studies. This design makes it challenging to track the growth of foundation values over family ages. Interestingly, our analysis of IRS 990 data reveals that foundation assets do not significantly grow with the age of the founder for a certain period until their death. Figure 1 presents the average of residualized inflows and outflows for different age groups, derived from a sample of IRS990-PF tax filings. It implies that the inflows and outflows are relatively static, with min-

imal growth over time. This contrasts with the observation that the overall value of foundations increases with age, according to the SCF.

To reconcile the puzzle of minimal internal growth over ages from the IRS 990-PF data and substantial value differences across ages from the SCF, we present Figure 2. This figure contains two subplots: one from the SCF and the other from IRS tax filing private foundations.

[Figure 2 here]

Subfigure (a) shows the sample of families with non-zero foundation values from the SCF, displaying an increase in foundation values consistent with Table 3. Subfigure (b), based on IRS 990-PF data, shows the initial assets at establishment rather than asset growth over time. Here, we see that the initial foundation value tends to increase with the founder's age. Figure X thus compares the average value of foundations from the SCF with the average initial assets in foundations at establishment, both plotted against the age of family heads.

The similar upward trends in both datasets help explain the apparent contradiction between minimal changes in individual family foundations over time and the observed increase in average foundation values across age groups. This pattern suggests that older founders tend to establish larger foundations, rather than foundation assets growing substantially after establishment. Moreover, this finding underscores the importance of panel data in studying the evolution of family foundations over the life cycle, including their postmortem behavior such as charitable activities and wealth transfer. By tracking foundations longitudinally, we can gain deeper insights into how these entities change over time, how they respond to the aging and eventual passing of their head of the family, and how they fulfill their philanthropic missions across generations.

Building upon our unique dataset, we employ a difference-in-differences model to estimate the effect of an eldest-generation death on foundation financial flows. This approach leverages the staggered timing of deaths across our death matching sample, allowing us to isolate the causal impact of a family head's passing on various foundation outcomes. Our model examines key variables including inflows and outflows scaled by foundation assets at the time of death, as well as the likelihood of large outflows exceeding 5% of assets. To address potential concerns with staggered treatment timing and heterogeneous effects, we utilize the difference-in-differences estimator developed by Callaway and Sant'Anna (2021). This advanced estimator is designed to accurately

estimate treatment effects in settings with multiple time periods and varying treatment times, enhancing the robustness of our findings.

We find that in the years following a family head's passing, these foundations experience a substantial influx of wealth, with assets increasing by about 33-34% compared to what they held at the time of death. This suggests a significant transfer of wealth into these charitable vehicles, possibly as part of estate planning or posthumous giving strategies. Interestingly, while outflows do increase after the family head's death, the increase is much more modest at about 6% relative to the foundation's size at the time of death. Perhaps most telling is the decreased likelihood of large charitable distributions exceeding 5% of the foundation's assets after the death of the family head.

3 Main Findings on Charitable Contribution

3.1 Wealth Dynamics in Family Foundations Following Deaths

To estimate the effect of an eldest-generation death on foundation financial flows, we employ a difference-in-differences model leveraging the staggered timing of these deaths across our death matching sample sample:

$$Y_{i,t} = \alpha + \beta_1 \text{Family}_i \times \text{PostDeath}_{i,t} + \beta_2 \text{Family}_i + \beta_3 \text{PostDeath}_{i,t} + \varepsilon_{i,t} \tag{1}$$

where $Y_{i,t}$ represents our outcome variables: inflows scaled by foundation assets at the time of death, outflows scaled similarly, and a binary indicator for outflows exceeding 5% of assets for foundation i in year t. Family_i is a dummy variable indicating whether the foundation is a family foundation ($\text{Family}_i = 0$ for non-family foundations serving as controls), and $\text{PostDeath}_{i,t}$ is an indicator for whether foundation i has experienced the death of its family head in year t or earlier.

The coefficient of primary interest is β_1 on the interaction term, which measures the average change in our financial flow variables after the family head's death for family foundations compared to non-family foundations. To address potential concerns with staggered treatment timing and heterogeneous effects, we employ the difference-in-differences estimator developed by Callaway and

Sant'Anna (2021). This estimator is designed to accurately estimate treatment effects in such settings by constructing group-time treatment effects based on a series of 2x2 comparisons.

[Table 4 here]

Table 4 presents difference-in-difference estimates of financial flows to and from foundations around the time of a family head's death. The Callaway and Sant'Anna (2021) estimator (CS estimator, hereafter) is employed in the third column for each dependent variable, providing an alternative estimate of the treatment effects. The dependent variables are inflows and outflows, scaled by foundation asset size at the time of death, as well as the likelihood of large outflows exceeding 5% of assets. Our key variables of interest are Post Death, indicating years after the family head's death, and Family, denoting family foundations.

For inflows over assets at the time of death, we observe coefficients of 0.33 and 0.34 for the interaction term *Post Death* × *Family*, both statistically significant at the 1% level. The CS estimator shows a similar effect of 0.3444, also significant at the 1% level. For outflows over assets at the time of death, the coefficients for *Post Death* × *Family* are 0.064 and 0.063, both significant at the 1% level. The CS estimator yields a comparable result of 0.0615, significant at the 1% level. For the probability of outflows exceeding 5% of assets, we find coefficients of -0.052 for *Post Death* × *Family* in both matching columns, significant at the 1% level. The CS estimator shows a non-significant effect of -0.0345. The *Post Death* variable alone shows mixed results across the dependent variables, with some coefficients being statistically significant and others not.

When we look at money flowing into family foundations, we see a dramatic shift after the death of the family head. In the years following their passing, these foundations experience a substantial influx of wealth, with assets increasing by about 33-34% compared to what they held at the time of death. This suggests a significant transfer of wealth into these charitable vehicles, possibly as part of estate planning or posthumous giving strategies. Notably, the substantial nature of this influx indicates that families didn't gradually prepare for this transfer before death. Given that it's unlikely all family foundations were unaware of impending deaths, the starkness of this influx is particularly interesting. It raises questions about the timing and strategy of wealth transfers in these high-net-worth families.

Interestingly, while more money does start to flow out of these foundations after the family head's death, the outflow is much more modest. Outflows tick up by about 6% relative to the foundation's size at the time of death. This creates a stark imbalance – far more money is coming in than going out in the years following the family leader's passing. Perhaps most telling is what happens with large charitable distributions – those exceeding 5% of the foundation's assets. Contrary to what one might expect, family foundations become less likely to make these substantial gifts after the death of the family head. The probability drops by about 5%, even as the foundation's coffers have swelled considerably.

[Figure 3 here]

Figure 3 illustrates the dynamic patterns of inflows and outflows surrounding the death of family heads, providing a visual complement to the results in Table 4. The plots depict the coefficients on interaction terms, revealing how family foundations' financial flows differ from matched private foundations over time. The horizontal axis represents years relative to the family head's death, with year 0 marking the year of passing, while the vertical axis shows the magnitude of the effects.

The inflows plot demonstrates a dramatic surge in assets immediately following the family head's death. In the first year after the event, inflows spike by approximately 40% relative to the foundation's assets at the time of death. This influx intensifies further in the second year, reaching a peak of about 56.6%. Cumulatively, inflows increase by approximately 96.9% within the first two years relative to the foundation's assets at the time of death, effectively doubling the asset size. While the effect remains substantial in subsequent years, it shows a slight decline after this initial two-year surge, suggesting a concentrated period of wealth transfer into the foundation.

Outflows also increase post-death but follow a more gradual trajectory and never match the scale of inflows. The year immediately following the family head's death sees a modest 3.2% rise in outflows relative to the foundation's assets at death. This effect increases to about 4.9% by the second year and continues to climb steadily, reaching around 10.8% by the fifth year after death. This pattern indicates a delayed and more measured approach to increasing charitable distributions compared to the rapid influx of assets. Interestingly, panel (c) reveals a counterintuitive trend in large outflows - those exceeding 5% of the concurrent assets. Despite the overall increase in outflows,

the likelihood of these substantial disbursements being greater than 5% actually decreases after the family head's death. There's an initial drop of about 2 percentage points in the probability of large outflows in the first year, which deepens to approximately 4 percentage points by the second year. This downward trend persists, albeit with some fluctuations, in subsequent years.

This pattern paints a picture of family foundations that accumulate wealth more rapidly than they distribute it following the loss of a key family figure. The substantial and immediate influx of assets after a family head's death, coupled with the relatively modest increase in outflows and decreased likelihood of large charitable distributions, raises intriguing questions about the role of these foundations in wealth management and philanthropy. Are they primarily used as vehicles for intergenerational wealth transfer and tax optimization, with charitable giving taking a secondary role? The stark contrast between asset inflows and outflows, along with the apparent lack of gradual preparation for wealth transfer before death, points to a complex interplay between charitable intent, wealth preservation, and tax considerations. These insights offer a valuable perspective on how America's wealthiest families manage their assets and approach philanthropy in the wake of losing a family leader, contributing to broader discussions about wealth inequality and the effectiveness of charitable giving incentives in the context of intergenerational wealth transfer.

3.2 Decomposition of Inflows and Outflows

Decomposing inflows and outflows provides a more detailed understanding of the financial behavior of family foundations following the death of a family head by revealing distinct patterns in how money moves into and out of these entities. By analyzing inflows separately, we can pinpoint the specific sources and timing of new funds, such as donations, estate settlements, or transfers from related entities. This helps uncover strategic decisions surrounding wealth transfer and tax planning, providing insights into whether foundations are being used primarily for consolidating family wealth or for immediate charitable purposes. On the other hand, examining outflows allows us to understand how these foundations manage their charitable distributions, indicating whether their focus is on preserving wealth or actively engaging in philanthropy.

To conduct this decomposition, I compile lists of the names of donors contributing to the foundations and the donees receiving funds from them. I then apply fuzzy matching techniques to align the donor names with those of the trustees, identifying instances where trustees themselves are

the donors. Additionally, I use fuzzy matching to track historical recipients and compare them with the current donees. Further, I match the donees with the broader pool of 501(c)(3) organizations to determine their asset sizes, providing context on the scale and scope of the recipients. This approach offers a more granular view of the foundations' financial flows and the strategic behaviors that underlie their philanthropic activities.

[Table 5 here]

Panel A of Table 5 breaks down the sources of inflows following a family head's death. The results show that trustees become the most significant contributors, increasing their contributions by 28% relative to the foundation's assets at the time of death. This substantial increase is statistically significant. Other sources also contribute to the influx of assets, albeit to a lesser extent, with an increase of 2% relative to the foundation's initial assets. The nature of these inflows is further categorized into noncash and cash contributions. Noncash inflows see a significant rise of 18%, while cash inflows increase by 12%, both relative to the foundation's assets at the time of death and statistically significant.

The decomposition of inflows in Panel A reveals compelling patterns that shed light on the wealth transfer strategies of high-net-worth families following the death of a family head. A striking finding is the substantial increase in contributions from trustees, which account for a 28% rise relative to the foundation's assets at the time of death. Given that trustees of family foundations are often family members themselves, this suggests a significant direct transfer of wealth from the family to the foundation. This pattern may indicate a strategic approach to estate planning, where family members utilize the foundation as a vehicle for intergenerational wealth transfer.

Furthermore, the noncash inflows, increasing by 18% relative to the foundation's initial assets, represent a nontrivial portion of the total influx. These noncash contributions are likely in the form of equities. When considered alongside the foundation's investments in common stocks summarized in Table 1, this pattern points to a sophisticated tax optimization strategy. By contributing appreciated assets directly to the foundation, families can potentially avoid substantial capital gains taxes that would be incurred if these assets were sold on the market. This approach allows the family to maximize the value transferred to the foundation while minimizing their tax burden. The combination of large trustee contributions and significant noncash inflows underscores

the dual role of family foundations in facilitating both charitable giving and tax-efficient wealth management in the wake of a family head's passing.

Panel B examines the patterns of outflows, categorizing them by recipient type and size. Interestingly, the largest increase in outflows is directed towards previous donees, with a 5% rise relative to the foundation's assets at the time of death. This suggests a tendency to maintain existing philanthropic relationships. New donees see a marginal and statistically insignificant increase of 0.89%. When considering the size of recipient organizations, both small and large donees experience increased support. Outflows to small donees, defined as organizations with less than $10 million in assets, grow by 1.2%, while large donees see a more substantial increase of 2%, both scaled by the foundation's assets at the time of death and statistically significant.

A notable observation is the preferential increase in donations to existing donees, with outflows to previous recipients increasing by 5% relative to the foundation's assets at the time of death. This tendency to favor familiar charitable relationships may indicate a certain conservatism in grant-making practices during a period of transition. It could suggest that foundations, in the wake of losing a key decision-maker, rely more heavily on established philanthropic partnerships rather than seeking out new causes or organizations. This pattern might imply that foundations face challenges in identifying or vetting new funding opportunities during this period, possibly due to a temporary leadership vacuum or a focus on internal reorganization.

The outflow analysis also reveals a slight difference in the distribution of funds between large and small donee organizations. Large donees experience a 2% increase in received funds relative to the foundation's assets at death, compared to a 1.2% increase for small donees. While this difference is modest, it suggests a marginal preference for supporting larger organizations in the aftermath of a family head's passing. This slight tilt towards larger donees, combined with the preference for existing recipients, indicates that family foundations may adopt a somewhat conservative approach to philanthropy during this transitional period. The pattern suggests a tendency to maintain and possibly strengthen relationships with more established charitable organizations following the loss of a key family figure.

3.3 Foundation Age and Family Structure

Table 6 presents our analysis of heterogeneity in inflows and outflows across foundation characteristics following the death of a family head. We investigate two key dimensions: the age of the family foundation and the presence of heirs. Older foundations are more likely to be established as perpetual organizations with long-term charitable objectives, while younger foundations may serve primarily as vehicles for family inheritance and wealth transfer. Additionally, foundations with heirs might be less inclined to distribute funds, potentially prioritizing wealth preservation for future generations.

To explore how a foundation's age influences its behavior, we divide our sample into "Young" and older foundations. We define Young foundations as those with a ruling date—the year they first achieve tax-exempt status—in 1998 or later, which aligns with our sample's median establishment year. Panel A of our analysis presents a comparison between these young foundations and older foundations. This effect appears stronger for young foundations at 0.39 compared to 0.28 for older ones, though the difference is not statistically significant. Notably, the impact on outflows is more pronounced, with young foundations seeing an 0.083 increase in outflows scaled by assets at the time of death compared to a 0.041 increase for older foundations.

The observed differences between young and old foundations in their response to a family head's death likely stem from evolving estate planning strategies and tax considerations. Young foundations, established under more recent tax laws, may be structured to react more dynamically to such events. When a family head passes, these newer foundations might see larger inflows as they're used as vehicles for tax-efficient wealth transfers. Simultaneously, they may experience greater outflows due to predetermined charitable distribution plans, balancing tax benefits with philanthropic goals. In contrast, older foundations, possibly established under different tax regimes and with more entrenched practices, might be less flexible in responding to a founder's death. This could explain their comparatively smaller fluctuations in both inflows and outflows, suggesting a more static approach to asset management and charitable giving in the wake of significant family events.

To explore the influence of family succession on foundation behavior, we classify foundations based on the presence of heirs, defining a foundation as having an heir if there's a family member

among the trustees who is 20 years or younger relative to the eldest family member. Panel B contrasts foundations with and without heirs, aligning more closely with our predictions. The post-death family effect on inflows scaled by assets at the time of death is 0.31 for foundations without heirs and slightly higher at 0.35 for those with heirs, though this difference lacks statistical significance. Consistent with our expectations, the outflow effect for foundations with heirs is only about half that of foundations without heirs, with coefficients of 0.047 and 0.099 respectively. This substantial difference in outflow behavior confirms that foundations with heirs are significantly less inclined to distribute funds.

These findings collectively suggest that while all types of foundations experience increased inflows following a family head's death, their distribution patterns vary markedly. This implies that foundations with heirs tend to focus more on wealth preservation and intergenerational transfer, potentially using the foundation as a tool for long-term family financial planning and estate tax management. In contrast, foundations without heirs appear more inclined towards immediate philanthropic impact. This difference in outflow behavior underscores how the presence of heirs can substantially influence a foundation's approach to charitable giving, balancing philanthropic goals with family wealth considerations.

[Table 6 here]

4 Charitable Disbursements and Motivations for Giving

4.1 Tax Cuts and Jobs Act of 2017

The Tax Cuts and Jobs Act of 2017 introduced sweeping changes to the U.S. tax code, with significant implications for estate planning and wealth transfer. One of the most notable changes was the dramatic increase in the lifetime estate and gift tax exemption. Prior to the Act, in 2017, an individual could transfer up to $5.49 million during their lifetime or at death without incurring federal estate or gift taxes. The Act doubled this exemption to $11.18 million per individual in 2018, with provisions for annual adjustments for inflation in subsequent years. This change was particularly impactful for high-net-worth individuals and families. For married couples, it effectively created a combined exemption of over $22 million, allowing them to transfer substantial

wealth to their heirs tax-free. The increase was designed as a temporary measure, set to expire after 2025, reverting to the pre-2018 levels (adjusted for inflation) unless extended by future legislation. This sunset provision added an element of urgency and complexity to estate planning for wealthy families.

Examining the impact of this Act is particularly interesting as it provides an opportunity to observe how high-net-worth individuals adjust their wealth transfer and charitable giving strategies in response to major tax policy changes. By reducing the tax incentive to create and fund family foundations for estate tax purposes, the Act may significantly influence the landscape of philanthropic giving. Moreover, the higher exemption could allow more wealth to be passed directly to heirs rather than being directed to charitable causes or paid in taxes, potentially exacerbating wealth inequality. Analyzing these effects provides valuable insights into the relationship between tax policy and charitable giving, which can inform future legislation and enhance our understanding of wealth management decisions among the ultra-wealthy.

Table 7 presents an analysis of how the Tax Cuts and Jobs Act of 2017 affected financial flows following a family head's death. The table shows difference-in-differences estimates, comparing periods before and after 2017. The table includes four sets of results for each inflows and outflows: (1) a subsample analysis for family head deaths occurring before 2017, (2) a subsample analysis for deaths in 2017 and later, (3) a pooled regression combining both periods, and (4) a pooled regression with only family foundations. For inflows scaled by assets at the time of death, we see a significant positive effect of 0.36 for family foundations before 2017 in the first column. The third column shows that this effect decreases by 0.17 for deaths occurring after 2017, resulting in a net effect of 0.19 for the post-2017 period. Regarding outflows, there's a statistically significant positive effect of 0.068 before 2017 in the first column. The third column indicates a decrease of 0.037 in outflows after 2017, though this change is not statistically significant. The fourth column for both inflows and outflows provides insights specifically for the family foundation sample, allowing us to isolate the effects on these entities.

These results provide strong support for the paper's central claim about the impact of changing estate tax policies on postmortem wealth transfers to family foundations. The substantial reduction in inflows after 2017 aligns with the finding that the doubling of the lifetime estate and gift tax exemption led to a 47.2% decrease in postmortem inflows to family foundations. The observed

decrease in outflows, although not statistically significant, suggests that the tax law changes may have affected both asset transfers into foundations and fund distribution. This pattern reinforces the argument that family foundations often serve as vehicles for estate tax management, with their utilization decreasing as estate tax exemptions rise. Importantly, these findings imply that lowering the exemption threshold could potentially increase the use of family foundations, which would inevitably lead to higher charitable distributions due to minimum payout requirements. Conversely, the higher exemption bar introduced by the 2017 Act may contribute to greater intergenerational wealth inequality by allowing more assets to bypass both charitable giving and taxation. These insights demonstrate how tax policy changes can significantly influence wealth transfer strategies among high-net-worth families, affecting not only the accumulation and distribution of assets in family foundations but also broader patterns of wealth distribution in society.

[Table 7 here]

4.2 Donor-Advised Funds

Donor-Advised Funds (DAFs) have emerged as a significant tool in the landscape of charitable giving. A DAF allows donors to make a charitable contribution, receive an immediate tax deduction, and then recommend grants from the fund over time. This structure offers a unique advantage: the ability to separate the timing of the tax deduction from the actual distribution to charitable causes. In the context of our study on family foundations and wealth transfers, examining the relationship between family foundations and DAFs provides crucial insights into the strategies employed by wealthy families to time their philanthropic obligations and tax liabilities.

The interaction between family foundations and DAFs, particularly following the death of a family head, offers a window into an important aspect of philanthropic wealth management: the strategic delay of charitable distributions. Family foundations are subject to annual distribution requirements, typically 5% of their assets, to maintain their tax-exempt status. However, in the wake of a significant event like the death of a family patriarch or matriarch, the foundation may experience a substantial influx of assets. The surviving family members or trustees might not be prepared to immediately increase their charitable giving at the same rate as the asset increase. In this scenario, transferring funds to a DAF presents an attractive solution. It allows the family

foundation to meet its distribution requirements while effectively postponing the decision-making process for ultimate charitable recipients.

Table 8 examines the impact of a family head's death on foundation outflows to Donor-Advised Funds (DAFs). Panel A presents four dependent variables: DAF contributions, non-DAF contributions, the ratio of DAF outflows to total outflows, and a binary indicator for any positive DAF outflows. The results show that following a family head's death, there is a statistically significant increase in outflows both to DAFs and to non-DAFs. Notably, the probability of any DAF contribution increases by 3.3 percentage points, which represents a substantial 15.3% increase compared to the average. Additionally, the size of DAF contributions as a share of total outflows rises by 24.2% relative to the average. Panel B breaks down the types of DAF sponsors, categorized following Grennan (2022), showing that outflows increase across all types: community foundations, single-issue charities, and DAFs specialized in grant-making. It's important to note that these patterns are not limited to a single type of foundation but reflect more general trends across various foundation types.

These findings suggest a significant shift in philanthropic strategy following the death of a family head. The substantial increase in both the likelihood of DAF contributions and their relative size indicates a growing preference for this flexible giving vehicle during times of transition. This trend may reflect several strategic considerations: DAFs could serve as a temporary holding place for funds while the next generation determines long-term charitable priorities, or they might be used to meet distribution requirements while deferring decisions on ultimate charitable recipients. The across-the-board increase in contributions to various types of DAF sponsors further underscores the versatility of DAFs in meeting diverse philanthropic objectives. This shift towards DAFs post-death could indicate a desire for more adaptable giving options, a need for time to reassess charitable priorities, or a strategy to maintain tax benefits while planning future giving. Overall, these results highlight the increasingly important role of DAFs in family foundations' giving strategies during periods of transition, potentially serving as a bridge between generations and facilitating more deliberate, long-term philanthropic planning.

[Table 8 here]

4.3 Self-Dealing and Non-giving Activities

In examining the operations of family foundations, particularly during periods of transition such as the death of a family head, it is crucial to look beyond direct charitable contributions. While the primary purpose of these foundations is philanthropic giving, there is potential for resources to be allocated in ways that may not directly align with charitable objectives. This could include activities that benefit individuals closely associated with the foundation or expenditures that are not directly related to charitable causes. The complexity of family foundation structures and the close ties between the foundation and its founding family create unique challenges in maintaining a strict focus on charitable purposes. During leadership transitions, these challenges may be amplified as new decision-makers take control and potentially reassess the foundation's priorities and operations.

The allocation of resources within family foundations can take various forms beyond direct charitable giving. This might involve increased administrative expenses, investments in non-charitable assets, or transactions with parties related to the foundation. While some of these activities may be necessary for the foundation's operation and long-term sustainability, they also present opportunities for resources to be directed away from immediate charitable impact. Understanding these patterns of resource allocation is essential for assessing the true philanthropic impact of family foundations and ensuring that they continue to serve their intended charitable purposes, even as they navigate significant organizational changes.

To investigate these potential resource allocations that may not directly align with charitable objectives, we first examine interactions with disqualified persons as defined by the IRS. This group includes substantial contributors, foundation managers, individuals owning significant portions of contributing entities, their family members, and organizations in which these individuals have substantial beneficial interest. It also encompasses certain government officials and related private foundations. These individuals and entities are considered disqualified due to their close ties to the foundation, which could potentially lead to conflicts of interest or self-dealing. By analyzing transactions and engagements with these disqualified persons, we can gain insights into how family foundations manage relationships with insiders and whether these interactions align with the foundation's charitable purpose.

Secondly, we investigate five specific categories of expenses and asset holdings that are not directly related to charitable giving: (1) Compensation paid, (2) Non-giving expenses, (3) Undistributed income, (4) Investment income, and (5) Non-charitable assets. These categories are examined as proportions of the foundation's asset size at the time of the family head's death, providing a standardized measure across different foundation sizes. By focusing on these non-charitable financial aspects, we can assess how family foundations allocate resources beyond their primary philanthropic activities.

Table 9 examines foundation self-dealing activities and non-giving activities around a family head's death. Panel A focuses on engagement with disqualified persons, using indicator variables derived from IRS Form 990-PF. The results show that following a family head's death, there are significant increases in furnishing goods, services, or facilities, account for 29% of relative to the average, paying compensation or reimbursing expenses, 14.6% relative to the average, and transferring income or assets, 108.3% relative to the average, to disqualified persons. There are slight decreases in engaging in sale, exchange, or leasing of property and borrowing or lending money, but these are not statistically significant.

The observed increases in transactions with disqualified persons following a family head's death raise significant concerns about the potential misuse of family foundations. These findings suggest a shift towards activities that may benefit insiders rather than serving the foundation's charitable mission. The rise in furnishing goods and services, paying compensation, and transferring assets to disqualified persons indicates a possible redirection of foundation resources away from charitable purposes and towards individuals closely tied to the foundation. This trend could be interpreted as a form of indirect wealth transfer to family members or related parties, potentially circumventing the intended use of the foundation's assets. Such patterns raise important questions about governance, oversight, and the adequacy of existing regulations to prevent the misuse of charitable assets for personal benefit.

Panel B of Table 9 examines changes in foundations' non-giving activities following the death of a family head, with all measures scaled by the foundation's assets at the time of death. The results show statistically significant increases across all five categories post-death, relative to their average values. Compensation increases by 60% compared to its average. Non-giving expenses rise by 51% from their average. Undistributed income grows by 9% relative to its average. Investment

income shows a substantial increase of 190% from its average. Most notably, non-charitable assets see a dramatic rise of 451% compared to their average. These findings indicate a significant shift in foundation activities post-death, with particularly large relative increases in investment income and non-charitable assets. The changes suggest a trend towards increased internal expenses, wealth accumulation, and potentially delayed charitable distributions following a leadership transition. This pattern raises questions about how foundations balance organizational needs, wealth preservation, and charitable objectives during periods of change.

[Table 9 here]

5 A Model of Life-cycle Charitable Giving

In this section, we outline a simple model of charitable giving that we tailor to our setting of wealthy individuals. In particular, we define charitable giving as a consumption good. We also assume that, because our sample includes families of exceptional wealth, the representative individual can meet all other consumption needs such that the trade-off between charitable giving and other forms of consumption is trivial. As such, the model boils down to a trade-off between giving today and saving for future giving and a portfolio allocation problem for the charitable foundation's assets.

In this framework, agents make decisions in discrete time, where time is denoted by $t = n, 1, 2, 3, ...T$, where n is the established foundation and T is the age at death. Agents maximize their expected discounted utility stream by determining consumption and asset allocation each yearly interval. Recursively, this framework can be written as follows:

$$V_t^*(X_t, P_t) = \underset{Ch_t, \phi_t}{max} \{u(Ch_t) + \beta s_{t+1|t} \mathbf{E_t}[V_{t+1}^*(X_{t+1}, P_{t+1})] + ... \\ ...\beta(1 - s_{t+1|t})\mathbf{E_t}[B_{t+1}(R_{t+1}(X_t - Ch_t))]\} \quad (2)$$

where Ch_t refers to charitable consumption in period t, ϕ_t is the share of wealth in risky assets, and X_t is undistributed wealth. The agent's terminal period bequest motive is expressed by $B_t(X_t)$, which is referred to as 'warm glow' as in Andreoni (1989). The gross rate of portfolio returns is R_t, which is determined by the weighted combination of the return on risky assets (R_t^r) and the return on risk-free assets (R^f), formulated as $R_t = \phi_t R_t^r + (1 - \phi_t)R^f$. The evolution of

undistributed wealth is described by the equation $X_t = R_t(X_{t-1} - C_{t-1}) + Y_t$, where R_t, the gross rate of portfolio returns, is the weighted return of the risky and the risk-free assets, formulated as $R_t = \phi_t R_t^r + (1 - \phi_t)R^f$. The time discount factor is β, and $s_{t+1|t}$, denotes the conditional survival probability for transitioning from period t to period $t + 1$, given that age t has been reached.

5.1 Model setup and parameters

We set the functional form of $u(Ch_t)$ and $B_t(X_t)$ as constant relative risk aversion with a coefficient of relative risk aversion equal to $\eta = 5$. The risk-free rate is 2% and the premium on the risky asset is equal to 3.6%, which we calibrate based on the observed returns to invested capital in the foundation data. The rate of time preference is equal to the inverse of the risk-free rate, 0.98. We set the bequest parameter equal to 2.25 as is common in the literature and use actuarial rates of survival to calibrate survival probabilities s_t. We set the terminal age as 90 and the starting age as 65.

Key to our setting, we set up the model as a simple endowment economy where the agent receives some value of wealth initial period t. Essentially, the model solution boils down to a classic "cake eating" problem, where agents decide how to distribute their wealth over a fixed time horizon. We endow the agent with initial dollars, which are in the range of the net present value of total dollars flowing to the foundation since its inception.

5.2 Insights from the model

The model aims to understand how it compares to the dynamic patterns of giving that we observe in the data on family foundations. Our analysis shows that a large inflow of assets into the foundation occurs upon its inception and when a prominent family member dies, but few assets flow to the foundation in the intervening years. We evaluate how well the model captures this pattern under the set of preferences described above, which are reasonable and consistent with the life-cycle literature.

Figure 4 shows the results of solving the model. We plot ch and X for each age. The line for "charitable consumption" is equivalent to the model's ch for each age and any residual undistributed wealth at the terminal period is slated for post-mortem charitable giving.

Overall, the model delivers the large influx of assets at foundation inception and the large amount of asset inflows at death. The large influx of assets at inception can be explained by the

agent's rate of time preference—valuing today's consumption more than tomorrow's. The flows to the foundation upon death can be explained by the presence of the bequest motive and the uncertainty over dying in each period. Shutting off these features of the model drives the residual wealth at death to zero.

However, the model shows charitable contributions declining at a nearly constant rate in each intervening year since the foundation's inception. This is caused by the agent's desire to smooth consumption over the years of the life cycle, and the downward slope arises from the rate of time preference. As such, the fact that there is not more charitable giving in the early years of the foundation suggests a puzzle with respect to our reasonable model.

6 Conclusion

Our research generates insight into the financial behaviors of wealthy families and their use of private family foundations for asset management and charitable disbursements. One key finding is that the timing of charitable contributions often lags behind significant contributions to the foundation that arise from the death of a family patriarch or matriarch. This delay suggests a role for policy interventions that incentivize more timely charitable giving before death. Policies could include enhanced tax benefits for immediate donations or stricter requirements for minimum disbursements to ensure that family foundations contribute more actively to charitable causes.

Improving the asset management and tax treatment of family foundations could also play a crucial role in increasing charitable giving. By offering tailored financial planning resources for wealthy families, policymakers and financial advisors can help ensure that these foundations are managed more efficiently and with a greater focus on philanthropy. Additionally, revising estate tax policies to include provisions that encourage charitable contributions as part of wealth transfer strategies could further enhance the philanthropic impact of family foundations. For instance, introducing tax credits or deductions specifically tied to the size and timing of charitable donations could motivate families to increase their giving and reduce the hoarding of assets within foundations. Such measures would not only support greater charitable activities but also promote a more equitable distribution of wealth across society.

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Figure 1: Residualized Inflows and Outflows by Age Group

This figure presents the average inflows and outflows for different age groups, derived from a sample of IRS-990 PF private foundations. The residuals were calculated by regressing inflows and outflows on foundation fixed effects. The resulting residuals were then averaged, and the mean values of inflows and outflows were added back to these residuals to obtain the final averages.

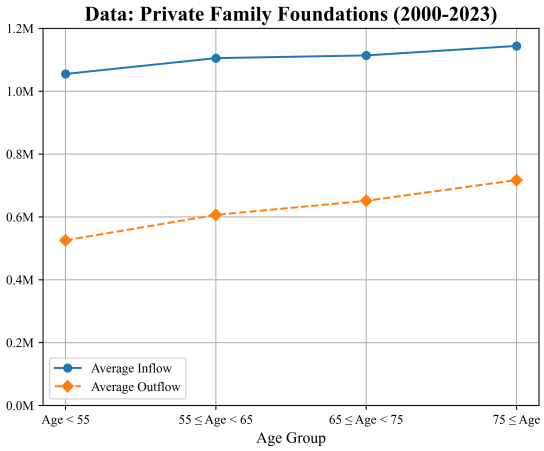
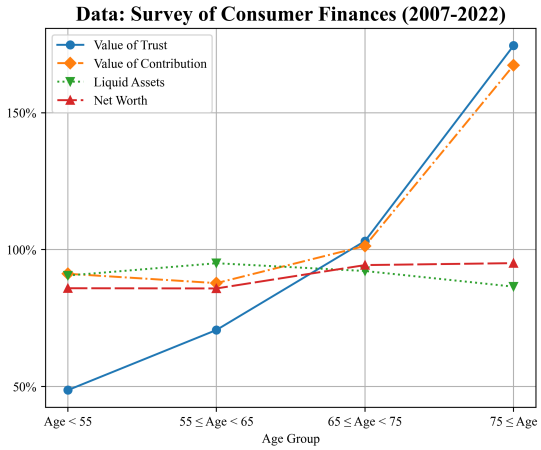
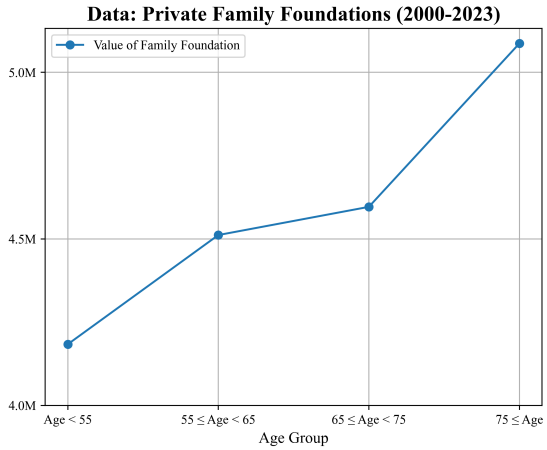


Figure 2: Value of Trusts, Contributions, Liquid Assets, Net Worth, and Family Foundations by Age

The figure shows the values of trusts, contributions, liquid assets, net worth, and family foundations by age. The left subfigure uses data sourced from the Survey of Consumer Finances (SCF). Net liquid assets consist of money market funds, checking and savings accounts, call accounts, as well as corporate and government bonds, and Treasury bills (T-bills), minus credit card debt (Bayer et al., 2019). The right subfigure's data is sourced from the sample of private family foundations. Each value is scaled based on the average value among households headed by individuals aged 65 to 69, considered "retirement-age households" according to Poterba, Venti, and Wise (Journal of Economic Perspectives 2011). We trim outliers by excluding the top and bottom one percent of the values.



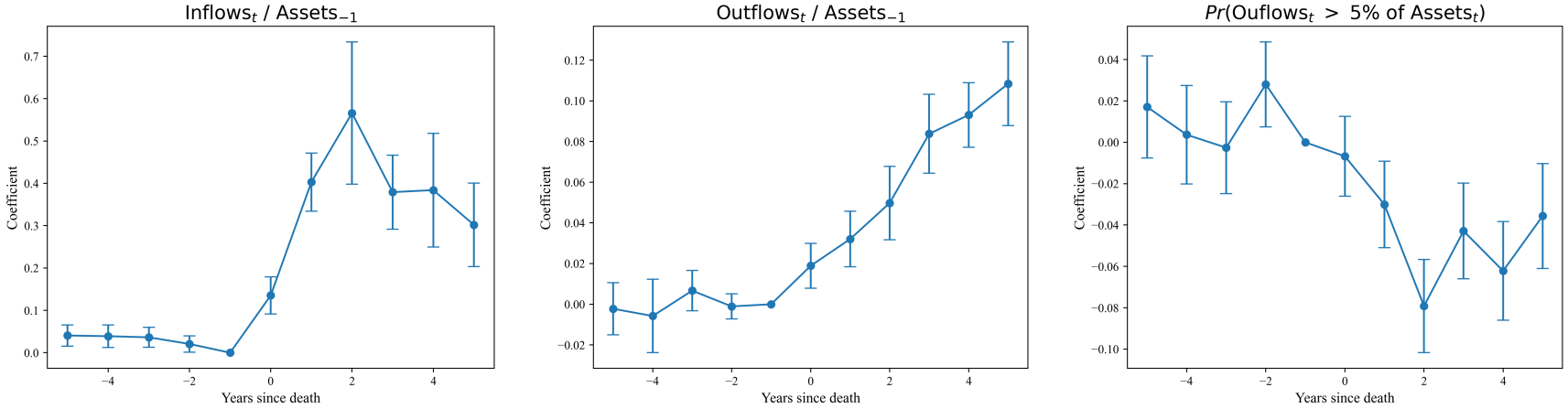
(a) SCF



(b) IRS 990-PF

Figure 3: Dynamics of Inflows and Outflows

This figure presents the dynamics of inflows and outflows across time periods surrounding the death of family heads. The regression models include time dummies spanning from five years before to five years after the death of the family head, along with their interaction terms with *Family*, indicating family foundations. The dependent variables are inflows and outflows, scaled by foundation asset size at the time of death, as well as the likelihood of large outflows exceeding 5% of assets. The plot illustrates the coefficients on the interaction terms, highlighting the differential impact of the family head's death on family foundations compared to matched private foundations. The results are shown with regression coefficients and their 90% confidence intervals.



(a) Inflows over YOD Assets

(b) Outflows over YOD Assets

(c) Outflows excceeding 5%

Figure 4: Charitable Consumption and Asset Flows over the Life Cycle

This figure presents the dynamics of charitable consumption (ch) and asset flows (X) over the agent's life cycle.

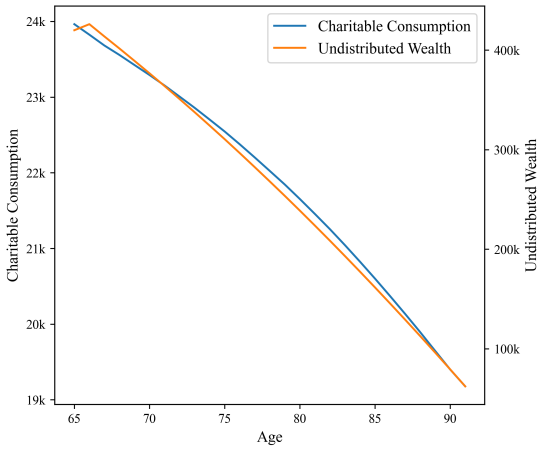


Table 1: Summary Statistics

This table presents the procedure for constructing the final sample and provides summary statistics for key financial variables of foundations. Panel A details how our sampling restrictions shape the final sample, with the count presenting the number of unique foundations at each step. Throughout Panels A and B, we report assets, inflows, outflows, and liabilities in millions of dollars, while also including ratios of inflows, outflows, liabilities, cash, and corporate stock, each scaled by assets and expressed as percentages. Panel A contains statistics for our base sample of 124,910 foundation-year observations, while Panel B focuses on our death-matching sample, consisting of 25,626 foundation-year observations. To ensure comparability across years, all monetary values are adjusted for inflation.

Panel A: Sample Construction

Sampling Restriction	**Count**	**Dropped**
Full sample	177,371	
Bulk Data Downloads (2010-2023) – 109,082		
EO Extract (2012-2020) – 123,862		
NCCS Core (2000-2015) – 127,379		
Asset size no smaller than $100k	96,567	80,804
Foundations with rule-based family identification	21,844	74,723
Family foundations with genealogical records	8,276	13,568
First-generation deaths	1,260	7,016

Panel B: Base Sample

	N	Mean	Std	5%	25%	50%	75%	95%
Assets ($M)	124,910	20.65	717.78	0.55	1.54	3.15	8.04	43.27
Inflows ($M)	124,910	2.03	64.93	0.00	0.00	0.03	0.40	4.12
Outflows ($M)	124,910	1.52	52.85	0.00	0.08	0.20	0.56	3.15
Liabilities ($M)	124,910	1.13	82.59	0.00	0.00	0.00	0.00	0.16
Inflows over Assets (%)	124,910	14.14	104.20	0.00	0.00	0.73	12.67	62.03
Outflows over Assets (%)	124,910	13.22	122.31	0.00	3.94	5.60	9.10	34.27
Liabilities over Assets (%)	124,910	1.44	32.05	0.00	0.00	0.00	0.00	2.56
Cash over Assets (%)	124,910	4.63	15.70	0.00	0.00	0.02	2.01	24.22
Corp Stock over Assets (%)	124,910	46.31	44.50	0.00	0.00	48.78	82.73	98.76

Panel C: Death Matching Sample

	N	Mean	Std	5%	25%	50%	75%	95%
Assets ($M)	25,626	12.88	48.19	0.46	1.43	3.06	8.16	48.45
Inflows ($M)	25,626	1.08	10.71	0.00	0.00	0.00	0.10	2.55
Outflows ($M)	25,626	0.91	5.83	0.00	0.06	0.16	0.46	2.95
Liabilities ($M)	25,626	0.34	4.21	0.00	0.00	0.00	0.00	0.37
Inflows over Assets (%)	25,626	9.49	172.00	0.00	0.00	0.00	3.07	46.63
Outflows over Assets (%)	25,626	9.33	43.85	0.00	3.72	5.26	7.21	23.08
Liabilities over Assets (%)	25,626	2.20	50.89	0.00	0.00	0.00	0.00	3.92
Cash over Assets (%)	25,626	4.45	176.75	0.00	0.00	0.00	1.22	14.92
Corp Stock over Assets (%)	25,626	44.63	74.59	0.00	0.00	47.10	76.93	98.09

Table 2: Initial Characteristics for Family Foundations versus Other Private Foundations

This table presents a comparative analysis of financial characteristics between family foundations that experienced the death of a family head and matched control private foundations from our death matching sample. The analysis focuses on the period just prior to the death event to examine the ex-ante similarity between the two groups. We report summary statistics for inflation-adjusted values of assets, inflows, outflows, and liabilities, all expressed in millions of dollars. To assess the statistical significance of differences between the two groups, we also provide results of t-tests for these key variables.

Panel A: Family Foundations

	N	Mean	Std	5%	25%	50%	75%	95%
Assets ($M)	1,260	12.44	49.73	0.41	1.33	2.95	7.84	46.45
Inflows ($M)	1,260	0.78	2.81	0.00	0.06	0.18	0.49	2.70
Outflows ($M)	1,260	0.94	4.99	0.00	0.00	0.01	0.27	3.23
Liabilities ($M)	1,260	0.35	3.37	0.00	0.00	0.00	0.00	0.30

Panel B: Other Private Foundations

	N	Mean	Std	5%	25%	50%	75%	95%
Assets ($M)	1,260	11.63	44.54	0.41	1.33	2.93	7.86	44.02
Inflows ($M)	1,260	1.04	8.47	0.00	0.04	0.13	0.38	2.35
Outflows ($M)	1,260	0.62	7.63	0.00	0.00	0.00	0.00	1.14
Liabilities ($M)	1,260	0.34	2.83	0.00	0.00	0.00	0.00	0.43

Panel C: Comparison of Initial Characteristics

	Family Foundations	Others	Difference	p-value
Assets ($M)	12.44	11.63	0.81	0.15
Inflows ($M)	0.78	1.04	-0.26	0.25
Outflows ($M)	0.94	0.62	0.32	0.21
Liabilities ($M)	0.35	0.34	0.01	0.94

Table 3: Value of Foundations by ages and net worth tercile groups

This table reports foundation values categorized by age and net worth terciles, using data from the SCF. The data is segmented into six age groups, ranging from under 35 to 75 and older, in 10-year intervals. Within each age group, households are further divided into three net worth terciles. For each age and net worth tercile, the table presents the average foundation value, average net worth, and the ratio of foundation value to net worth. Panel A uses data from the 2010 SCF, while Panel B uses data from the 2022 SCF.

Panel A: Value of Foundations in year 2010

Age	Value of Foundations			Networth			Value of Foundations / Networth Ratio		
	Low Networth	Medium Networth	High Networth	Low Networth	Medium Networth	High Networth	Low Networth	Medium Networth	High Networth
<35	0	0	0	23,776	224,785	3,062,253	0.000%	0.000%	0.000%
35-44	0	0	6,613	31,145	258,557	2,676,665	0.000%	0.000%	0.247%
45-54	0	1,492	4,352	30,345	303,657	3,419,763	0.000%	0.491%	0.127%
55-64	0	0	18,129	30,745	308,173	3,869,324	0.000%	0.000%	0.469%
65-74	0	0	27,317	30,494	309,991	3,648,398	0.000%	0.000%	0.749%
≥75	0	4,777	29,078	28,047	328,867	3,156,396	0.000%	1.453%	0.921%

Panel B: Value of Foundations in year 2022

Age	Value of Foundations			Networth			Value of Foundations / Networth Ratio		
	Low Networth	Medium Networth	High Networth	Low Networth	Medium Networth	High Networth	Low Networth	Medium Networth	High Networth
<35	326,865	0	0	48,105	372,527	4,615,800	679.484%	0.000%	0.000%
35-44	0	3	9,794	53,517	506,175	5,251,042	0.000%	0.001%	0.187%
45-54	0	852	19,213	55,105	535,707	4,736,998	0.000%	0.159%	0.406%
55-64	0	1,415	86,035	57,052	565,047	6,104,158	0.000%	0.250%	1.409%
65-74	0	2	59,871	49,787	585,212	6,924,039	0.000%	0.000%	0.865%
≥75	0	0	806,083	57,840	550,737	8,063,024	0.000%	0.000%	9.997%

Table 4: Difference-in-difference Estimates of Flows

This table shows the flows to and from foundations around family head's death. The dependent variables are inflows and outflows, scaled by foundation asset size at the time of death, as well as the likelihood of large outflows exceeding 5% of assets. Our key variables of interest are *Post Death*, indicating years after the family head's death, and *Family*, indicating family foundations. The third column for each dependent variable uses the Callaway and Sant'Anna (2021) difference-in-differences estimator. Standard errors, clustered by foundation, are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5% and 1% level respectively.

	Dependent Variable								
	Inflows over YOD Assets			Outflows over YOD Assets			Outflows exceeding 5%		
Post Death	0.0012			-0.042***			0.033***		
	(0.035)			(0.0078)			(0.012)		
Post Death × Family	0.33***	0.34***		0.064***	0.063***		-0.052***	-0.052***	
	(0.046)	(0.046)		(0.010)	(0.010)		(0.014)	(0.013)	
ATT			0.3444***			0.0615***			-0.0345
			(0.0527)			(0.0187)			(0.0249)
Methods	Matching	Matching	CS	Matching	Matching	CS	Matching	Matching	CS
Observations	25,627	25,436	19,046	25,627	25,436	19,046	25,627	25,436	19,046
Time FE	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time by Pair FE	No	Yes	No	No	Yes	No	No	Yes	No
Foundation FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.175	0.586		0.559	0.776		0.442	0.721	

Table 5: Decomposition of Flows

This table presents a detailed decomposition of flows around the death of a family head. Panel A decomposes inflows, distinguishing between contributions from trustees and other sources, as well as between non-cash and cash contributions. Panel B decomposes outflows, categorizing them by recipient type: existing versus new donees, and small versus large organizations with the latter defined as having assets of $10 million or more. The flows are scaled by foundation asset size at the time of death. Standard errors, clustered by foundation, are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5% and 1% level respectively.

Panel A: Decomposition of Inflows

	Inflows over YOD Assets			
	From Trustees	From Others	Noncash Inflows	Cash Inflows
Post Death × Family	0.28***	0.020***	0.18***	0.12***
	(0.048)	(0.0061)	(0.044)	(0.020)
Observations	21,102	21,102	21,102	21,102
Time by Pair FE	Yes	Yes	Yes	Yes
Foundation FE	Yes	Yes	Yes	Yes
R-squared	0.580	0.781	0.569	0.622

Panel B: Decomposition of Outflows

	Outflows over YOD Assets			
	Previous Donees	New Donees	Small Donees	Large Donees
Post Death × Family	0.050***	0.0089	0.012***	0.020***
	(0.0084)	(0.0063)	(0.0037)	(0.0041)
Observations	19,980	19,980	17,358	17,358
Time by Pair FE	Yes	Yes	Yes	Yes
Foundation FE	Yes	Yes	Yes	Yes
R-squared	0.742	0.688	0.688	0.775

Table 6: Heterogeneity in Flows across Foundation Characteristics

This table shows differences in flows around a family head's death across various foundation characteristics. Panel A presents results based on the foundation's age, determined by its tax-exempt status ruling date. The variable *Young* is set to one for foundations with a ruling date in 1998 or later, which is the sample median. Panel B presents results based on the presence of an heir in the family. The variable *Heir* is set to one when there is a family member at least 20 years younger than the family head. Both panels include subsample and pooled regression results. Flows are scaled by the foundation's asset size at the time of the family head's death. Standard errors are clustered by foundation. Standard errors, clustered by foundation, are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5% and 1% level respectively.

Panel A: Old vs. Young

	Dependent Variable					
	Inflows over YOD Assets			Outflows over YOD Assets		
	Young	Old	All	Young	Old	All
Post Death×Family	0.39***	0.28***	0.28***	0.083***	0.041***	0.041***
	(0.075)	(0.052)	(0.052)	(0.016)	(0.013)	(0.013)
Post Death× Family×Young			0.11			0.042**
			(0.091)			(0.020)
Observations	13,454	11,982	25,436	13,454	11,982	25,436
Time by Pair FE	Yes	Yes	Yes	Yes	Yes	Yes
Foundation FE	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.586	0.583	0.586	0.752	0.814	0.776

Panel B: Heir vs. No Heir

	Dependent Variable					
	Inflows over YOD Assets			Outflows over YOD Assets		
	Heir	No Heir	All	Heir	No Heir	All
Post Death × Family	0.35***	0.31***	0.31***	0.047***	0.099***	0.099***
	(0.062)	(0.055)	(0.055)	(0.011)	(0.022)	(0.022)
Post Death × Family × Heir			0.039			-0.051**
			(0.083)			(0.025)
Observations	17,446	7,990	25,436	17,446	7,990	25,436
Time by Pair FE	Yes	Yes	Yes	Yes	Yes	Yes
Foundation FE	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.576	0.620	0.586	0.798	0.747	0.776

Table 7: Impact of the Tax Cuts and Jobs Act of 2017

This table presents changes in the effects of a family head's death on flows, comparing periods before and after the Tax Cuts and Jobs Act of 2017. It shows difference-in-differences estimates further interacted with an indicator for tax years 2017 and later. The table includes four sets of results for each inflows and outflows: (1) a subsample analysis for family head deaths occurring before 2017, (2) a subsample analysis for deaths in 2017 and later, (3) a pooled regression combining both periods, and (4) a pooled regression with only family foundations. Flows are scaled by the foundation's asset size at the time of the family head's death. Standard errors are clustered by foundation. Standard errors, clustered by foundation, are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5% and 1% level respectively.

	Inflows over YOD Assets				Outflows over YOD Assets			
	YOD before TCJA	YOD after TCJA	All	Family Only	YOD before TCJA	YOD after TCJA	All	Family Only
Post Death × Family	0.36***	0.19***	0.36***		0.068***	0.030	0.068***	
	(0.052)	(0.055)	(0.052)		(0.011)	(0.031)	(0.011)	
Post Death × Family × (Year > 2016)			-0.17**				-0.037	
			(0.075)				(0.033)	
Post Death				0.37***				-0.0020
				(0.076)				(0.015)
Post Death × (Year > 2016)				-0.33***				-0.057**
				(0.12)				(0.028)
Observations	22,530	2,906	25,436	12,909	22,530	2,906	25,436	12,909
Time by Pair FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Foundation FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.583	0.732	0.586	0.169	0.745	0.876	0.776	0.583

Table 8: Outflows to DAFs

This table examines how a family head's death impacts foundation outflows to DAFs. Panel A presents four variables as the dependent variable: (1) outflows to DAFs, (2) outflows to non-DAFs, (3) the ratio of DAF outflows to total outflows, and (4) a binary indicator for any positive DAF outflows. Panel B illustrates how the outflows vary across DAF types, categorized following Grennan (2022) into: Community foundations, single-issue Charities, and DAFs sponsored by grant-making specialists (e.g., Fidelity Charitable). These outflows are scaled by foundation asset size at the time of the family head's death. Standard errors are clustered by foundation. Standard errors, clustered by foundation, are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5% and 1% level respectively.

Panel A: Decomposition of Outflows to DAFs

	DAF Contr. over YOD Assets	Non DAF Contr. over YOD Assets	Nonzero DAF Contr.	DAF Contr. over Outflows
Post Death × Family	0.0024***	0.029***	0.033**	0.0069*
	(0.00084)	(0.0066)	(0.013)	(0.0038)
Observations	17,358	17,358	17,358	14,728
Time by Pair FE	Yes	Yes	Yes	Yes
Foundation FE	Yes	Yes	Yes	Yes
R-squared	0.654	0.774	0.758	0.716
Outcome Average	0.00361	0.0350	0.215	0.0285

Panel B: Types of DAF Sponsor

	Community foundation	Single-issue Charity	Specialized in Grant Making
Post Death × Family	0.011**	0.013	0.023*
	(0.0051)	(0.0086)	(0.012)
Observations	17,358	17,358	17,358
Time by Pair FE	Yes	Yes	Yes
Foundation FE	Yes	Yes	Yes
R-squared	0.726	0.721	0.743
Outcome Average	0.0259	0.0735	0.158

Table 9: Self-Dealing and Non-giving Activities

This table presents foundation self-dealing activities around a family head's death. Panel A uses indicator variables derived from IRS Form 990-PF, Part VII-B questions about transactions with disqualified persons: (1) sale, exchange, or leasing of property; (2) borrowing or lending money; (3) furnishing goods, services, or facilities; (4) paying compensation or reimbursing expenses; and (5) transferring income or assets. Panel B examines the sizes of foundations' non-giving activities around a family head's death. It uses five dependent variables: (1) Compensation paid, (2) Non-giving expenses, (3) Undistributed income, (4) Investment income, and (5) Non-charitable assets, scaled by the foundation's asset size at the time of the family head's death. Standard errors are clustered by foundation. Standard errors, clustered by foundation, are shown in parentheses. *, **, and *** indicate statistical significance at the 10%, 5% and 1% level respectively.

Panel A: Engagement with Disqualified Person

	Engage in sale, exchange, or leasing of property with	Borrow money from or lend money to	Furnish goods, services, or facilities to	Pay compensation to or reimburse the expenses of	Transfer income or assets to
Post Death × Family	-0.0013	-0.0031	0.014***	0.030***	0.0030*
	(0.0016)	(0.0028)	(0.0052)	(0.0096)	(0.0016)
Observations	25,436	25,436	25,436	25,436	25,436
Time by Pair FE	Yes	Yes	Yes	Yes	Yes
Foundation FE	Yes	Yes	Yes	Yes	Yes
R-squared	0.799	0.785	0.870	0.877	0.719
Outcome Average	0.00312	0.00921	0.0482	0.205	0.00277

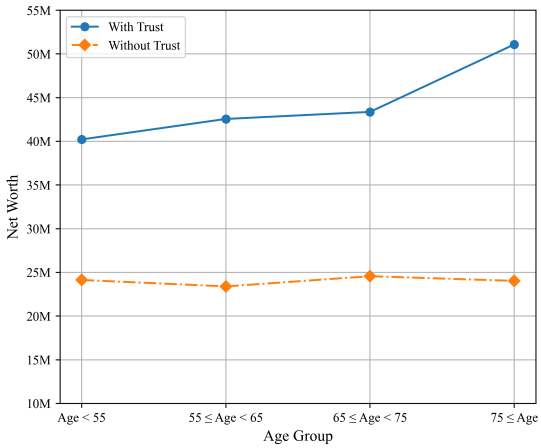
Panel B: Size of Non-giving Activities

	Compensation over YOD Assets	Non-giving Expenses over YOD Assets	Undistributed Income over YOD Assets	Investement Income over YOD Assets	Non-charitable Assets over YOD Assets
Post Death × Family	0.0018***	0.018***	0.019***	0.067***	1.25***
	(0.00055)	(0.0037)	(0.0049)	(0.0094)	(0.18)
Observations	25,436	25,436	25,436	25,436	25,436
Time by Pair FE	Yes	Yes	Yes	Yes	Yes
Foundation FE	Yes	Yes	Yes	Yes	Yes
R-squared	0.864	0.892	0.678	0.630	0.695

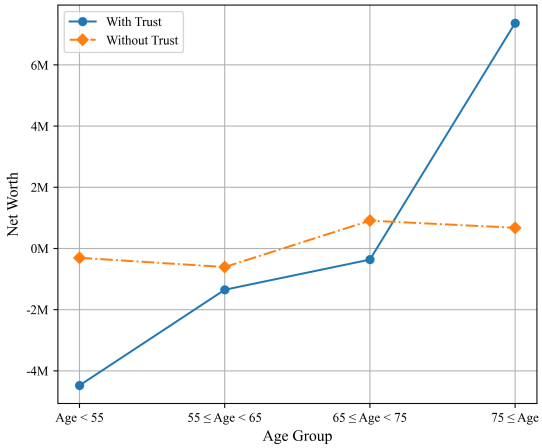
Appendix

Figure A.1: Net Worth by Age

This figure shows the average net worth adjusted for inflation across different age groups, using data from the Survey of Consumer Finances (SCF) for families with a minimum net worth of $10 million. The left panel displays the raw averages by age group, while the right panel presents the residuals from a regression of net worth on marital status, the number of live-in children, and the use of trusts.



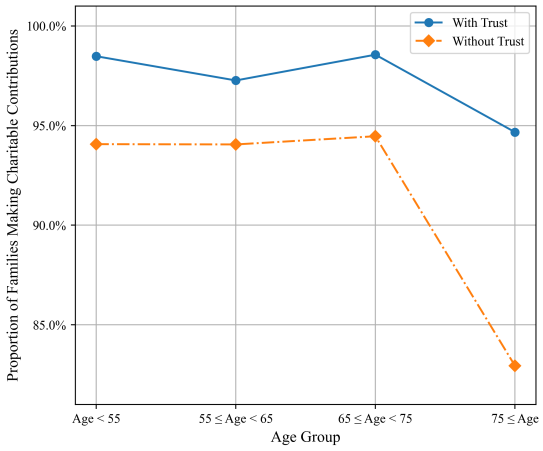
(a) Net Worth



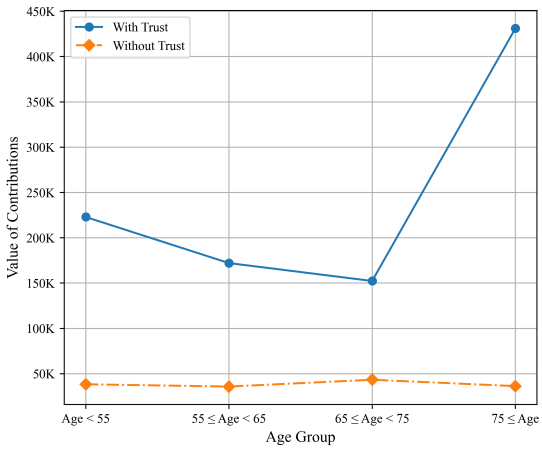
(b) Residualized Net Worth

Figure A.2: Charitable Contributions by Age

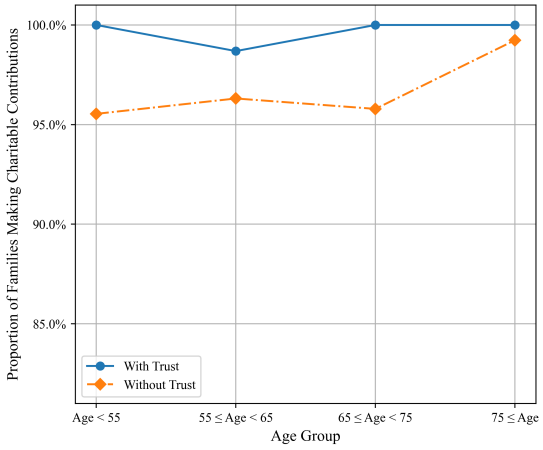
This figure displays charitable contributions segmented by age groups, using data from the Survey of Consumer Finances (SCF). The variables of interest are the proportion of families making contributions and the value of contributions. Subfigures (a) and (b) include families with a net worth of at least $10 million, while subfigures (c) and (d) focus on families with a net worth of at least $100 million.



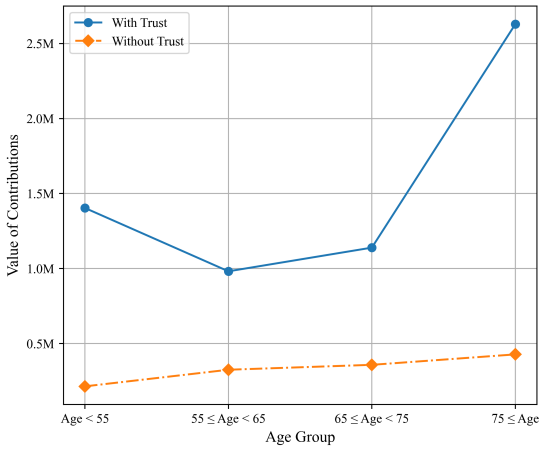
(a) Proportion of Families Making Contributions



(b) Value of Contributions



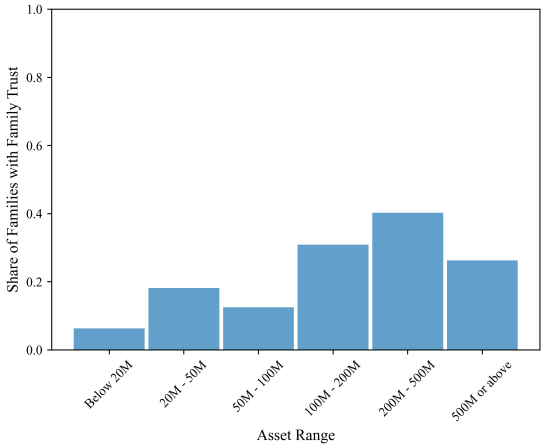
(c) Proportion of Families Making Contributions (Net Worth over 100M)



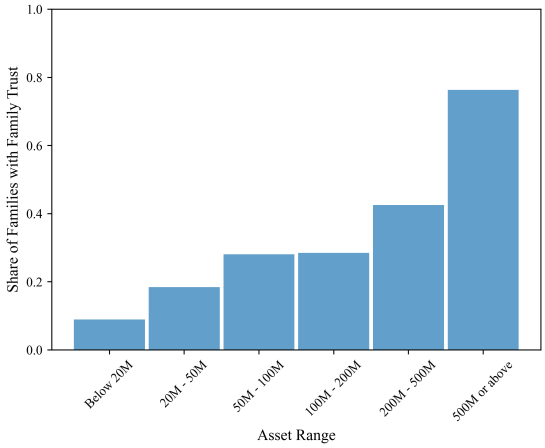
(d) Value of Contributions (Net Worth over 100M)

Figure A.3: Share of Families with Trusts by Net Worth

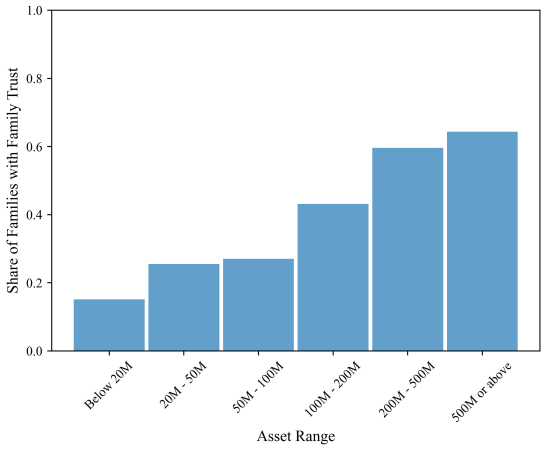
This figure shows the share of families with trusts across six different net worth categories. The figure utilizes data from the Survey of Consumer Finances (SCF). The figures are based on samples that include families with a net worth of at least $10 million. The four subfigures present results for distinct age groups.



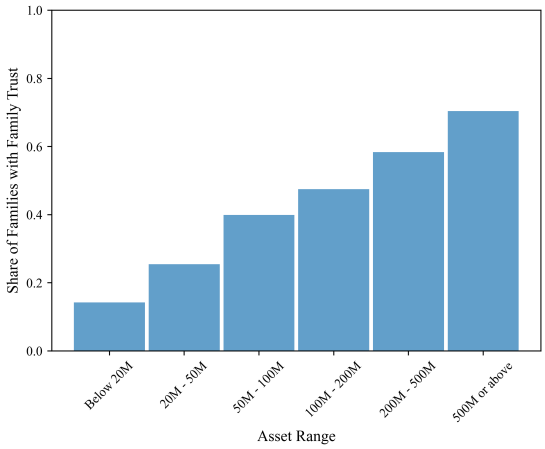
(a) Age $<$ 55



(b) 55 $\leq$ Age $<$ 65



(c) 65 $\leq$ Age $<$ 75



(d) 75 $\leq$ Age

Figure A.4: Values of Trusts by Net Worth

This figure shows the values of trusts, within six net worth categories, with all values adjusted for inflation. The figure utilizes data from the Survey of Consumer Finances (SCF). The figures are based on samples that include families with a net worth of at least $10 million.

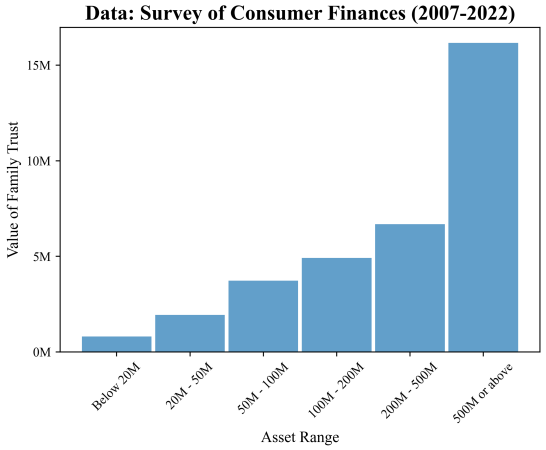
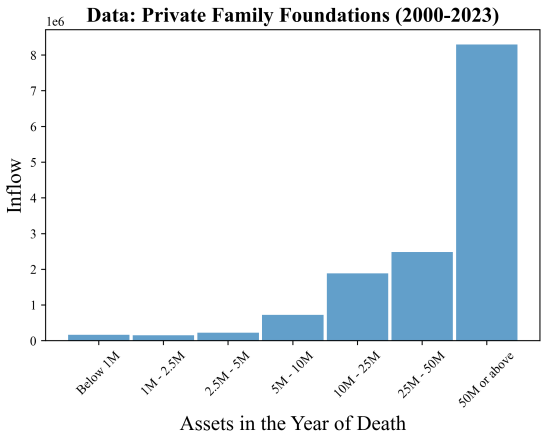
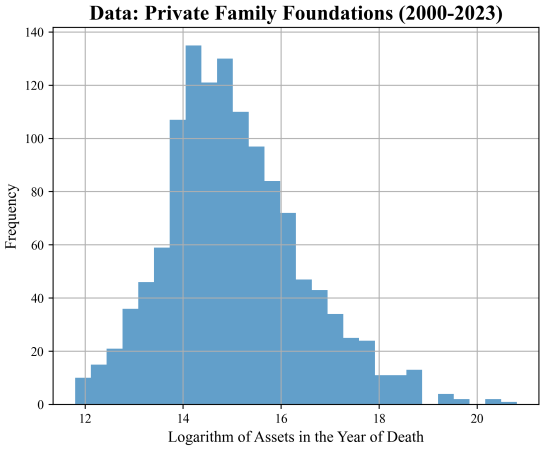


Figure A.5: Inflows and Asset Distribution at the Year of Death

This figure presents the inflows and the distribution of assets at the year of death. The left subfigure displays the average inflows across six different asset bins at the year of death. The right subfigure features a frequency histogram of asset values at the year of death, plotted on a logarithmic scale.



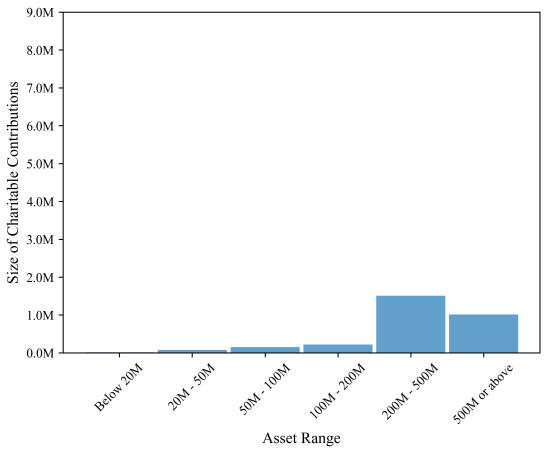
(a) Inflows across YOD Assets



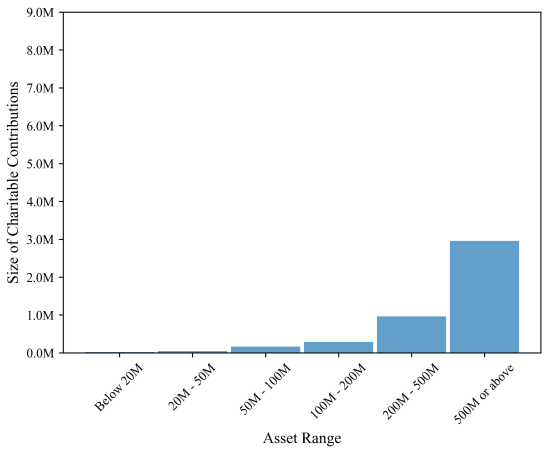
(b) Distribution of YOD Assets

Figure A.6: Size of Charitable Contributions by Net Worth

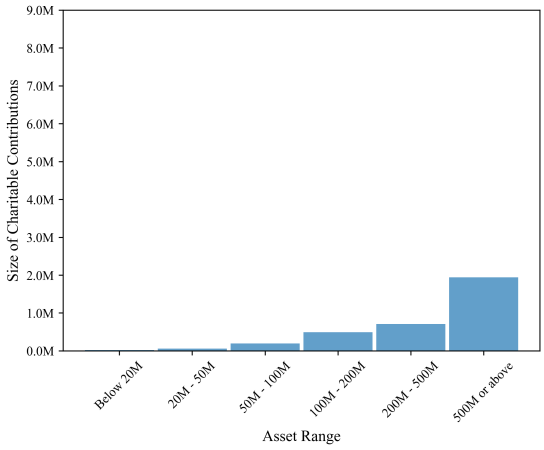
This figure shows the size of charitable contributions, within six net worth categories. The figure utilizes data from the Survey of Consumer Finances (SCF). The figures are based on samples that include families with a net worth of at least $10 million. The four subfigures present results for distinct age groups.



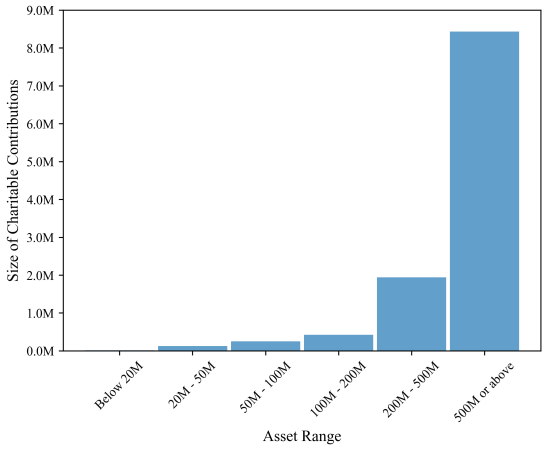
(a) Age $<$ 55



(b) $55 \leq$ Age $<$ 65



(c) $65 \leq$ Age $<$ 75



(d) $75 \leq$ Age

Table A.1: Values of Trusts and Contributions by Age Groups Conditional on Having Trust

This table presents the values of trusts and contributions and those relative to net worth among families with established trusts, categorized by age groups.

Age Group	Value of Trust	Contributions	Val. Trust / Net Worth	Contrib. / Net Worth
Age < 55	1,329,836	239,158	4.49%	0.51%
$55 \leq$ Age < 65	1,920,209	171,268	7.44%	0.35%
$65 \leq$ Age < 75	1,404,281	155,484	4.53%	0.33%
$75 \leq$ Age	3,682,730	431,681	9.30%	0.57%

Table A.2: Contributions by ages and net worth tercile groups

This table reports the value of contributions categorized by age and net worth terciles, using data from the SCF. The data is segmented into six age groups, ranging from under 35 to 75 and older, in 10-year intervals. Within each age group, households are further divided into three net worth terciles. For each age and net worth tercile, the table presents the average value of contributions, average net worth, and the ratio of contributions to net worth. Panel A uses data from the 2010 SCF, while Panel B uses data from the 2022 SCF.

Panel A: Contributions in year 2010

Age	Contributions			Networth			Contributions / Networth Ratio		
	Low Networth	Medium Networth	High Networth	Low Networth	Medium Networth	High Networth	Low Networth	Medium Networth	High Networth
<35	244	723	7,873	23,776	224,785	3,062,253	1.028%	0.322%	0.257%
35-44	271	1,518	7,432	31,145	258,557	2,676,665	0.871%	0.587%	0.278%
45-54	359	1,224	6,545	30,345	303,657	3,419,763	1.183%	0.403%	0.191%
55-64	305	1,022	7,392	30,745	308,173	3,869,324	0.993%	0.332%	0.191%
65-74	311	879	6,885	30,494	309,991	3,648,398	1.019%	0.284%	0.189%
≥75	335	654	5,658	28,047	328,867	3,156,396	1.195%	0.199%	0.179%

Panel B: Contributions in year 2022

Age	Contributions			Networth			Contributions / Networth Ratio		
	Low Networth	Medium Networth	High Networth	Low Networth	Medium Networth	High Networth	Low Networth	Medium Networth	High Networth
<35	360	1,057	1,814	48,105	372,527	4,615,800	0.749%	0.284%	0.039%
35-44	295	1,959	13,559	53,517	506,175	5,251,042	0.551%	0.387%	0.258%
45-54	297	1,587	11,104	55,105	535,707	4,736,998	0.539%	0.296%	0.234%
55-64	446	2,182	14,874	57,052	565,047	6,104,158	0.781%	0.386%	0.244%
65-74	432	1,540	14,803	49,787	585,212	6,924,039	0.869%	0.263%	0.214%
≥75	440	1,547	27,403	57,840	550,737	8,063,024	0.761%	0.281%	0.340%