BEYOND THE NUMBERS

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PRICES AND SPENDING

testing image with data for pdfThe relationship between cash contributions, pretax income, and age

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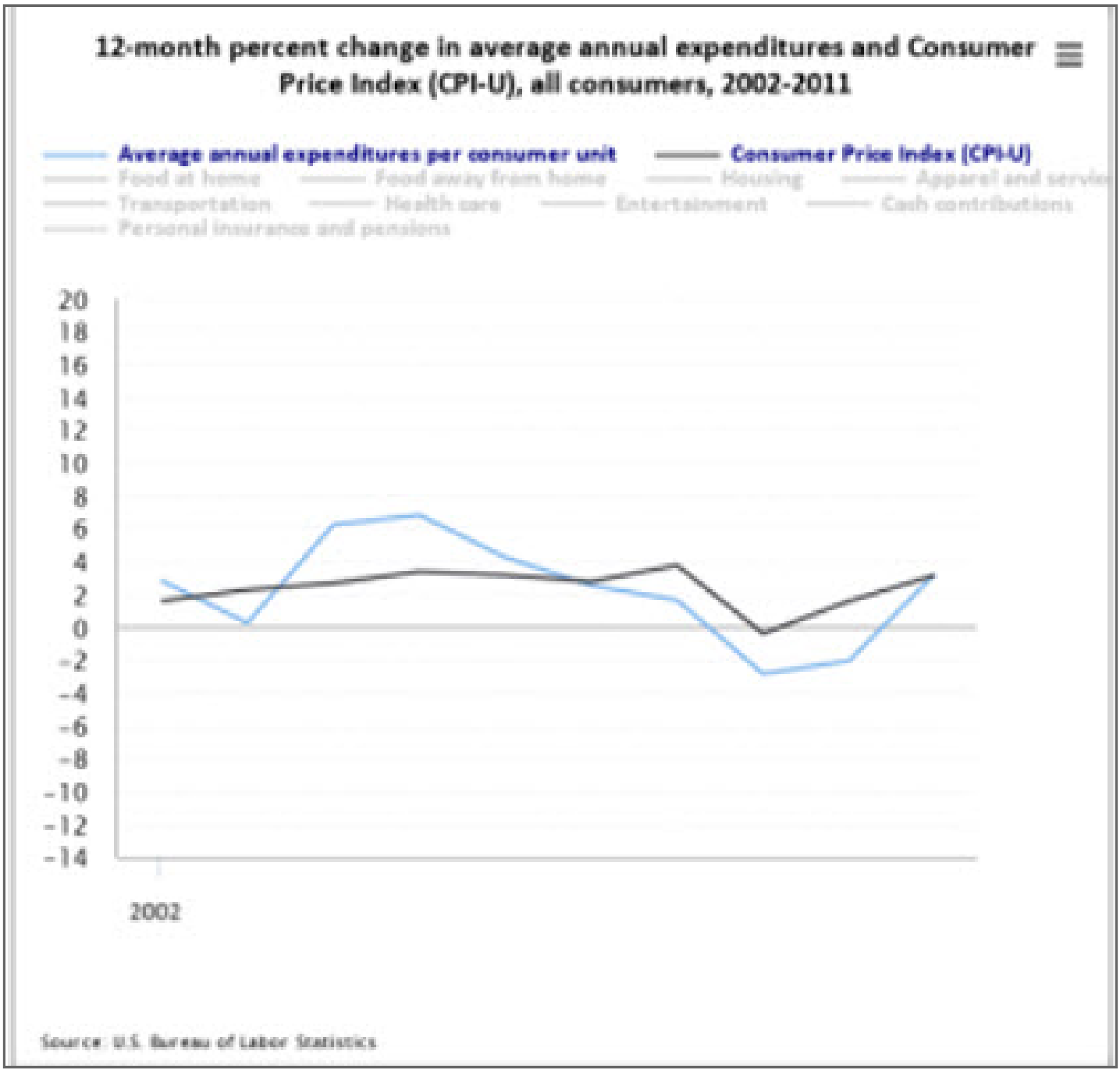
Data from the U.S. Bureau of Labor Statistics Consumer Expenditure Surveys (CE) indicate that in 2016, U.S. households made $269.6 billion[1] in cash contributions to persons or organizations outside the household.[2] The CE cash contributions category is a catch all that includes financial support for college students living away from home, alimony and child support payments, and personal cash gifts, such as those for birthdays or weddings. Also

included are cash donations to religious, educational, charitable, and political organizations, as well as gifts of stocks, bonds, and mutual funds made to persons or organizations outside the household.



For taxpayers who currently itemize, cash contributions to qualifying religious, educational, and other charitable organizations may reduce taxable income. Gifts of stocks, bonds, and mutual funds made to qualifying organizations may also be deductible for itemizers and may reduce or eliminate a potential capital gains liability. The Implications section of this article will examine this aspect in more detail.

This **Beyond the Numbers** article uses 2016 CE data to examine household outlays on cash contributions. The article examines the relationship between cash contributions and household pretax income, and the relationship

between cash contributions and the age of the reference person.[3] Previous studies using CE data have found that spending for other goods and services vary by age.[4]

Cash contributions, by income

Income is positively associated with most household expenditures. This means that the higher the household income, the greater the dollar amount spent on goods and services. However, the percentage of total expenditures (i.e., the budget) that a household allocates to a particular category depends on the item. In 2016, for example, as pretax income increased, households spent more money on food, but food made up a smaller percentage of the total household budget. In contrast, both the dollar amount and the percentage of household income spent on pensions and Social Security increased with household income. Spending on apparel and services also increased with income, but all income groups spent about the same percentage of their budget on this category.[5]

Table 1 shows household demographic information, categorized by quintiles of pretax income. Quintiles group households into five equal segments of 20 percent. For this article, the first quintile represents the 20 percent of households with the lowest pretax income. Likewise, the fifth quintile represents the 20 percent of households with the highest pretax income.

Table 1. Consumer unit characteristics, by quintiles of pretax income, Consumer Expenditure Surveys, 2016

Item	All	Lowest 20 percent	Second 20 percent	Third 20 percent	Fourth 20 percent	Highest 20 percent
No. of consumer units (in thousands)	129,549	25,884	26,019	25,905	25,900	25,842
Percentage of consumer units	100.0	20.0	20.0	20.0	20.0	20.0
Consumer unit characteristics						
Pretax income	$74,664	$11,389	$28,976	$50,563	$84,173	$198,674
Age of reference person	50.9	54.3	54.2	49.7	47.8	48.7
Average number in consumer unit:						
Persons	2.5	1.6	2.2	2.5	2.9	3.1
Children under 18	.6	.3	.5	.6	.7	.8
Persons 65 and older	.4	.4	.6	.4	.3	.2
Earners	1.3	.5	.8	1.4	1.8	2.0
Vehicles	1.9	.9	1.5	1.9	2.4	2.7
Percentage distribution						
Gender of reference person:						
Male	47	39	43	47	51	56
Female	53	61	57	53	49	44
Race of reference person:						
Black or African-American	13	20	16	13	10	7
White, Asian, and all other races	87	80	84	87	90	93
Hispanic or Latino origin of reference person:						
Hispanic or Latino	13	13	16	17	12	8
Not Hispanic or Latino	87	87	84	83	88	92
Education of reference person:						

Table 1. Consumer unit characteristics, by quintiles of pretax income, Consumer Expenditure Surveys, 2016

Item	All	Lowest 20 percent	Second 20 percent	Third 20 percent	Fourth 20 percent	Highest 20 percent
Elementary (1–8)	3	6	4	3	1	(1)
High school (9–12)	32	45	41	35	25	12
College	65	48	54	62	73	88
Never attended and other	(1)	1	(1)	(1)	(1)	(1)
Housing tenure:						
Homeowner	62	40	54	60	73	85
With mortgage	36	11	19	33	51	65
Without mortgage	27	28	36	27	22	20
Renter	38	60	46	40	27	15
At least one vehicle owned or leased	87	64	86	93	97	97

Footnotes:
(1) Value is too small to display
Source: Consumer Expenditure Surveys, 2016.

In 2016, outlays on cash contributions for all households averaged $2,081 or 3.6 percent of total household expenditures. Table 2 shows that, when classified by quintiles of pretax income, the share of total expenditures accounted for by cash contributions followed no particular pattern.

Table 2. Average expenditures and cash contributions, by quintiles of pretax income, Consumer Expenditure Surveys, 2016

Item	All	Lowest 20 percent	Second 20 percent	Third 20 percent	Fourth 20 percent	Highest 20 percent
Total annual expenditures						
Mean	$57,311	$25,138	$36,770	$47,664	$64,910	$112,221
Share	100	100	100	100	100	100
Cash contributions						
Mean	2,081	558	1,431	1,301	1,891	5,233
Share	3.6	2.2	3.9	2.7	2.9	4.7

Source: Consumer Expenditure Surveys, 2016.

As pretax income rose, the total amount of cash contributions went from an average of $558 for households in the lowest income quintile to $5,233 for those in the highest. (See table 3.) Contributions made by households in the lowest income quintile were significantly lower than those made by households in the remaining four quintiles. Contributions made by households in the second income quintile did not differ significantly from those made by households in the third and fourth income quintiles, but households in the third income quintile contributed less than households in the fourth income quintile. Households in the fifth income quintile contributed the most of all groups.[6]

Table 3. Average expenditures and cash contributions, by quintiles of pretax income, Consumer Expenditure Surveys, 2016

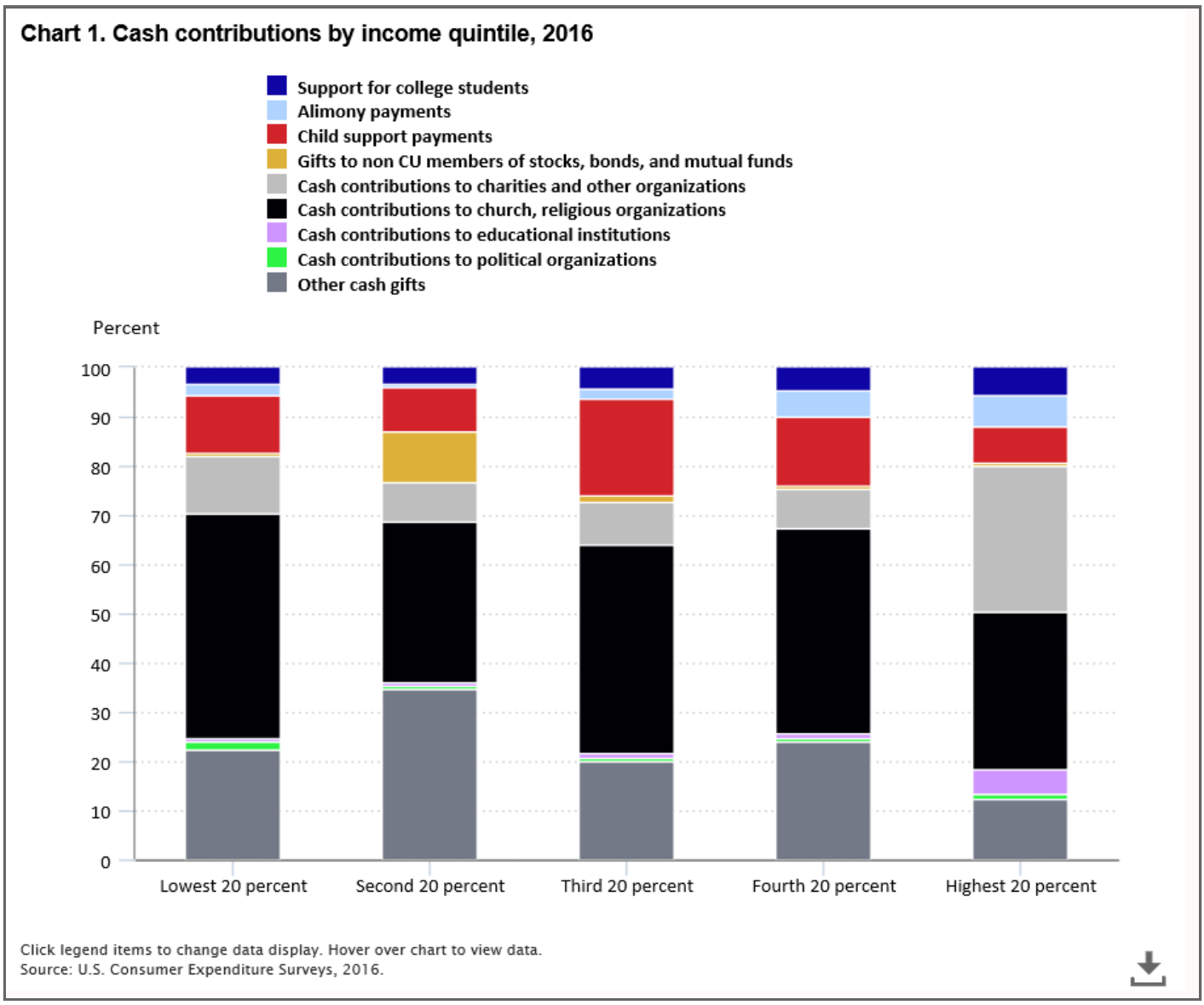
Item	All	Lowest 20 percent	Second 20 percent	Third 20 percent	Fourth 20 percent	Highest 20 percent
Cash contributions						
Mean	$2,080.85	$557.97	$1,430.91	$1,301.49	$1,890.54	$5,232.59
Share	100.00	100.00	100.00	100.00	100.00	100.00
Percentage Reporting	48.42	32.53	42.91	48.14	54.17	64.41
Mean, reporters only	4,297.50	1,715.25	3,334.68	2,703.55	3,490.01	8,123.88
Support for college students						
Mean	101.68	19.77	46.22	56.80	87.70	298.56
Share	4.89	3.54	3.23	4.36	4.64	5.71
Percentage reporting	2.84	0.74	1.71	1.91	3.45	6.41
Mean, reporters only	3,580.28	2,671.62	2,702.92	2,973.82	2,542.03	4,657.72
Alimony payments						
Mean	95.47	12.11	11.64	24.43	98.85	331.20
Share	4.59	2.17	0.81	1.88	5.23	6.33
Percentage reporting	0.46	0.17	0.09	0.32	0.48	1.23
Mean, reporters only	20,754.35	7,123.53	12,933.33	7,634.38	20,593.75	26,926.83
Child support payments						
Mean	224.97	69.30	128.85	258.37	270.62	398.44
Share	10.81	12.42	9.00	19.85	14.31	7.61
Percentage reporting	3.15	1.66	2.61	3.91	4.06	3.50
Mean, reporters only	7,141.90	4,174.70	4,936.78	6,607.93	6,665.52	11,384.00
Gifts to non-CU members of stocks, bonds, and mutual funds						
Mean	38.62	(1)	145.37	15.94	8.91	22.10
Share	1.86	(1)	10.16	1.22	0.47	0.42
Percentage reporting	0.15	(1)	0.11	0.10	0.14	0.37
Mean, reporters only	25,746.67	625.00	132,154.55	15,940.00	6,364.29	5,972.97
Cash contributions to charities and other organizations						
Mean	396.59	63.92	116.36	112.84	149.35	1544.19
Share	19.06	11.46	8.13	8.67	7.90	29.51
Percentage reporting	16.11	8.74	13.33	14.86	17.94	25.71
Mean, reporters only	2,461.76	731.35	872.92	759.35	832.50	6,006.18
Cash contributions to church, religious organizations						
Mean	747.32	254.76	465.02	549.51	788.08	1682.35
Share	35.91	45.66	32.50	42.22	41.69	32.15
Percentage reporting	25.16	18.23	23.20	25.19	28.48	30.69
Mean, reporters only	2,970.27	1,397.48	2,004.40	2,181.46	2,767.13	5,481.75
Cash contribution to educational institutions						
Mean	61.38	3.85	16.39	12.78	21.32	253.17
Share	2.95	0.69	1.15	0.98	1.13	4.84
Percentage reporting	2.26	0.74	1.36	1.55	2.59	5.09
Mean, reporters only	2,715.93	520.27	1,205.15	824.52	823.17	4,973.87

Table 3. Average expenditures and cash contributions, by quintiles of pretax income, Consumer Expenditure Surveys, 2016

Item	All	Lowest 20 percent	Second 20 percent	Third 20 percent	Fourth 20 percent	Highest 20 percent
Cash contribution to political organizations						
Mean	19.26	10.33	6.18	10.75	13.96	55.23
Share	0.93	1.85	0.43	0.83	0.74	1.06
Percentage reporting	2.30	1.26	1.72	1.85	2.31	4.36
Mean, reporters only	837.39	819.84	359.30	581.08	604.33	1,266.74
Other cash gifts						
Mean	395.55	123.69	494.88	260.08	451.75	647.34
Share	19.01	22.17	34.58	19.98	23.90	12.37
Percentage reporting	16.54	9.64	13.58	15.85	19.38	24.26
Mean, reporters only	2,391.48	1,283.09	3,644.18	1,640.88	2,331.01	2,668.34

Footnotes:
(1) Value is too small to display
Source: Consumer Expenditure Surveys, 2016.

Less than half (48.4 percent) of all households reported making any cash contributions, and the percent reporting ranged from 32.5 percent of households in the lowest income quintile to 64.4 percent of households in the highest income quintile. For households reporting any cash contributions, annual averages for total contributions ranged from $1,715 for households in the lowest income quintile to $8,124 for households in the highest income quintile.[7] (See chart 1.)



Support for college students

For the sample as a whole, financial support for college students averaged $102 (4.9 percent of cash contributions), with a range of $20 (3.5 percent of contributions) for the lowest income quintile to $299 (5.7 percent of contributions) for the highest income quintile. (See table 2 and chart 1.) A different pattern emerged when examining households that actually reported outlays.

Although only 0.7 percent of households in the lowest income quintile reported any outlays, the average amount of support for college students in that quintile was $2,672. Households in the fourth income quintile had a relatively higher percent reporting (3.5 percent), with an average amount of support of $2,542 for those reporting. The $4,658 average support provided by households in the highest income quintile reflects the 6.4-percent reporting as well as the higher pretax income that would make them better able to provide support, compared with households in the lower income quintiles.

Alimony and child support

The share of cash contributions accounted for by alimony payments followed no particular pattern, ranging from a low of 0.8 percent for households in the second 20 percent to 6.3 percent for households in the highest income quintile. The average amount paid ranged from $12 for all households in the first and in the second income quintiles, to $331 for households in the fifth income quintile. These averages reflect the low percentage of households reporting this item. Among households reporting alimony payments, however, the average amounts paid were substantial, ranging from $7,124 for households in the lowest income quintile to $26,927 for households in the highest income quintile.

For all households, child-support payments averaged $225 with a range of $69 for households in the lowest income quintile to $398 for households in the highest income quintile. Like alimony payments, the share of contributions accounted for by child-support payments followed no particular pattern, ranging from 7.6 percent of contributions for households in the highest income quintile to 19.9 percent for households in the third income quintile. Only 3.2 percent of all households reported child support payments, ranging from 1.7 percent for the lowest income quintile to 4.1 percent for households in the fourth income quintile. For these households, child support payments went from $4,175 for the lowest income quintile to $11,384 for the highest income quintile.

Stocks, bonds, and mutual funds

Gifts of stocks, bonds, and mutual funds to non-consumer-unit (CU) members include those made to people or institutions outside the household. Almost no households (less than 1/2 of 1 percent) reported these gifts, which accounts for the negligible average for all households ($39) and for the five income quintiles (from too small to report for the lowest income quintile to $145 for the second income quintile). Among all households reporting these gifts, however, averages were more substantial and ranged widely from $625 for the lowest income quintile to $132,155 for the second income quintile. The average for the second income quintile was affected by a very large contribution reported by one household. Although the average pretax income ($28,976) of households in the second income quintile would seem to preclude the average that was found, it indicates that sizable assets probably allowed the household to make a large contribution despite a relatively low pretax income, as is often the case if the donor is retired.[8]

Charities

Contributions to charities and other organizations accounted for 19.1 percent of all cash contributions and ranged from 7.9 percent for households in the fourth income quintile to 29.5 percent for households in the highest income quintile. Average contributions ranged from $64 for the lowest income quintile to $1,544 for households in the highest income quintile. Contributions to charities and other organizations were reported by 16.1 percent of all households, with a range of 8.7 percent for households in the lowest income quintile to 25.7 percent for households in the highest income quintile. Among reporters, average cash contributions went from $731 for households in the lowest income quintile to $6,006 for households in the highest income quintile.

Church and religious organizations

Contributions to church and religious organizations accounted for the greatest proportion (35.9 percent) of cash contributions, ranging from 32.2 percent for households in the highest income quintile to 45.7 percent for households in the lowest income quintile. Average contributions ranged from $255 for the lowest income quintile to

$1,682 for the highest income quintile. At 25.2 percent, this category had the highest percent reporting of all components of cash contributions. Among reporters, contributions to church and religious organizations went from $1,397 for households in the lowest income quintile to $5,482 for households in the highest income quintile.

Educational institutions

Contributions to educational institutions were modest in both dollar amount and as a share of cash contributions, compared with those to church and religious organizations and to charities and other organizations. These findings reflect the fact that the overall percent reporting was 2.3 percent, ranging from 0.7 percent for households in the lowest income quintile to 5.1 percent for households in the highest income quintile. For those reporting, average contributions ranged from $520 for households in the lowest income quintile to $4,974 for households in the highest income quintile.

Political organizations

In 2016, contributions to political organizations, which are not deductible for income tax purposes, were also modest in dollar amount and as a share of cash contributions. The overall percent reporting was also 2.3 percent, but rose from 1.3 percent for households in the lowest income quintile to 4.4 percent for households in the highest income quintile. Contributions by reporting households followed no particular pattern, ranging from an average of $359 for the second income quintile to $1,267 for the highest income quintile.

Other cash gifts

Other cash gifts accounted for almost one-fifth of cash contributions overall and ranged from 12.4 percent of contributions for the highest income quintile to 34.6 percent for the second income quintile. Other cash gifts ranged from $124 among households in the lowest income quintile to $647 for households in the highest income quintile. The share of households reporting other cash gifts ranged from 9.6 percent for households in the lowest income quintile to 24.3 percent for households in the highest income quintile. Contributions among reporters followed no particular pattern, ranging from $1,283 for households in the lowest income quintile to $3,644 for households in the second income quintile.

Cash contributions, by age

CE household data that are classified by age of the reference person show that total annual expenditures and pretax income are “hump” shaped over the lifecycle, lowest for the 25-and-under group, then increasing to their highest levels for the age 45-54- group, but then declining for the remaining age groups. (See table 4 and chart 2.)[9]

Table 4. Consumer unit characteristics, by age of reference person, Consumer Expenditure Surveys, 2016

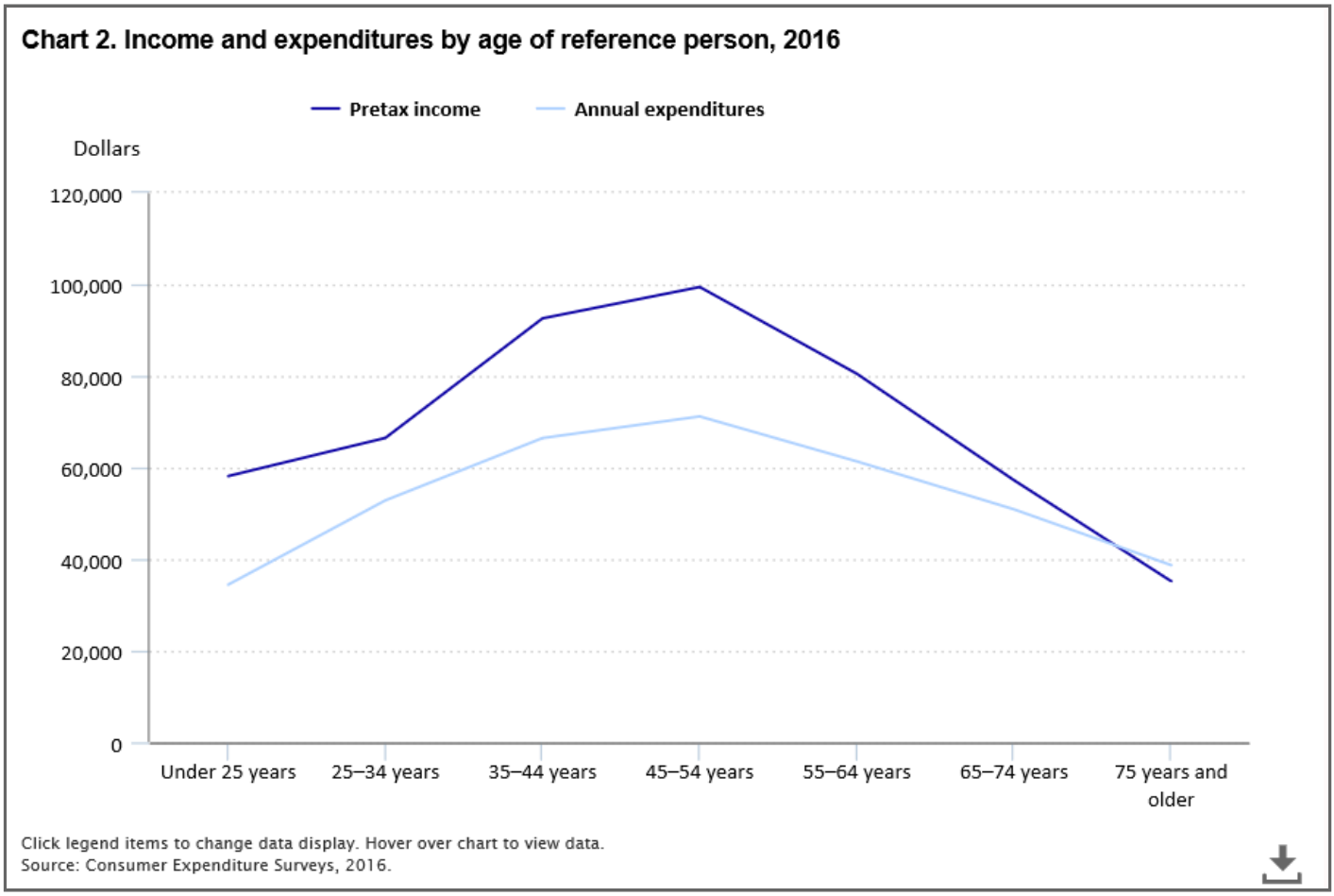
Item	All	Under 25 years	25–34 years	35–44 years	45–54 years	55–64 years	65–74 years	75 years and older
No. of consumer units (in thousands)	129,549	7,306	20,872	21,458	24,054	24,641	18,201	13,016
Percentage of consumer units	100.0	5.6	16.1	16.6	18.6	19.0	14.0	10.0

Table 4. Consumer unit characteristics, by age of reference person, Consumer Expenditure Surveys, 2016

Item	All	Under 25 years	25–34 years	35–44 years	45–54 years	55–64 years	65–74 years	75 years and older
Consumer unit characteristics								
Pretax income	$74,664	$58,141	$66,470	$92,576	$99,423	$80,474	$57,229	$35,178
Age of reference person	50.9	21.4	29.6	39.5	49.5	59.4	68.9	81.8
Average number in consumer unit								
Persons	2.5	2.0	2.7	3.4	2.8	2.2	1.8	1.6
Children under 18	.6	.4	1.0	1.4	.7	.2	.1	(1)
Persons 65 and older	.4	(1)	(1)	(1)	.1	.1	1.4	1.4
Earners	1.3	1.4	1.5	1.7	1.8	1.4	.7	.3
Vehicles	1.9	1.2	1.6	1.9	2.3	2.2	1.9	1.3
Percentage distribution:								
Reference person								
Men	47	48	49	45	48	49	49	39
Women	53	52	51	55	52	51	51	61
Race of reference person								
Black or African-American	13	14	16	14	14	14	10	9
White, Asian, and all other races	87	86	84	86	86	86	90	91
Hispanic or Latino origin of reference person:								
Hispanic or Latino	13	18	18	19	15	9	7	5
Not Hispanic or Latino	87	82	82	81	85	91	93	95
Education of reference person								
Elementary (1-8)	3	1	1	3	3	3	4	5
High school (9-12)	32	35	25	27	30	34	34	45
College	65	64	74	70	67	63	62	49
Never attended and other	(1)	(1)	(1)	(1)	(1)	(1)	1	(1)
Housing tenure								
Homeowner	62	17	37	57	69	76	81	80
With mortgage	36	10	31	47	50	41	30	14
Without mortgage	27	7	7	10	19	35	50	66
Renter	38	83	63	43	31	24	19	20
At least one vehicle owned or leased	87	69	88	90	92	90	89	77

Table 4. Consumer unit characteristics, by age of reference person, Consumer Expenditure Surveys, 2016

Item	All	Under 25 years	25–34 years	35–44 years	45–54 years	55–64 years	65–74 years	75 years and older
Footnotes: (1) Value is too small to display Source: Consumer Expenditure Surveys, 2016.								



In contrast to total expenditures, cash contributions did not follow the hump-shaped pattern, but went from $820 for the group under age 25 to $3,010 for the 55-64-year-old group, dropped to $2,082 for the 65-74-year-old group, and then rose again to $2,915 for the 75-and-older group. The share of total expenditures accounted for by cash contributions ranged from 2.0 to 2.4 percent for the lowest three age groups then increased, with one exception, from 3.3 percent for the 45-54-year-old group to 7.5 percent for the 75 older group. (See tables 5 and 6.)[10]

Table 5. Average expenditures and cash contributions, by age of reference person, Consumer Expenditure Surveys, 2016

Item	All	Under 25 years	25–34 years	35–44 years	45–54 years	55–64 years	65–74 years	75 years and older
Annual expenditures								
Mean	57,311	34,438	52,838	66,444	71,166	61,346	50,873	38,691
Share	100	100	100	100	100	100	100	100

Table 5. Average expenditures and cash contributions, by age of reference person, Consumer Expenditure Surveys, 2016

Item	All	Under 25 years	25–34 years	35–44 years	45–54 years	55–64 years	65–74 years	75 years and older
Cash contributions								
Mean	2,081	820	1,070	1,596	2,369	3,010	2,082	2,915
Share of annual expenditures	3.6	2.4	2	2.4	3.3	4.9	4.1	7.5
Source: Consumer Expenditure Surveys, 2016.								

Table 6. Average expenditures and cash contributions, by age of reference person, Consumer Expenditure Surveys, 2016

Item	All	Under 25 years	25–34 years	35–44 years	45–54 years	55–64 years	65–74 years	75 years and older
Cash contributions								
Mean	$2,080.85	$819.81	$1,070.00	$1,596.33	$2,368.66	$3,010.30	$2,082.47	$2,914.73
Share	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Percentage reporting	48.42	28.78	37.94	45.85	51.56	51.75	55.80	58.10
Mean, reporters only	4,297.50	2,848.54	2,820.24	3,481.64	4,593.99	5,817.00	3,732.03	5,016.75
Support for college students								
Mean	101.68	7.95	4.32	45.33	247.75	150.02	67.75	89.31
Share	4.89	0.97	0.40	2.84	10.46	4.98	3.25	3.06
Percentage reporting	2.84	0.68	0.49	1.80	6.48	3.96	2.06	1.80
Mean, reporters only	3,580.28	1,169.12	881.63	2,518.33	3,823.30	3,788.38	3,288.83	4,961.67
Alimony payments								
Mean	95.47	7.16	14.22	15.67	311.91	114.18	36.40	54.07
Share	4.59	0.87	1.33	0.98	13.17	3.79	1.75	1.86
Percentage reporting	0.46	0.17	0.15	0.19	0.86	0.86	0.32	0.24
Mean, reporters only	20,754.35	4,211.76	9,480.00	8,247.37	36,268.60	13,276.74	11,375.00	22,529.17
Child support payments								
Mean	224.97	117.67	264.25	437.48	388.65	132.39	38.92	4.81
Share	10.81	14.35	24.70	27.41	16.41	4.40	1.87	0.17
Percentage reporting	3.15	2.93	4.81	6.13	4.60	1.44	0.38	0.13
Mean, reporters only	7,141.90	4,016.04	5,493.76	7,136.70	8,448.91	9,193.75	10,242.11	3,700.00
Gifts to non-CU members of stocks, bonds, and mutual funds								
Mean	38.62	4.65	7.45	12.85	16.70	3.94	15.44	288.76
Share	1.86	0.57	0.70	0.80	0.71	0.13	0.74	9.91
Percentage reporting	0.15	0.06	0.14	0.21	0.19	0.08	0.16	0.17

Table 6. Average expenditures and cash contributions, by age of reference person, Consumer Expenditure Surveys, 2016

Item	All	Under 25 years	25–34 years	35–44 years	45–54 years	55–64 years	65–74 years	75 years and older
Mean, reporters only	25,746.67	7,750.00	5,321.43	6,119.05	8,789.47	4,925.00	9,650.00	169,858.82
Cash contributions to charities and other organizations								
Mean	396.59	23.59	78.19	161.56	254.68	1,235.42	339.03	258.76
Share	19.06	2.88	7.31	10.12	10.75	41.04	16.28	8.88
Percentage reporting	16.11	7.46	10.02	12.26	15.85	18.67	23.37	22.59
Mean, reporters only	2,461.76	316.22	780.34	1,317.78	1,606.81	6,617.14	1,450.71	1,145.46
Cash contributions to church, religious organizations								
Mean	747.32	126.04	481.49	675.83	809.74	883.98	1,000.87	911.55
Share	35.91	15.37	45.00	42.34	34.19	29.37	48.06	31.27
Percentage reporting	25.16	9.59	16.17	20.72	24.99	27.71	33.50	39.40
Mean, reporters only	2,970.27	1,314.29	2,977.67	3,261.73	3,240.26	3,190.11	2,987.67	2,313.58
Cash contribution to educational institutions								
Mean	61.38	471.31	10.32	38.80	47.98	45.01	28.87	51.60
Share	2.95	57.49	0.96	2.43	2.03	1.50	1.39	1.77
Percentage reporting	2.26	1.35	1.65	2.25	2.78	2.23	2.81	2.13
Mean, reporters only	2,715.93	34,911.85	625.45	1,724.44	1,725.90	2,018.39	1,027.40	2,422.54
Cash contribution to political organizations								
Mean	19.26	1.36	6.10	27.08	12.08	22.99	29.03	30.10
Share	0.93	0.17	0.57	1.70	0.51	0.76	1.39	1.03
Percentage reporting	2.30	1.20	1.49	1.38	1.94	2.36	4.45	3.27
Mean, reporters only	837.39	113.33	409.40	1,962.32	622.68	974.15	652.36	920.49
Other cash gifts								
Mean	395.55	60.08	203.66	181.73	279.17	422.38	526.15	1225.78
Share	19.01	7.33	19.03	11.38	11.79	14.03	25.27	42.05
Percentage reporting	16.54	10.94	14.80	16.12	18.08	17.92	17.42	16.44
Mean, reporters only	2,391.48	549.18	1,376.08	1,127.36	1,544.08	2,357.03	3,020.38	7,456.08

Table 6. Average expenditures and cash contributions, by age of reference person, Consumer Expenditure Surveys, 2016

Item	All	Under 25 years	25–34 years	35–44 years	45–54 years	55–64 years	65–74 years	75 years and older
Source: Consumer Expenditure Surveys, 2016.								

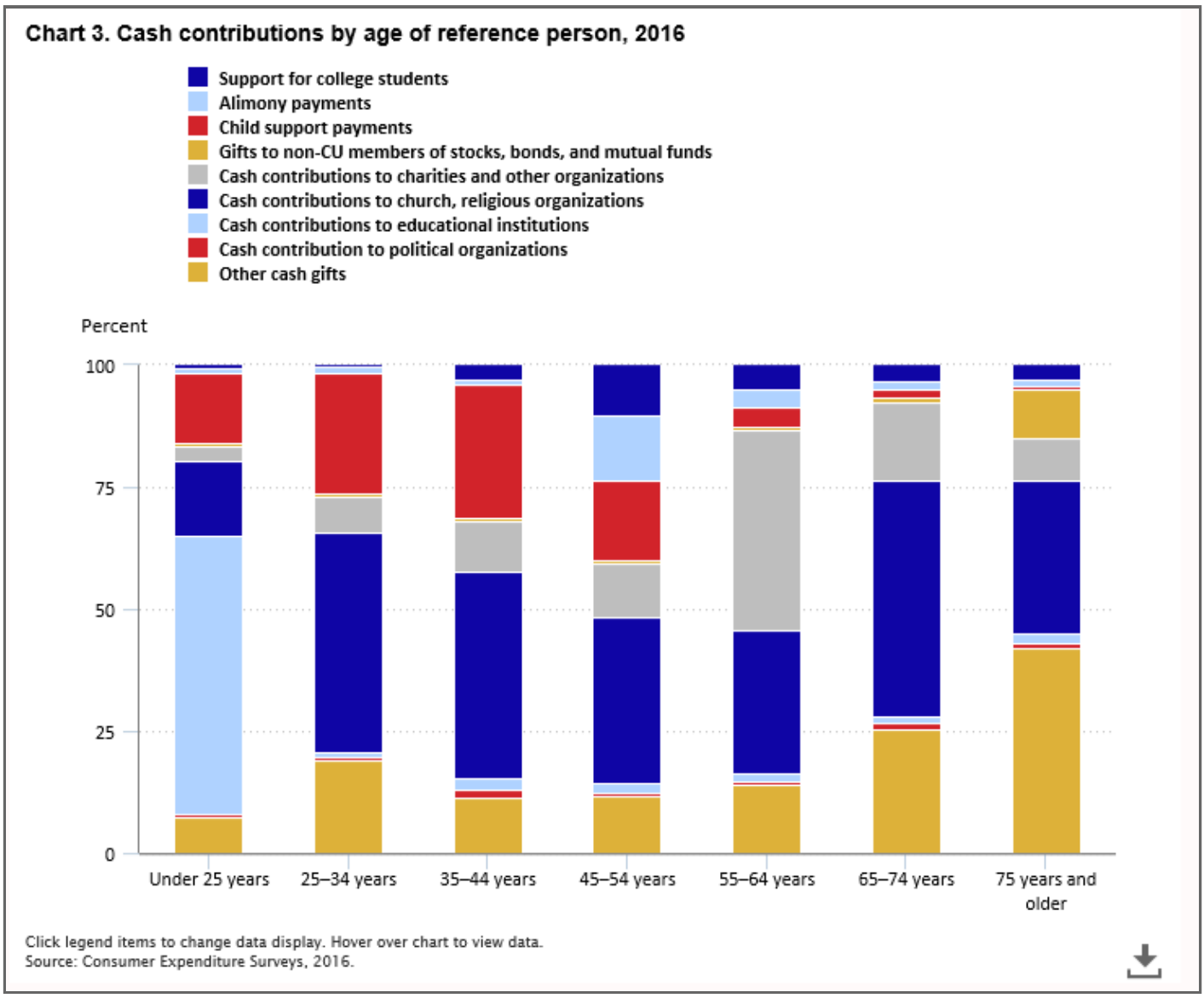
Support for college students

Support for college students averaged $102 for all age groups and accounted for almost 5 percent of total cash contributions.

The amounts contributed ranged widely in both dollar amount and share of cash contributions from $4 (0.4 percent) for the 25-34-year-old group to $248 (10.5 percent) for the 45-54-year-old group. (See table 4 and chart 3.) The percent reporting for this item also ranged widely from 0.5 percent for the 25-34- year-old group, who would be least likely to have household members in college, to 6.5 percent for the 45-54-year-old group, who would be most likely to have household members in college. Among reporters, the average amount of support provided by the 45-54-year-old group was $3,823. Although this group was the most likely to report an outlay, the highest average amount of support, $4,962, was found for the 75--older group, with a lower percent reporting of 1.8 percent. These findings may reflect financial support provided by grandparents (See chart 3.)

Alimony and child support

Alimony payments averaged $95 (4.6 percent of cash contributions) for all households and ranged from $7 (0.9 percent of contributions) for the group under 25 years old to $312 (13.2 percent of cash contributions) for the 45-54-year-old group. Few (0.5 percent) households reported alimony payments with a range of 0.2 percent to 0.9 percent. Among reporters, the average alimony payment ranged from $4,212 for the group under 25 years old to $36,269 for the 45-54-year-old group.



Average child support payments for all households were $225 (10.8 percent of contributions) and ranged from $5 (0.2 percent of contributions) for the 75-and-older group to $437 (27.4 percent of contributions) for the 35-44-year-old group. These findings reflect the fact that the 75-and–older group had, on average, the fewest (too small to report) number of children under 18, while the 35-44-year-old group had the most children (an average of 1.4) under age 18. The percentage reporting ranged from 0.1 percent for the 75-and-older group to 6.1 percent for the 35-44-year-old group, also reflecting the presence of children under age 18 in these groups. Among those reporting child support payments, however, the average payment ranged from $3,700 for the 75-and-older group to $10,242 for the 65-74-year-old group.

Stocks, bonds, and mutual funds

Gifts of stocks, bonds, and mutual funds to those outside the household averaged $39 and accounted for only 1.9 percent of contributions made by all households. These gifts ranged from $4 (0.1 percent of contributions) for the 55-64-year-old group to $289 (9.9 percent of contributions) for the 75- and-older group.

A negligible proportion (0.2 percent) of households reported these gifts, narrowly ranging from 0.1 percent to 0.2 percent among all age groups. The average gift for those reporting, however, ranged widely from $4,925 for the 55-64-year-old group to $169,859 for the 75-and-older group. A review of internal data revealed that one very large gift boosted the average among reporters in the 75-and-and older group. That gift was made by a household with average pretax income in the second income quintile, providing support for the earlier conclusion that the household making the very large gift might contain one or more retired members.

Charities

Cash contributions to charities and other organizations averaged $397, accounting for almost a fifth (19.1 percent) of all contributions, ranged from $24 (2.9 percent of contributions) for the group under age 25 to $1,235 (41 percent of contributions) for the 45-54-year-old group. Although 16.1 percent of all households reported contributions to charities and other organizations, the percentage reporting ranged from 7.5 percent for the group under age 25 to 23.4 percent for the 65-74-year-old group. Cash contributions to charities and other organizations averaged $2,462 among all households reporting and ranged from $316 for the group under age 25 to $6,617 for the 55-64-year-old group.

Church and religious organizations

Cash contributions to church and religious organizations averaged $747 and accounted for 35.9 percent of all contributions. These contributions ranged from $126 (15.4 percent of contributions) for the group under age 25 to $1,001 (48.1 percent of contributions) for the 65-74-year-old group. Although 25.2 percent of all households reported contributions to church and religious organizations, response rates ranged from 9.6 percent for the group under age 25 to 39.4 percent for the 75-and-over group. Among reporters, average contributions ranged from $1,314 for the group under age 25 to $3,262 for the 35-44-year-old group.

Educational institutions

Cash contributions to educational institutions averaged $61 (2.9 percent of cash contributions). Only 2.3 percent of all households reported contributions to educational institutions, with a range of 1.4 percent of contributions for the group under age 25 to 2.8 percent for both the 45-54-year-old group and the 65-74-year-old-group. Among reporters, average contributions to educational institutions ranged from $625 for the 25-34-year-old group to $34,912 for the group under age 25. The average contribution among the group under age 25 was atypical and was influenced by outliers that included an $180,000 contribution from one household. In contrast, in 2014 and 2015, the average for all households in the group under age 25 was $2 and $5, respectively. In 2014, the average contribution among the few households (0.4 percent) reporting a contribution was $470. In 2015, 0.7 percent of the group under age 25 reported contributions averaging $701.

Political organizations

Contributions to political organizations accounted for only 0.9 percent of all cash contributions and ranged from 0.2 percent for the group under age 25 to 1.7 percent for the 35-44-year-old group. The dollar amounts for these contributions were negligible, averaging $19 for all households, with a range of $1 for group under age 25 to $30 for the 75-and-over group. A different pattern emerged when those reporting contributions were examined. Only 2.3 percent of all households reported contributions to political organizations, with a range of 1.2 percent for the

group under age 25 to 4.5 percent for the 65-74-year-old group. Among households reporting, the overall average contribution was $837 and varied from $113 for the group under age 25 to $1,962 for the 35-44-year-old group.

Other cash gifts

Other cash gifts averaged $396 for all households and accounted for 19 percent of all cash contributions. These gifts ranged from $60 (7.3 percent of contributions) for the under group under age 25 to $1,226 (42.1 percent of contributions) for the 75-and-over group. Other cash gifts were reported by 16.5 percent of all households, ranging from 10.9 percent for the group under age 25 to 18.1 percent for the 45—54-year-old group. Among reporters, overall cash gifts averaged $2,391 and ranged widely from $549 for the group under age 25 to $7,456 for the 75-and-over group.

Implications

Pretax income is positively associated with total cash contributions, but it has a varying impact on the components of cash contributions. Cash contributions and its components did not follow the hump-shaped pattern often associated with age for which expenditures increase up to age 45-54 and then decline through age 75 years and older.

Changes ahead

The passage of the Tax Cuts and Jobs Act (TCJA) in December 2017 could influence some of the items in the cash contributions category. One reason is that the standard deduction for the 2018 tax year nearly doubles from $6,350 in 2017 to $12,000 for single filers and from $12,700 in 2017 to $24,000 for couples filing jointly. This means that a filer's itemized deductions for 2018 will need to be greater than the new standard deduction amounts for the filer to benefit from itemizing.[11]

One study estimates that the TCJA will reduce the number of households claiming itemized deductions from 37 million in 2017 to 16 million in 2018. The study also estimates that the TCJA will reduce the marginal tax benefit of charitable giving from 20.7 percent to 15.2 percent.[12] For those who don't currently itemize, the TCJA will probably have no impact on charitable donations. If the new standard deduction amounts are more generous than itemizing, charitable contributions made in 2018 will depend on the extent to which tax considerations influence the amounts households give to charity.

Another item that could be affected is alimony. Such payments are currently tax deductible even if the payer does not itemize. Under the TCJA, for divorce agreements signed in 2018 and before, alimony payments will still be tax deductible for the payer, but taxable for the recipient. For settlements signed after 2018, alimony amounts will not be tax deductible for the payer. Alimony recipients will not have to report payments as income, which is similar to the current tax treatment of child support payments. Currently, the influence of this provision on future alimony payments is uncertain.[13]

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NOTES

[1] *See 2016 Aggregate Shares Tables,* https://www.bls.gov/cex/csxashar.htm#2016.

[2] In the Consumer Expenditure Surveys (CE), the consumer unit is the entity on which expenditure reports are based and collected. Consumer units are defined as families, single persons living alone or sharing a household with others but who are financially independent, or two or more persons living together who share expenses. Although "consumer unit" is the proper technical term for the purposes of the CE, it is often used interchangeably with "household" or "family" for convenience. This article uses "household" instead of "consumer unit." For more information, see the CE Glossary of Terms, Characteristics Section, www.bls.gov/cex/csxgloss.htm.

[3] The reference person is the first household member mentioned by the CE respondent when asked to “Start with the name of the person, or one of the persons, who owns or rents the home.” It is with respect to this person that the relationship of the other consumer unit members is determined. For more information, see the CE Glossary of Terms, Characteristics Section, www.bls.gov/cex/csxgloss.htm.

[4] For more information, see Ann C. Foster, “Household healthcare spending in 2014,” *Beyond the Numbers* (August 2016) www.bls.gov/opub/btn/volume-5/household-healthcare-spending-in-2014.htm and Ann C. Foster, “A closer look at the spending patterns of older Americans,” *Beyond the Numbers*, (March 2016), www.bls.gov/cex/csxwebarticles.htm.

[5] Food spending ranged from an average of $3,862 for the lowest income quintile to $12,513 for the highest income quintile. The share of the household budget accounted for by food, however, ranged from 11.2 percent for the highest income quintile to 15.4 percent for the lowest income quintile. In contrast, spending on clothing went from an average of $860 for the lowest income quintile to $3,511 for the highest income quintile. The budget share accounted for by clothing, however, ranged from 3.0 percent for the fourth income quintile to 3.4 percent for the lowest income quintile. For more information, see table 1101, Quintiles of income before taxes: Annual expenditure means, shares, standard errors, and coefficient of variation, Consumer Expenditure Surveys, 2016, www.bls.gov/cex/2016/combined/quintile.pdf.

[6] Like data from other surveys, CE data have some degree of variability, meaning that a reported estimate, such as that for cash contributions, is an average of sampled observations. In CE tables, the degree of variability is indicated by the standard error and the coefficient of variation. These measures of variability indicate the range in which values for a particular data point or estimate are

likely to fall. One can determine whether one estimate is greater than another if there is a gap between the two estimates after considering their variability. This is important, because samples, by definition, are drawn only from a small portion of the population, and no two (relatively small) random samples, even from the same (large) population, are likely to have exactly the same mean, if drawn from a population with at least some variability.

One can ascertain whether the gap between sample means reflects "true" differences in the groups being compared, or is simply a reflection of inherent differences in the samples after considering their variability. That is, by using this variability to estimate a range around each observed sample mean into which the actual population mean likely falls, and then seeing whether the two ranges overlap. If not, the difference in means is deemed to be "statistically significant," the likelihood that the samples are drawn from populations with the same mean is small. However, if so, one cannot say with statistical confidence that the two populations have different means. For example, the range of values for households in the lowest income quintile were lower than those made by households in the remaining income quintiles. By contrast, the range of values for households in the second and third income quintiles overlapped, so it was concluded that average annual cash contributions made by households in the second income quintile were not statistically significantly different from those made by households in the third income quintile. For more information, see Aaron Cobet, "Consumer Expenditure Survey program: How does the variability of Consumer Expenditure data impact your analysis?" (U.S. Bureau of Labor Statistics, February 3, 2017), www.bls.gov/cex/impact_of_variance_on_pumd.htm.

[7] Because the mean in the tables include $0 values for those not reporting a contribution, dividing the mean contribution amount by the percent reporting yields the mean outlay for those actually making a contribution.

[8] For more information, see Veri Crain and Taylor J. Wilson, "Use with caution: interpreting Consumer Expenditure income group data," *Beyond the Numbers*, May 2017), www.bls.gov/opub/btn/volume-6/use-with-caution-interpreting-consumer-expenditure-income-group-data.htm.

[9] For a more detailed analysis of age and spending on major consumption categories, see Ann C. Foster, "Consumer expenditures vary by age," *Beyond the Numbers*, December 2015), www.bls.gov/opub/btn/volume-4/consumer-expenditures-vary-by-age.htm.

[10] The table shows that the share of total expenditures accounted for by cash contributions was stable for the three youngest age groups, but increased with age, starting with the 45-54-year-old group.

[11] The standard deduction is the amount that filers can subtract from income if they don't list "itemized" write-offs for mortgage interest, charitable contributions, state and local taxes, etc. For more information, see Laura Saunders, "Charitable Contributions," The New Tax Law (Journal Report), *The Wall Street Journal*, Wednesday February 14, 2018, page R1.

[12] Although the marginal tax benefit of charitable giving will decline substantially for low- and moderate-income itemizers, it won't change that much for the highest income itemizers. For more information, see Howard Gleckman, "21 Million Taxpayers Will Stop Taking Charitable Deductions under the TCJA," Tax Policy Center, the Urban Institute & Brookings Institution, January 8, 2018, www.taxpolicycenter.org/taxvox/21-million-taxpayers-will-stop-taking-charitable-deduction-under-tcja.

[13] See, Laura Saunders, "Alimony," The New Tax Law (Journal Report), *The Wall Street Journal*, Wednesday February 14, 2018, page R4.

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