“Philanthropy Growing Philanthropy” in Rural America

Plenary Session Roadmap…
Don’s Framing Comments
Using TOW - Our Panel
Enabling Policy & Program
Questions & Discussion
HARVESTING THE TRANSFER OF WEALTH OPPORTUNITY

Two Points to Share....
New TOW Scenarios
Framework for TOW’s Use
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

Source: Board of Governors of the Federal Reserve System & Center for Rural Entrepreneurship, 2011
Recent Trends in U.S. Household Current Net Worth

Source: Board of Governors of the Federal Reserve System & Center for Rural Entrepreneurship, 2011
Housing Values & Current Net Worth

Shaded area shows the

as percentage of household real estate

as percentage of net worth

Source: Board of Governors of the Federal Reserve System & Center for Rural Entrepreneurship, 2011
Household Wealth & Capacity for Give Back

Distribution of Top Five Wealth Assets

- **Residence**
- **Non-Financial**
- **Financial**
- **Stocks & Bonds**
- **Business**

<table>
<thead>
<tr>
<th>Wealth Range</th>
<th>Residence</th>
<th>Non-Financial</th>
<th>Financial</th>
<th>Stocks &amp; Bonds</th>
<th>Business</th>
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<tbody>
<tr>
<td>&lt;$75,000</td>
<td>68</td>
<td>18</td>
<td>13</td>
<td>11</td>
<td>2</td>
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<tr>
<td>$75K-$249,999</td>
<td>70</td>
<td>9</td>
<td>18</td>
<td>12</td>
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<tr>
<td>$250K-$999,999</td>
<td>56</td>
<td>7</td>
<td>29</td>
<td>5</td>
<td>2</td>
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<tr>
<td>$1-$2.5 Million</td>
<td>41</td>
<td>7</td>
<td>33</td>
<td>6</td>
<td>13</td>
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<tr>
<td>$2.5-$10 Million</td>
<td>33</td>
<td>7</td>
<td>30</td>
<td>10</td>
<td>20</td>
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<tr>
<td>10+ Million</td>
<td>16</td>
<td>5</td>
<td>23</td>
<td>13</td>
<td>43</td>
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</tbody>
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Source: Survey of Consumer Finances, 2007 & Center for Rural Entrepreneurship, 2011
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 & Give Back
A Framework of How TOW is Being Used

Opportunity Awareness
- Amount of Wealth
- Kinds of Wealth
- Sources of Wealth

Wealth in Poor Places
- There is Wealth
- Potential for Give Back
- Asset Based Development

Threat - Call to Action
- Depopulation
- Outmigration
- Timing of Wealth Transfer

Donor Targeting
- High Net Worth Households
- Types of Wealth
- Messaging Strategies
Using TOW
Learning from the Field

Jeff Pickering
Kern County Community Foundation

Bob Sutton
South Dakota Community Foundation

Donnell Mersereau
Midwest Community Foundations’ Ventures
South Dakota
Census 2010 Population

Census 2010 Population
- 10,000 to 180,000
- 3,000 to 9,999
- 0 to 2,999
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
Population Loss of 10% or more
1980-2008

Population loss of 10 percent or greater

America's Wealth Transfer: A Likely Scenario

United States
Estimated Wealth Transfer
=$41 Trillion

Rural Nebraska
Estimated Wealth Transfer
=$94 Billion

Nebraska
Estimated Wealth Transfer
=$258 Billion

% of Wealth Released

County-Based Transfer of Wealth

Peak of Transfer
- Maroon: Group 1 - 2000 to 2014
- Gray: Group 2 - 2015 to 2039
- White: Group 3 - 2040 and after
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
NCF System Seeks to Engage Everyone

Fiscal Year 2010

- 7,794 gifts to 139 affiliated funds
- 1,796 gifts from first time donors

Number of Contributions per Fiscal Year
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
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
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
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
Discussion