RURAL PHILANTHROPY CONFERENCE

Don Macke
July 26, 2011
Kansas City, Missouri

"Philanthropy Growing Philanthropy" in Rural America

Plenary Session Roadmap...
Don's Framing Comments
Using TOW – Our Panel
Enabling Policy & Program
Questions & Discussion

TOW Transfer Of Wealth

HARVESTING THE TRANSFER OF WEALTH OPPORTUNITY

Two Points to Share….

New TOW Scenarios

Framework for TOW's Use

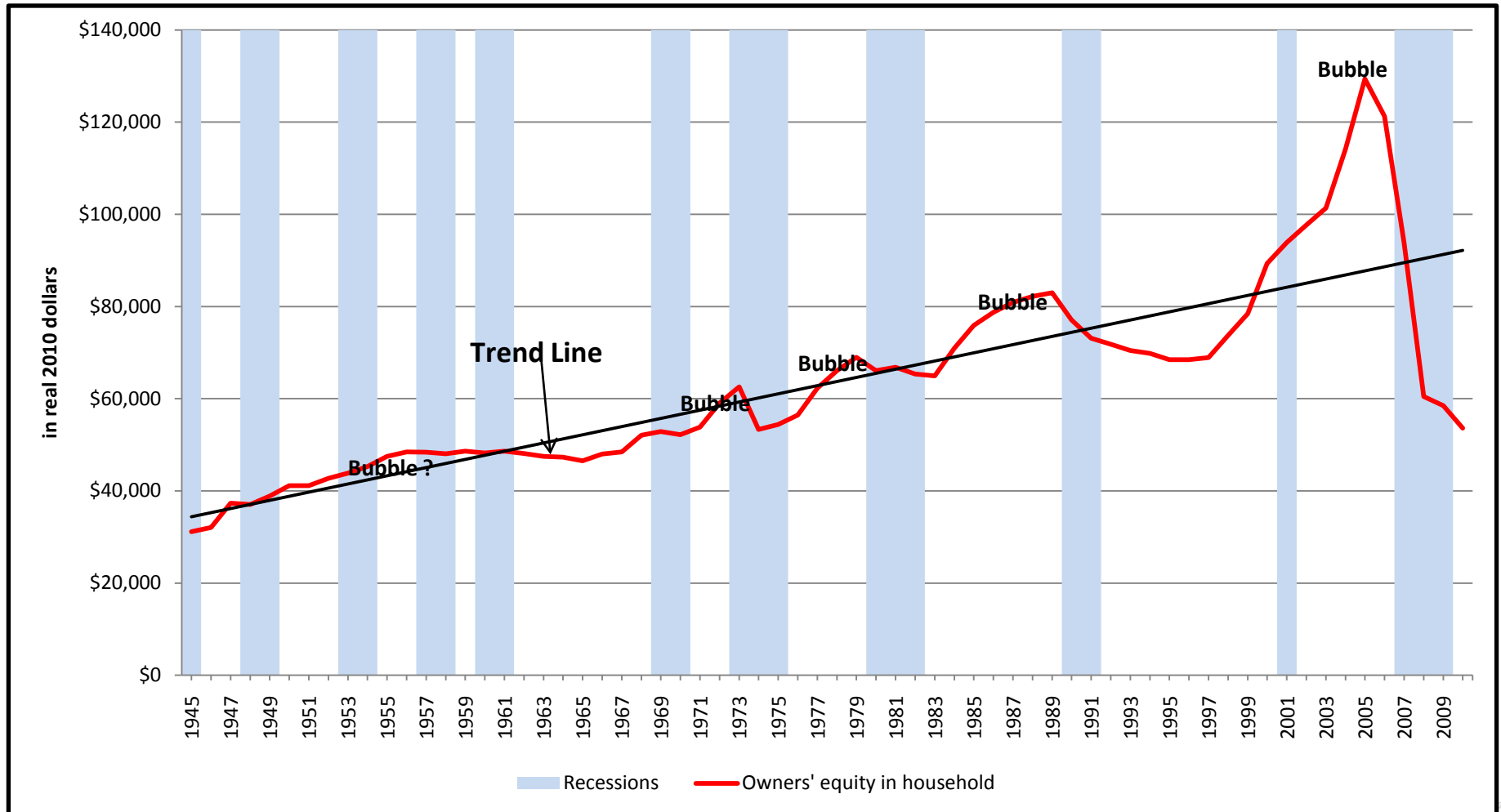TOW Transfer Of Wealth

Ahmet Binerer

A special thanks to Ahmet Binerer for his innovative work in developing the TOW modeling technology that has enables this work to be undertaken.
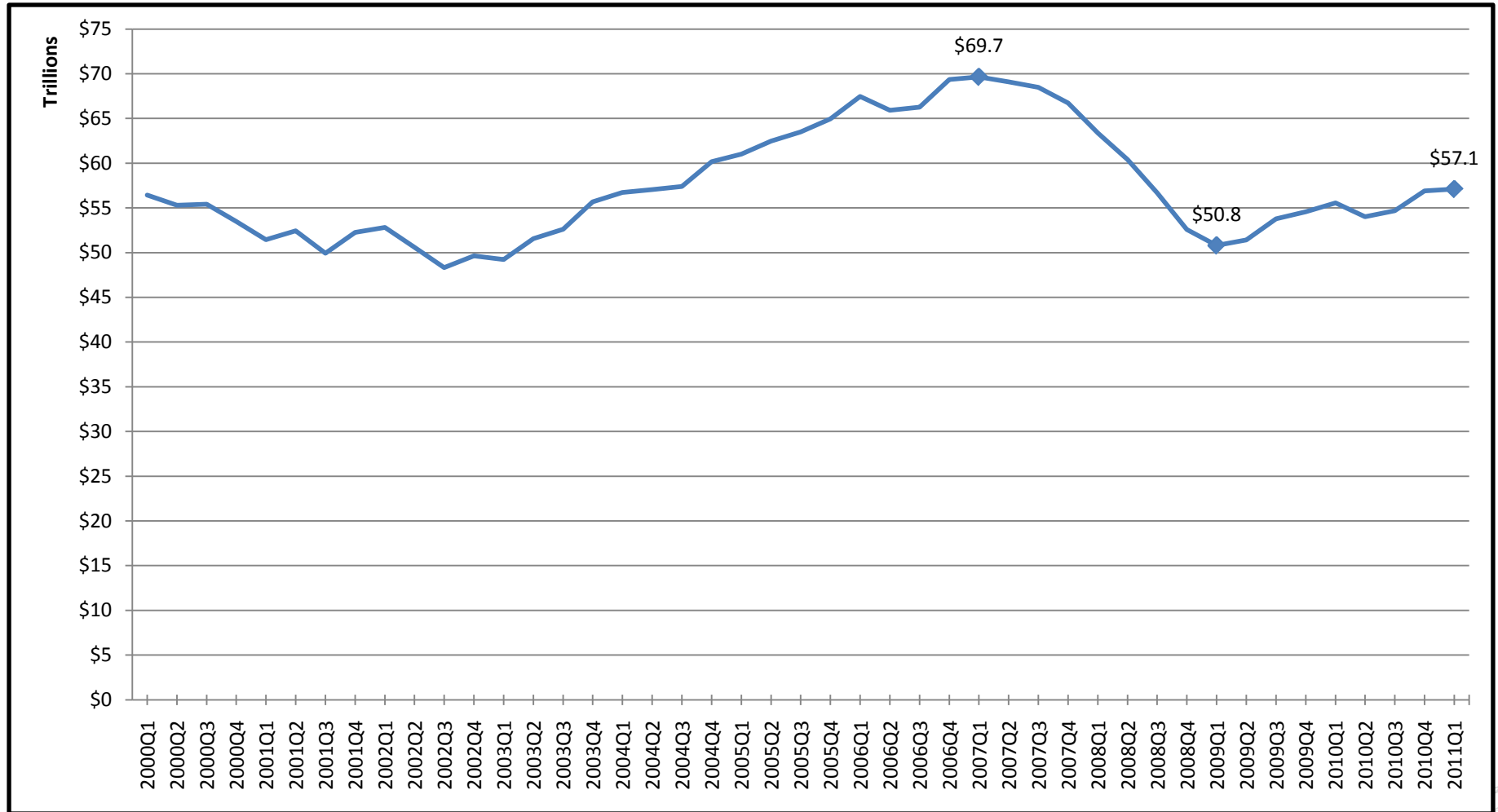
Ahmet Binerer

TOW Research Director

RUPRI Center for Rural Entrepreneurship
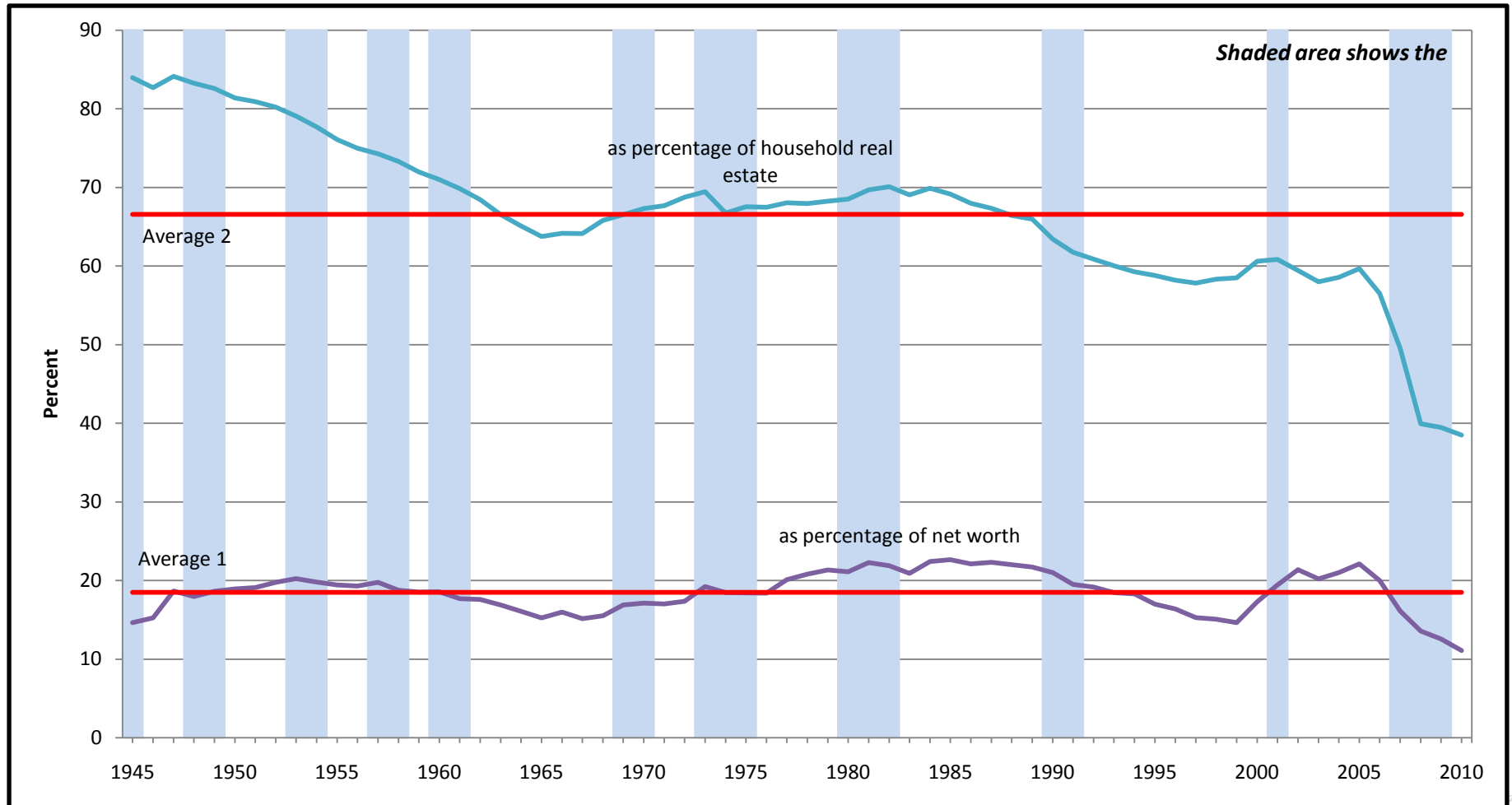
Housing Related Net-Worth

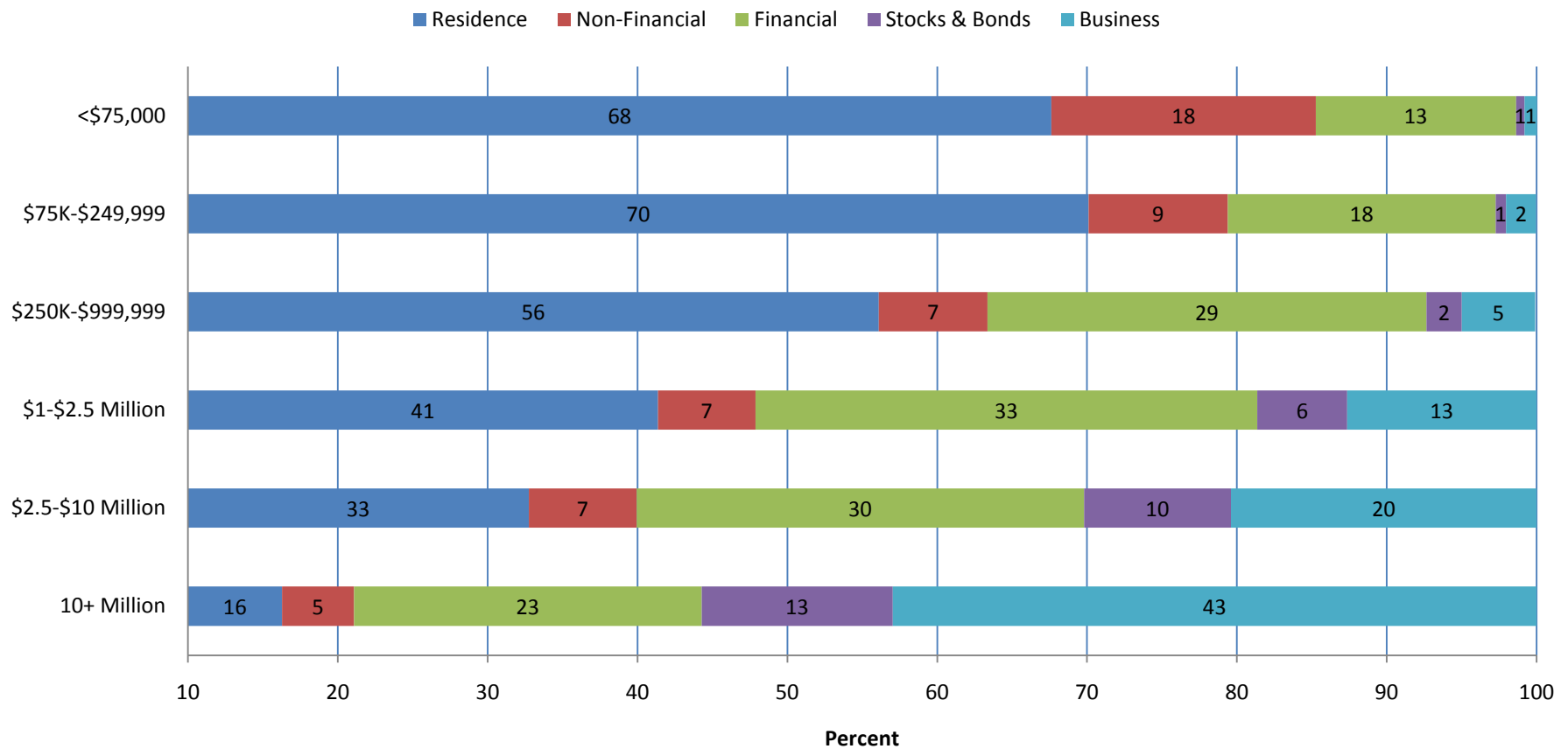# Recent Trends in U.S. Household Current Net Worth

Housing Values & Current Net Worth

Shaded area shows the

as percentage of household real estate

Average 2

as percentage of net worth

Average 1

TOW Transfer Of Wealth

Household Wealth & Capacity for Give Back

Distribution of Top Five Wealth Assets

Legend: ■ Residence ■ Non-Financial ■ Financial ■ Stocks & Bonds ■ Business

Wealth Category	Residence	Non-Financial	Financial	Stocks & Bonds	Business
<$75,000	68	18	13	1	1
$75K-$249,999	70	9	18	1	2
$250K-$999,999	56	7	29	2	5
$1-$2.5 Million	41	7	33	6	13
$2.5-$10 Million	33	7	30	10	20
10+ Million	16	5	23	13	43

Percent (x-axis: 10, 20, 30, 40, 50, 60, 70, 80, 90, 100)

TOW Transfer Of Wealth

Geography of TOW Research

About this Map

- 🟩 Full State Studies We Have Completed
- ⬜ Studies We Have Advised
- 🟨 Possible Studies
- 🟦 Partial Studies We Have Completed

● Conducted by the West Central Initiative
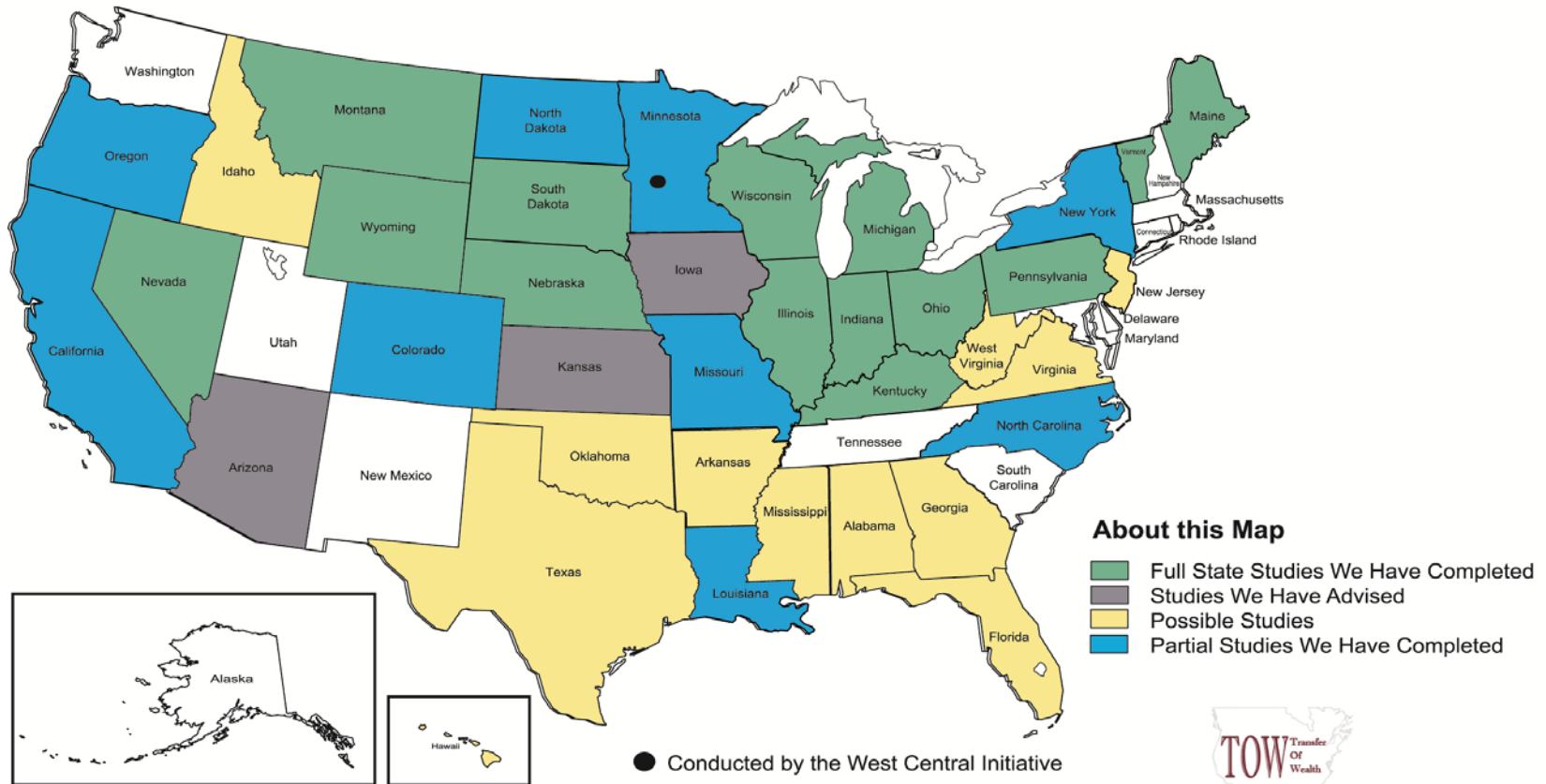
New TOW Scenarios

Boston College: 1998-2052

High = $136 trillion

Medium = $73 trillion

Low = $41 trillion

RUPRI: 2010-2060

High = $91 trillion

Low = $75 trillion

Constant = $63 trillion

Zero = $43 trillion

Our revised and most likely scenario of future TOW for the U.S. is estimated at $75 trillion between 2010 and 2060.

Inflation adjusted 2010 dollars.

TOW Transfer Of Wealth

TOW & Give Back
A Framework of How TOW is Being Used

Opportunity Awareness

Amount of Wealth

Kinds of Wealth

Sources of Wealth

Threat – Call to Action

Depopulation

Outmigration

Timing of Wealth Transfer

Wealth in Poor Places

There is Wealth

Potential for Give Back

Asset Based Development

Donor Targeting

High Net Worth Households

Types of Wealth

Messaging Strategies

TOW Transfer Of Wealth

Using TOW Learning from the Field

Jeff Pickering
Kern County Community Foundation
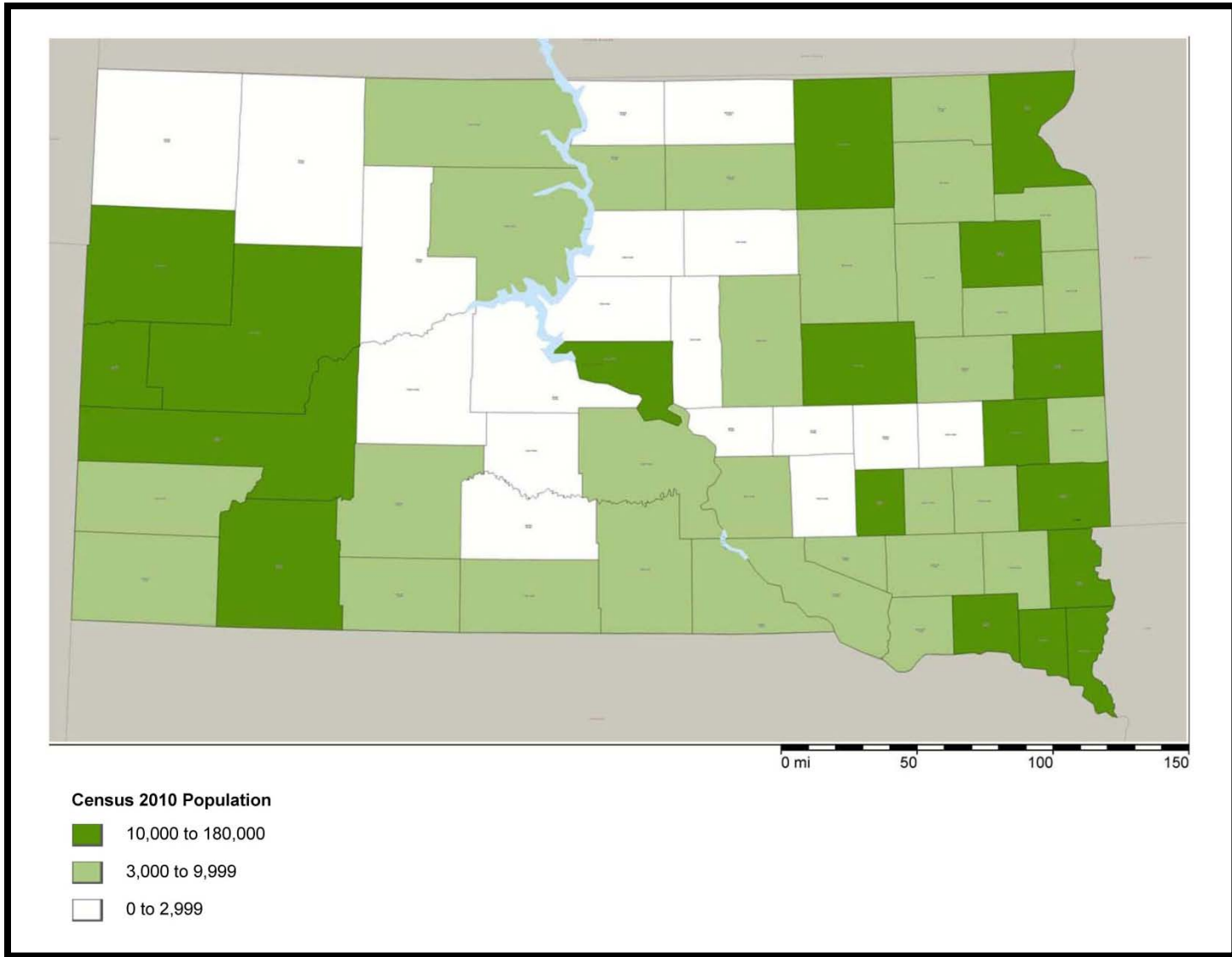
Bob Sutton
South Dakota Community Foundation

Donnell Mersereau
Midwest Community Foundations' Ventures

TOW Transfer Of Wealth

South Dakota
Census 2010 Population

Census 2010 Population

- 10,000 to 180,000
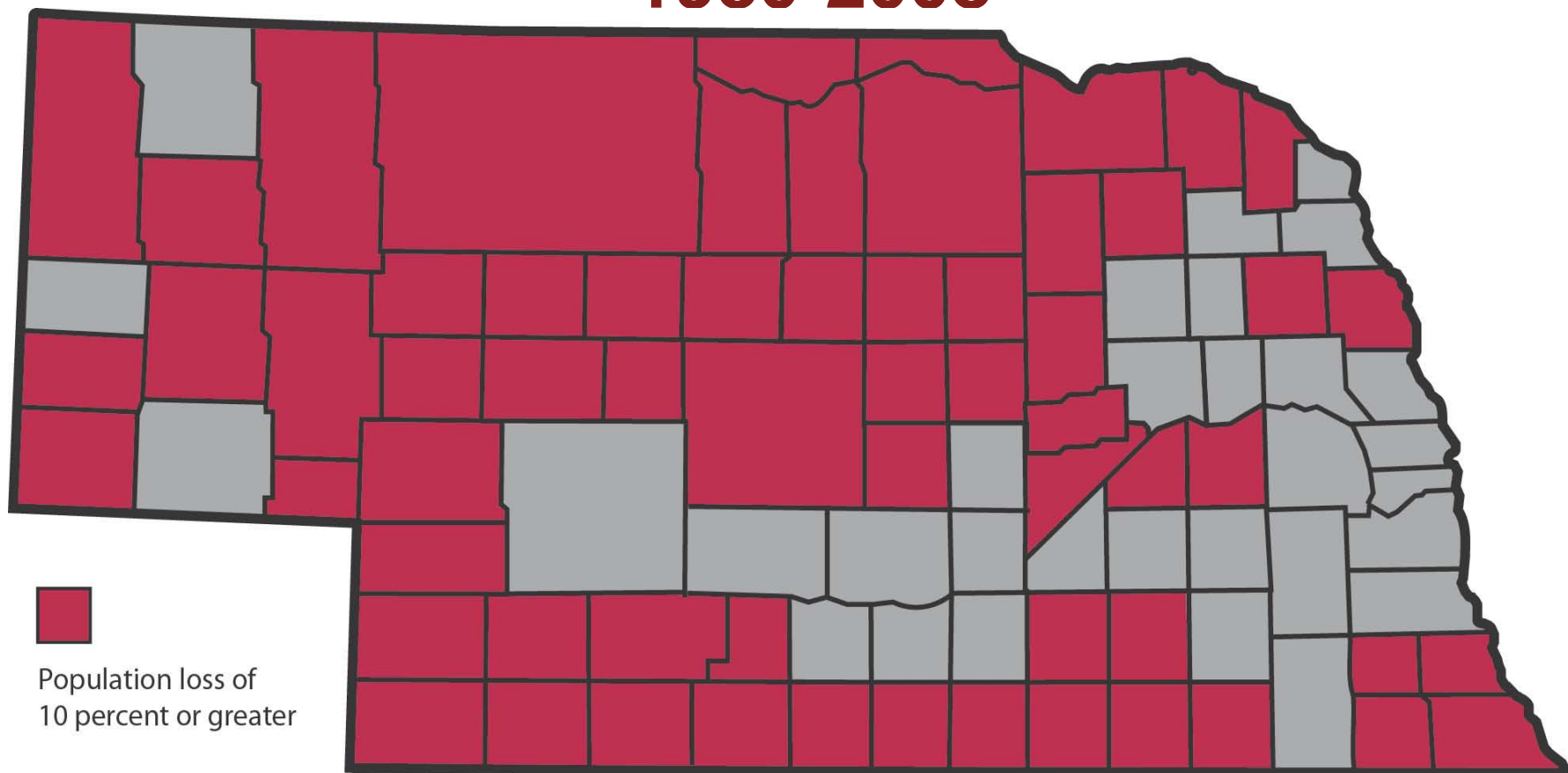- 3,000 to 9,999
- 0 to 2,999

TOW Transfer Of Wealth

Outline for Today's Presentation

Transfer of Wealth Opportunity/Threat

Catalysts to use TOW to Build Endowments

1. Awareness Building

2. Challenge Grants

3. Public Policy/Tax Incentives

NEBRASKA COMMUNITY FOUNDATION

Population Loss of 10% or more
1980-2008

Population loss of
10 percent or greater

CENTER FOR APPLIED RESEARCH AND ENVIRONMENTAL SYSTEMS

rupri
rural policy research institute

America's Wealth Transfer:
A Likely Scenario

% of Wealth Released

Rural Nebraska Estimated Wealth Transfer =$94 Billion

United States Estimated Wealth Transfer =$41 Trillion

Nebraska Estimated Wealth Transfer =$258 Billion

Legend: United States — Nebraska — Rural Nebraska

NEBRASKA COMMUNITY
FOUNDATION
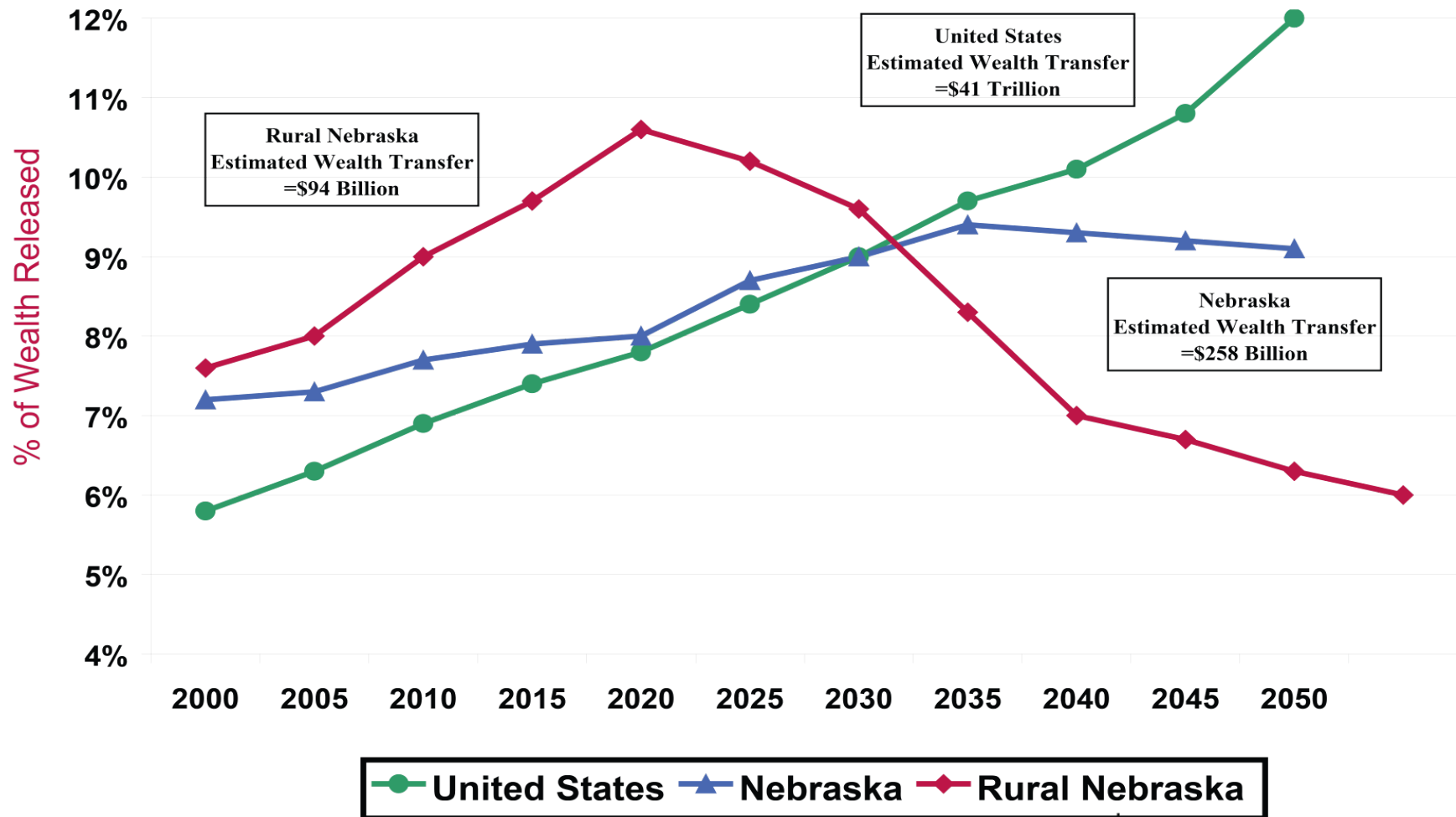
County-Based Transfer of Wealth
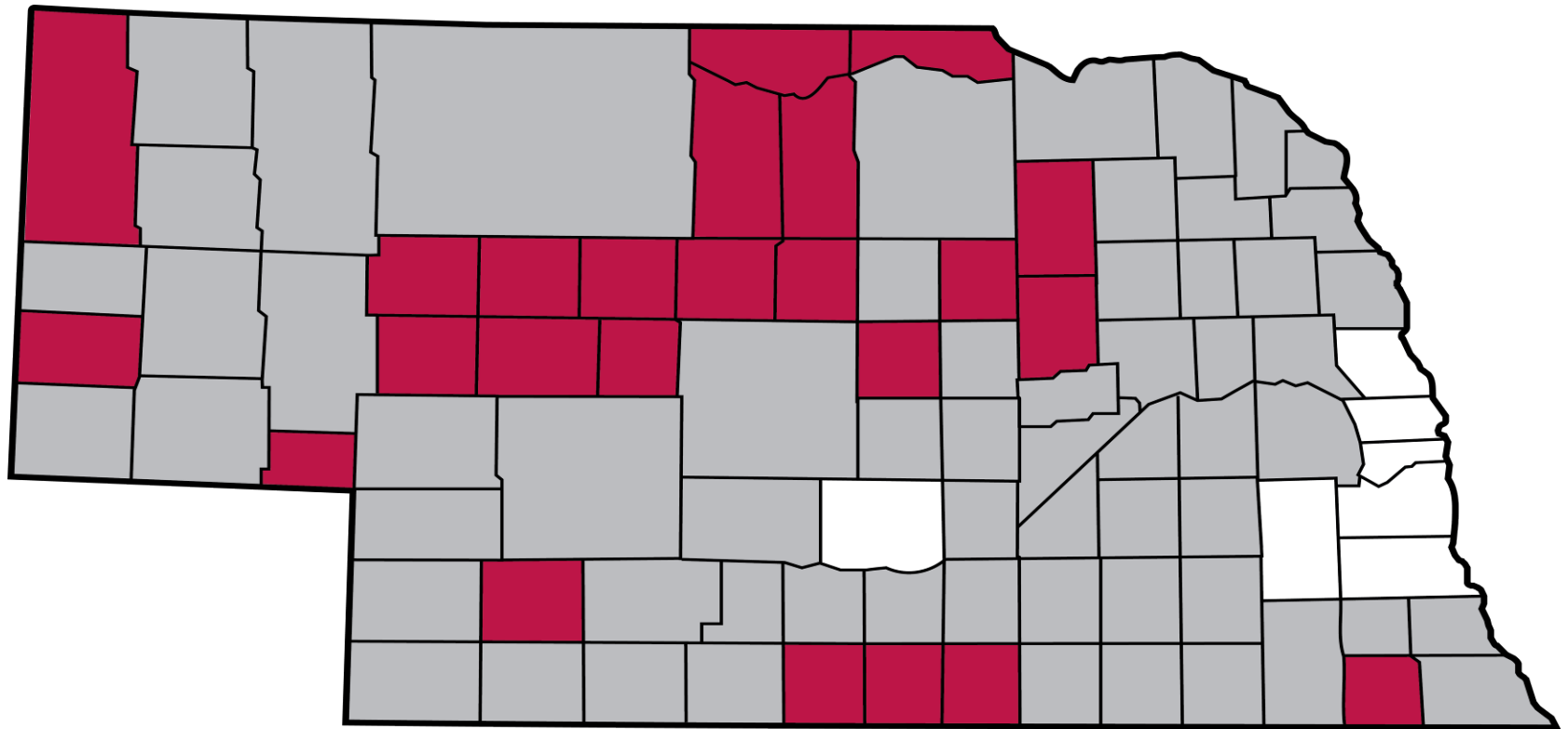
Peak of Transfer

- Group 1 - 2000 to 2014
- Group 2 - 2015 to 2039
- Group 3 - 2040 and after
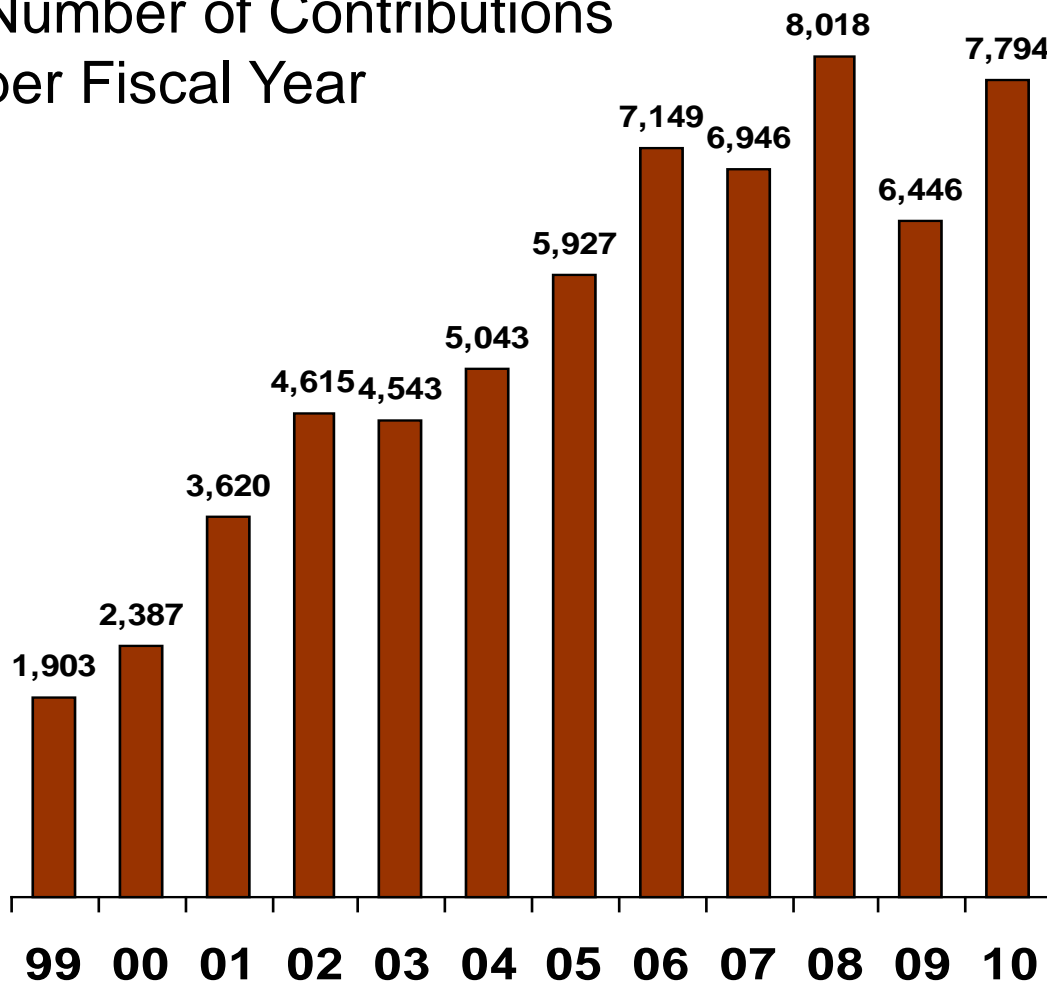
NEBRASKA COMMUNITY FOUNDATION

1. Awareness Building
Use the TOW Opportunity to:

- Build philanthropy and endowments
- Prove that capital is not the limiting resource to community development
- Achieve sustainability (by using Asset Based Community Development)
- Break out of a cycle of dependency

NEBRASKA COMMUNITY
FOUNDATION

NCF System Seeks to Engage Everyone

Number of Contributions per Fiscal Year

Fiscal Year 2010

- 7,794 gifts to 139 affiliated funds

- 1,796 gifts from first time donors

Year	Contributions
99	1,903
00	2,387
01	3,620
02	4,615
03	4,543
04	5,043
05	5,927
06	7,149
07	6,946
08	8,018
09	6,446
10	7,794

NEBRASKA COMMUNITY FOUNDATION

2. Challenge Grants

- Familiar fundraising tool
- Community must raise match of 2:1, 3:1, etc.
- Leverage many gifts
- Convey legitimacy
- Use well known project or capital campaign fundraising tool to build endowment
- Build community capacity

NEBRASKA COMMUNITY FOUNDATION

Challenge Grants to build community endowments

- 44 issued; 31 complete
- $1.5MM grants issued; $3MM raised locally
- $5.8MM endowed
- 88 expectancies = $10MM
- Very few communities had an unrestricted endowment before receiving a challenge grant

NEBRASKA COMMUNITY
FOUNDATION

3. Tax Incentives/Public Policy

Individual and Corporate Tax Credits

- Individual tax credits range from 15% to 50% of the donor's eligible federal tax deduction

- Corporate tax credits range from 10% to 40% of the charitable donation

Direct Appropriations/Grants

- Endow Iowa grants

NEBRASKA COMMUNITY
FOUNDATION

Rural Philanthropy Growth Act (RPGA) Proposal

1. Establish USDA Office of Rural Philanthropy

2. Provide challenge grants to economically distressed rural counties to build geographic unrestricted endowments

3. Provide capacity building grants to community foundations to build local capacity to match challenge grants

NEBRASKA COMMUNITY FOUNDATION

Discussion