



The giving countries

Every year, Charities Aid Foundation (CAF) takes a cue from Santa and makes a list of who's been nice. But the foundation works on a scale much larger than individual children, it determines the kindness of entire countries.

The CAF is a British foundation that promotes and facilitates efficient charitable giving. Each November, it scores and ranks approximately 145 countries on the World Giving Index (WGI). The index scores using three factors: the percentage of the population that donates, the percentage that volunteers and the percentage willing to help a stranger. In 2015, Myanmar (Burma) topped the list, followed by the United States and New Zealand. Myanmar took first place because it had the highest donation and volunteering rates of any country.

The WGI leaves people asking a big question: What causes a country to be charitable? Is it a matter of who has the most money to give? Does national religion influence behavior? Are people living in peaceful countries more willing to help others?

The answers are not what you might expect. The WGI is a puzzle of details. Charitable behavior can be erratic and counterintuitive, with seemingly similar countries often behaving in completely different ways. Here are some of the most interesting patterns in the data:

Stranger > Danger

Contrary to some expectations, many of the countries where people were most likely to help strangers are places some may consider dangerous. The highest ranks of this category were dominated by African and Middle Eastern nations, with Iraq and Liberia clinching the top spots.

Religion doesn't factor strongly

With the exception of the top two donors, Myanmar and Thailand (where over 90 percent of the people follow Theravada Buddhism), there are no close ties between

religion and charity on a national scale. Countries heavily vested in any one religion appear all over the charts with no clear correlation to one another.

Wealth is no guarantee

While many relatively wealthy countries can be found in the top 20 for donations and overall charity, many lag far behind much poorer countries. China and Japan—the second and third largest global economies respectively, both had low scores. China ranked 144 out of 145 countries on the overall WGI. At 102, Japan ranked far from the top. Its high standard of living and advanced infrastructure suggest a much larger charitable potential.

A language connection?

For unclear reasons, English-speaking countries tend to score abnormally high. In 2015, the WGI's top 10 featured six countries with English as the primary language (United States, New Zealand, Canada, Australia, United Kingdom and Ireland) and the country with the highest percent of second-language English speakers (Netherlands). The correlation may be a coincidence, economically produced or due to language bias that occurs somewhere in the polling process (WGI data is collected by Gallup, Inc., an American company).

More alike than different

Though strongly divided by Greek and Turkish cultures, Cyprus and Northern Cyprus had almost identical WGI scores, with Northern Cyprus averaging a single point above Cyprus.

Whether or not the data provides useful insights for giving, publishing the WGI can still have a profoundly positive effect. The annual ranking brings a spirit of friendly competition to charity and gets people asking if they (and their country) could do more next year. Just like any child trying to stay "nice" for Santa, a simple list quickly becomes powerful motivation.

the November market

at a glance



U.S. Large Cap

(Dow Jones Industrial Average)

17,719.92

(0.71%)



U.S. Mid/Small

(Russell 2000 Index)

1,198.11

(3.25%)



Foreign Large

(MSCI EAFE Index)

60.65

(-1.01%)



Bond Market

(Barclays Aggregate Bond Index)

108.81

(-0.26%)

November 2015 market data

in action

- The International Monetary Fund announces that China's yuan will join the U.S. dollar, euro, pound and yen as a world reserve currency. The announcement is a major milestone for the Chinese economy and underscores the huge role China now plays in global affairs.
- After turning profits for 15 quarters in a row, mortgage giant Freddie Mac reports a \$475M net loss for Q3 2015. The loss stemmed from investments made to hedge against interest rates, not mortgage defaults.
- The U.S. Commerce Department improves its GDP report from last month, finding the U.S. economy grew at an annualized rate of 2.1 percent in Q3 instead of the 1.5 percent previously estimated.
- Despite making large infrastructure and expansion investments over the past year, shipping giant Maersk Line announces plans to terminate 4,000 jobs and delay its orders for several new cargo ships. Maersk blames the cuts on a prolonged weakness in the global shipping market.
- Hotel giant Marriott International reaches a deal to acquire Starwood Hotels and Resorts Worldwide for \$12.2B. The acquisition makes Marriott the world's largest hotel company.
- A jobs report from the U.S. Department of Labor smashes expectations by showing 271,000 jobs were added to the economy in October. The gain is the largest one-month increase in the job market this year.
- Visa Inc. announces it will acquire Visa Europe for more than \$23B. Visa Europe split from Visa Inc. and became an independent company less than a decade ago.
- The U.S. Bureau of Labor Statistics reports that the Producer Price Index (PPI) fell by 0.4 in October, signaling that the U.S. economy continues to struggle with low inflation rates.

Putting 2015 to rest

Year-end financial checklist



When you're making that year-end list and checking it twice, don't forget to review the following housekeeping items to ring in the New Year with financial peace of mind.

TAXES

INCOME TAX

Review your tax withholdings

Have you had a major life change (employment change, marriage/divorce, a new child) that affects your income tax? Check to make sure your tax withholdings have been properly adjusted. Having low withholdings can lead to tax penalties, while having too high of withholdings prevents you from accessing your money until your tax return is filed.

Estimate your AGI

Determine your adjusted gross income (AGI) either on your own or with the help of your tax preparer. Your AGI will help determine your tax bracket, which you'll need for investment and retirement planning.

INVESTMENTS

Consider "locking-in" losses on investments to help diminish taxes on capital gains

If your losses exceed your gains for this year, you can use the losses to reduce up to \$3,000 of taxable income. If your total losses surpass \$3,000, you can rollover excess losses to offset gains in another year. If you have losses from a previous year, calculate how they affect either gains or losses from this year.



Check to make sure you didn't make (or plan on making) any "wash sales"

A wash sale is the sale of an asset followed by a repurchase of a similar asset within 30 days. The IRS does not allow capital losses on wash sales; if you have already made a wash sale, do not plan on the capital losses being available for tax use this year.

Check to see when you last rebalanced your portfolio

Although you don't need to update your investments every year, many people go far too long without making necessary adjustments as they age.

RETIREMENT ACCOUNTS

If you are retired, make sure you've taken all necessary required minimum distributions (RMDs)

RMDs may be one of the most important items to review when going over your finances at the end of the year. Standard IRAs require these distributions be taken annually after the year you turn 70 ½. Generally, 401(k)s require them annually after you retire and reach 70 ½ or turn 70 ½ and are more than 5% owner of the company sponsoring the qualified retirement plan. Failure to take an RMD will trigger a 50 percent excise tax on the value of the RMD.



Maximize contributions to an IRA and employer retirement plan for the year

Both IRAs and 401(k)s have annual contribution limits. If you find you have excess savings and have not reached your annual limit, it may be a good idea to make additional contributions. Similarly, you may also consider making greater monthly contributions to your accounts next year, spreading out the cost of your contribution. The deadline for IRA contributions is usually April 15 of the following year; 401(k) deadlines may be restricted to the calendar year, depending on your employer.

Consider converting a traditional IRA to a Roth IRA

Did you have a good tax year? It may be an opportune time to convert a portion (or all) of your traditional IRA to a Roth IRA and pay your taxes at a lower rate. It is important to understand, however, that Roth accounts have contribution limits placed on them, so keeping a traditional IRA might be beneficial. Before making any changes, consider seeking the help of a professional accountant who can help you with the conversion and calculate your new tax liability.



GIVING

Donate to charity as a way to reduce taxes

You can lower taxable income by 50 or 30 percent with a gift to a public charity or by 30 or 20 percent with a gift to a private foundation. If your gift exceeds these limits, you can roll over the excess deduction for up to five years.

Reduce your estate through gifts.

You are permitted to give up to \$14,000 a year per recipient as an untaxed gift. Gifts above this value will consume part of your lifetime gift/estate tax exemption amount. If a gift directly funds education tuition or pays for qualified medical expenses, it will go untaxed no matter what the value.

FAMILY FUNDING

Check your flexible savings account (FSA)

The government only permits a \$500 annual rollover in an FSA if your employer plan allows for it. Any excess funds disappear if unused by the end of the year. If you have extra money in your FSA, you may want to schedule necessary medical or dental procedures before the end of the year.

Check your health savings account (HSA)

HSA funds don't disappear at the end of each year like with an FSA; however, many with few medical needs discover money accumulating in their HSAs much faster than they are using it. Consider reducing your contributions to your HSA if your account has reached a comfortable amount and you know of better uses for your money.

Consider contributions to a 529 plan to fund your children's or grandchildren's education

529 Plans allow for you to make contributions to a tax-free account that may be used to pay for qualifying secondary education expenses. Investors should consider investment objectives, risks, charges and expenses associated with 529 plans before using them. Information about 529 plans is available in their issuers' official statements.



December is a great month to . . .

Here comes 2016! While most of us are consumed with holiday activities of some sort throughout December, a new year looms on the horizon. Take a few moments to begin thinking about your goals for the New Year. After all, New Year's resolutions can be an investment in your overall health and well-being.

Eating healthier or exercising more are typically what we think of as New Year resolutions. Consider targeting a few objectives that improve your fiscal well-being. Perhaps you want to save more in 2016, up your retirement account contributions or maybe you want to focus on home improvements instead. Choosing goals that matter to you are the first step to realizing them.

Read more about the science of setting goals at ted.com

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