

# Center for Rural Entrepreneurship

energizing entrepreneurial communities

## Wealth in Selected Foundation Areas in New York

### *A Transfer of Wealth Opportunity*



September 2011 Technical Report to the



COMMUNITY  
FOUNDATIONS  
OF THE HUDSON VALLEY

Community Foundation of Dutchess County  
Community Foundation of Ulster County  
Community Foundation of Putnam County

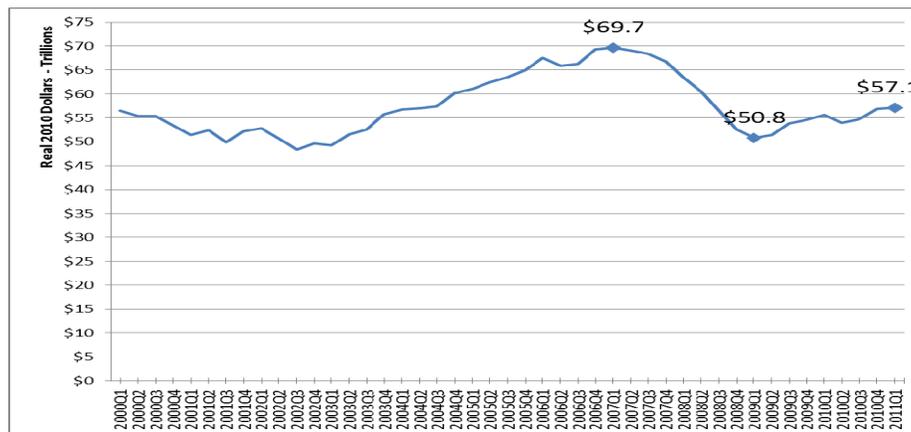
Funding provided by the Dyson Foundation  
and Community Foundations of the Hudson Valley

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## Wealth in America

America is experiencing its most challenging economic downturn since the Great Depression. Challenges with government debt are rocking our national confidence. The Great Recession hit many American households hard and overall household related current net-worth declined from nearly \$70 trillion prior to the crash to just over \$51 trillion at the depth of the recession. Recovery has been slow, but steady and household wealth has grown by \$6.3 trillion or 12.4%.

### Recent Trends in the U.S. Household Net-Worth



Source: Board of Governors of the Federal Reserve System & Center for Rural Entrepreneurship, 2011

Bottom line, America remains a Nation with tremendous personal wealth. The potential for charitable giveback remains strong and is improving with each quarter. In 1999 Boston College in their landmark report [Millionaires in the Millennium](http://bit.ly/qFI2y9) (<http://bit.ly/qFI2y9>) captivated the Nation with their estimates of \$41 to \$136 trillion in household wealth transfer (1998-2052). A decade has passed since this work was released and a lot has changed. Earlier this year the RUPRI Center for Rural Entrepreneurship created a new set of Transfer of Wealth (TOW) opportunity scenarios based on the most recent demographic forecasts by the U.S. Census Bureau. These forecasts are rooted in likely population growth based on a range of assumptions about international migration.

Our new scenarios for TOW opportunity for the United States for the period of 2010 through 2060 range from a high of \$91 trillion to a low of \$43 trillion. Our most likely scenario estimates the TOW opportunity at \$75 trillion. Assuming we set a giveback goal of just 5%, over the next five decades nearly \$3.8 trillion in new community endowments could be built. These endowments could generate, once fully capitalized, nearly \$200 billion annually in new grant making! In this new age of challenged government spending, this investment could prove critically important to the future of America's communities.

*Don Macke – Ahmet Binerer – Deb Markley*  
RUPRI Center for Rural Entrepreneurship

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## Executive Summary

Transfer of wealth (TOW) is the process whereby one generation transfers their assets to the next generation. This typically occurs at the time of death and represents the moment when legacy community giveback is the greatest. TOW most likely represents the single largest under-developed financial resource available to communities to support their development.

Our Technical Findings Report is organized into an expanded Executive Summary followed by a more detailed section outlining the TOW opportunity for the Community Foundations of the Hudson Valley, which serves Dutchess, Putnam and Ulster counties. Following this specific section we provide background information on our methodology and tables and charts detailing our findings. This information is intended to support the foundation in their preparation of communication strategies and materials.

***Our TOW scenario for the Community Foundations of the Hudson Valley estimates that in the coming decade \$22 billion in TOW giveback potential. If just 5% of this opportunity was captured into community endowments a total of \$1.1 billion could be realized with the potential to generate \$55 million annually in grant making.***

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Extensive research and scenario related modeling work has been completed generating these findings.

### Scenarios

It is not reasonable to predict TOW opportunities out over 50 years with degrees of accuracy. So our analysis does not represent predictions.

We live in a dynamic world. Consequently, our TOW projections are scenarios based on reasonable assumptions about the future of the foundation area. These scenarios are a likely future and provide insight on the remarkable TOW opportunity. Our scenarios are conservative in nature and represent a baseline opportunity for community giveback.

## Summary of Overall Findings

Figure 1 provides summary findings for current net-worth (CNW) for 2010 (our base year for analysis) and the 10-Year (2010-2020) transfer of wealth (TOW) opportunities for the foundation and the counties included in its service area. Values include total estimates and a per household value (PHH). PHH values are derived by taking the estimated CNW or TOW value and dividing it by the number of households in the geography in 2010. The PHH values provide a handy comparison tool between and among places we have studied. All values are provided in real dollars. By real dollars we have removed the likely influences of inflation. So a dollar in 2050 has the same purchasing power as a dollar in 2010. Including inflation in our estimates distorts the real potential for community giveback from our TOW findings.

**Figure 1 - Summary Findings of  
Current Net-Worth and 10-Year TOW Scenarios<sup>1</sup>**  
*Absolute Values in Real Dollars & Comparative per Household Values*

Place	2010 Net-Worth		10 Year	
	(\$ billions)	PHH	(\$ billions)	PHH
<b>U.S.</b>	<b>\$28,065.17</b>	<b>\$235,000</b>	<b>\$6,162.74</b>	<b>\$51,500</b>
Dutchess	\$37.02	\$349,800	\$11.50	\$108,700
Putnam	\$21.32	\$616,000	\$4.36	\$126,000
Ulster	\$15.88	\$223,400	\$6.14	\$86,400
<b>Community Foundations of the Hudson Valley</b>	<b>\$74.22</b>	<b>\$350,900</b>	<b>\$22.00</b>	<b>\$104,000</b>

*Source: RUPRI Center for Rural Entrepreneurship*

Figure 2 provides similar TOW opportunities for the 50-year timeframe and includes a 5% capture scenario along with a 5% annual payout potential. It should be noted that we are NOT predicting that 5% of the TOW opportunity will materialize into community giveback. These values are presented to illustrate what this could mean in terms of community endowment building and possible enhanced grantmaking potential. We know from experience around the United States that many community foundations have set and are achieving a 5% giveback and capture rate. A 5% annual payout rate is standard for the foundation industry and typically ensures the income generating potential of the endowment over time protecting it from devaluation due to likely inflation.

<sup>1</sup> RUPRI Center for Rural Entrepreneurship estimated 2005 net-worth and 10-Year transfer of wealth values for the State of New York in their *Wealth Transfer in Northeastern New York* study. State of New York's estimated 2005 net-worth was \$1.7 Trillion or \$235,000 per household and 10-Year (2005-2015) transfer of wealth opportunity was \$299 Billion or \$42,000 per household.

**Figure 2 – Summary Findings of 50-Year TOW Scenario**  
*Absolute Values in Real Dollars & Comparative Per Household Values*

Place	50 Year TOW		5% Capture		5% Payout	
	Value (billions)	PHH (thou.)	Value (billions)	PHH (thou.)	Value (millions)	PHH
<b>U.S.</b>	<b>\$75,089.08</b>	<b>\$628.0</b>	<b>\$3,754.45</b>	<b>\$31.4</b>	<b>\$187,722.70</b>	<b>\$1,570</b>
Dutchess	\$164.53	\$1,554.9	\$8.23	\$77.7	\$411.33	\$3,890
Putnam	\$70.52	\$2,037.3	\$3.53	\$101.9	\$176.31	\$5,090
Ulster	\$82.52	\$1,161.2	\$4.13	\$58.1	\$206.30	\$2,900
<b>Community Foundations of the Hudson Valley</b>	<b>\$317.58</b>	<b>\$1,501.6</b>	<b>\$15.88</b>	<b>\$75.1</b>	<b>\$793.94</b>	<b>\$3,750</b>

*Source: RUPRI Center for Rural Entrepreneurship*

## Key Considerations

During our homework and early analysis we identified five overarching trends likely to shape and impact the TOW opportunity in the communities served by the foundation:

1. Population Changes
2. Economic Changes & Restructuring
3. Vacation, Second & Retirement Homes & Residents
4. Business Ownership
5. Implications of an Aging Population

We have conducted extensive research into each of these five key trends with respect to all the counties within the scope of this project. The following provides a summary of why these factors are potentially so important for defining the TOW opportunity on a community to community basis.

**Population Changes.** There is a strong correlation between wealth formation and transfer and the demographics of a community. For the communities in this study there are two particularly important demographic trends at work that have significant implications. First, many of the counties and communities in the study are experiencing slow or declining population change. Some are experiencing chronic and severe loss of young adults. This trend will reduce future demographic growth, potentially slow economic growth and lower rates of new wealth formation. The second demographic trend relates to the loss of higher net-worth retirees. Whether the relocation of this demographic is seasonal or permanent lessens the roots for potential giveback. Development of giveback patterns earlier in life and on-going communications after relocation are essential to retaining some or all of this giveback demographic over time.

**Economic Changes & Restructuring.** The world's economy is radically changing creating dramatic implications for America's economy. These changes have been at work for sometime in most of the communities included in this project. Loss of manufacturing, corporate offices and other sources of economic vitality and growth are part of the 1960s forward story of these and other industrial Northeastern communities. Evolution of these economies and adaptations to new economic relevance is dynamic and at work. Depending on how well individual communities economically re-invest themselves will determine how future wealth creation is realized. We assume in our work slower wealth formation compared to post World War II timeframes. However, we also assume that given the legacy assets (e.g., infrastructure, educational institutions, educated workforce, etc.) that economic renewal will be powerful trend line as we extend out over the next 50 years.

**Vacation, Second & Retirement Homes & Residents.** While some residents are leaving (e.g., young & old) others are locating to certain communities within this geography. There are remarkable rural and natural resource assets that make some communities very appealing for vacation, second and retirement homes. Some will be seasonal residents and others will eventually make their new homes their permanent residence. For those communities where this trend is active and likely to grow, this represents a significant giveback potential. People root and evolve affinity, even in seasonal homes. Many of these "new" residents have wealth and the potential for giveback. Fully understanding the nature of this trend and the potential for this demographic of potential donors to giveback is important.

**Business Ownership.** The number one pathway to personal wealth in the United States and World today is through entrepreneurship and business ownership. Business ownership not only creates wealth for those owning and operating businesses, but for family members and others who invest in such ventures. The wealth footprint of business ownership is far larger within and outside the communities of residence. Not all entrepreneurs are successful or wealthy. But on average the CNW of self-employed is about \$1.7 million (2007 data, moderated in the Recession and then recovered during the Recovery). Understanding business ownership and entrepreneurship can help engage a key potential donor group including both owners and investors.

**Implications of an Aging Population.** Our first trend addressed several downside demographic trends. There is also an upside demographic trend that at least for the study period, represents a significant giveback potential. With an aging population there is a rise in household wealth overall. For those aging in place where there are strong community connections, the potential for small to massive gifts are real and intensify with an aging population. Understanding this demographic trend locally can help target development efforts and increase the potential for giveback, endowment building and strategic grant making.

There is one additional consideration that primarily impacts the communities of the Community Foundations of the Hudson Valley (i.e., Dutchess, Putnam & Ulster

Counties) – New York City. These three counties and many of the communities within them are directly in the footprint of New York City. Compared to most other counties in New York State, these counties include a relatively high concentration of high net-worth households. As New York City grows and prospers this trend is likely to accelerate. As our 2010 CNW values and 50-year TOW estimates indicate, there is above average giveback potential in this region due to its relationship with wealth creation in New York City.

*Changes in population and demographic structure are important drivers for both future wealth creation and transfer. The population forecasts we are employing in this work are provided by Cornell University. These have been modified to reflect changes in the 2010 Census and to provide out year forecasts.*

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*America experienced one of the greatest sustained economic expansions in modern history following World War II. Real economic growth averaged between 4 and 4.5% over post World War II period. Rapid economic expansion contributed to a rising middle class and broad-based wealth creation. In our 2010 to 2060 scenarios we assume somewhat slower economic growth estimated at 3 to 3.5% per year over the period.*

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*As America moves from a high growth to a more mature developed economy and society, wealth creation, formation and transfer patterns are changing. Just as we are assuming more conservative economic growth, we are assuming somewhat lower wealth formation rates for the study period. We are also assuming that concentration of wealth will continue, but at somewhat lower rates of change. This pattern means that there will be relatively fewer higher capacity donors, but the overall capacity for giveback by higher net worth households will increase somewhat.*

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## Community Foundations of the Hudson Valley

The service area of the Community Foundations of the Hudson Valley includes the counties of Dutchess, Putnam and Ulster. These counties and the communities within them are strongly tied to the metro footprint of New York City. Estimated CNW for households in this three county region is estimated at over \$74 billion in 2010. The 10-year TOW opportunity is estimated at nearly \$22 billion. Assuming a 5% endowment capture goal is realized about \$1.1 billion could be added to the philanthropic sector with the ability to sustain upwards to \$55 million in annual grant making over time. The 50-year potential is massive with an estimated TOW opportunity of nearly \$318 billion. A 5% capture rate would generate nearly \$16 billion in additional endowments with grant making potential of nearly \$800 million annually. All demographic groups have potential for giveback, but we estimate there are presently over 23,000 high net-worth households with significant giveback potential. Nearly 19% of the households in Putnam County and 10% of the households in Dutchess County are high net-worth and above both the U.S. and New York averages.

New York City has a remarkable history of economic and social re-invention. It is a world power house of innovation and wealth. We assume in our scenarios that New York City will continue to grow creating new wealth over time at rates above the national and world averages. Most of the communities in this region are part of the New York City footprint. We assume that these communities will continue to be home to a large and increasing number of wealth households with significant giveback potential. Capture of TOW opportunities could provide critically important new financial resources necessary for economic and social innovation and renewal.

The following three figures provide summaries of key indicators for the counties within this Foundation's service area. *For those seeking additional background on the importance and relevance of these indicators and wealth benchmarks please review the Wealth in America Report (<http://bit.ly/omLThD>) located within our electronic library.*

Figure 3 – Dutchess County

	U.S.	Foundation Area	Dutchess County	
<b>Results</b>	Current Net-Worth (in Billions)	\$28,065.2	\$74.2	\$37.0
	Per Household (in Thousands)	\$235.0	\$350.9	\$349.8
	10 Year Transfer of Wealth (in Billions)	\$6,162.74	\$22.00	\$11.50
	Per Household (in Thousands)	\$51.5	\$104.0	\$108.7
	50 Year Transfer of Wealth (in Billions)	\$75,089.08	\$317.58	\$164.53
	Per Household (in Thousands)	\$628.0	\$1,501.6	\$1,554.9
<b>Macro Trends</b>	Population (annual % Δ, 2000-2010)	1.1%	0.5%	0.6%
	Employment (annual % Δ, 2000-2010)	0.5%	0.2%	0.2%
	Per Capita Income (annual % Δ, 2000-2010)	2.4%	3.0%	3.0%
	<b>Percent of Employment in Sector (2010)</b>			
	Health Care	13.9%	16.2%	16.8%
	Manufacturing	6.3%	6.7%	7.7%
	Retail Trade	11.4%	11.3%	11.0%
	Educational Services	9.6%	16.0%	16.3%
	Professional/Technical	10.4%	6.7%	6.6%
	<b>Percent of Employment in Sector (2010)</b>			
	Office/Administration	13.6%	12.3%	12.3%
	Sales	11.4%	10.6%	10.4%
	Management	9.5%	8.9%	8.8%
	Education/Library	6.8%	10.0%	9.6%
	Health Practitioners	5.7%	6.3%	6.3%
<b>CNW Indicators (2010)</b>	2010 Average Household Income	\$70,173	\$88,772	\$84,323
	2010 Median Household Income	\$54,442	\$75,613	\$69,642
	2010 Per Capita Income	\$26,739	\$32,638	\$31,056
	2010 Average Value: Owner Housing Unit	\$220,131	\$326,487	\$296,109
	2010 Median Value: Owner Housing Unit	\$157,913	\$276,779	\$252,981
	Percent of Households with \$200k Income	3.5%	4.3%	4.0%
	Percent of Households with \$500k Income	0.4%	0.3%	0.2%
<b>Key Characteristics (2010)</b>	2010 Total Population	311,212,863	581,907	296,856
	2010 Total Households	116,761,140	211,496	105,816
	2010 Median Age	37.0	40.0	38.4
	<b>Percent of Education Attainment for Pop 25+</b>			
	Less than Associate Degree	64.2%	57.2%	57.6%
	Associate Degree	7.7%	9.9%	10.4%
	Bachelor's Degree	17.7%	18.7%	18.4%
	Graduate Degree	10.4%	14.2%	13.6%
Percent of Vacation Home in 2009	3.5%	4.8%	3.0%	
Percent of Groups Quarters Population	2.7%	5.6%	6.3%	

Figure 4 – Putnam County

	U.S.	Foundation Area	Putnam County	
<b>Results</b>	Current Net-Worth (in Billions)	\$28,065.2	\$74.2	\$21.3
	Per Household (in Thousands)	\$235.0	\$350.9	\$616.0
	10 Year Transfer of Wealth (in Billions)	\$6,162.74	\$22.00	\$4.36
	Per Household (in Thousands)	\$51.5	\$104.0	\$126.0
	50 Year Transfer of Wealth (in Billions)	\$75,089.08	\$317.58	\$70.52
	Per Household (in Thousands)	\$628.0	\$1,501.6	\$2,037.3
<b>Macro Trends</b>	Population (annual % Δ, 2000-2010)	1.1%	0.5%	0.5%
	Employment (annual % Δ, 2000-2010)	0.5%	0.2%	0.6%
	Per Capita Income (annual % Δ, 2000-2010)	2.4%	3.0%	3.4%
	<b>Percent of Employment in Sector (2010)</b>			
	Health Care	13.9%	16.2%	15.1%
	Manufacturing	6.3%	6.7%	4.8%
	Retail Trade	11.4%	11.3%	11.0%
	Educational Services	9.6%	16.0%	15.0%
	Professional/Technical	10.4%	6.7%	8.4%
	<b>Percent of Employment in Sector (2010)</b>			
	Office/Administration	13.6%	12.3%	12.6%
	Sales	11.4%	10.6%	10.6%
	Management	9.5%	8.9%	11.1%
	Education/Library	6.8%	10.0%	9.8%
	Health Practitioners	5.7%	6.3%	6.6%
<b>CNW Indicators (2010)</b>	2010 Average Household Income	\$70,173	\$88,772	\$115,393
	2010 Median Household Income	\$54,442	\$75,613	\$101,361
	2010 Per Capita Income	\$26,739	\$32,638	\$40,270
	2010 Average Value: Owner Housing Unit	\$220,131	\$326,487	\$424,103
	2010 Median Value: Owner Housing Unit	\$157,913	\$276,779	\$366,042
	Percent of Households with \$200k Income	3.5%	4.3%	9.4%
	Percent of Households with \$500k Income	0.4%	0.3%	0.8%
<b>Key Characteristics (2010)</b>	2010 Total Population	311,212,863	581,907	100,061
	2010 Total Households	116,761,140	211,496	34,617
	2010 Median Age	37.0	40.0	40.7
	<b>Percent of Education Attainment for Pop 25+</b>			
	Less than Associate Degree	64.2%	57.2%	51.9%
	Associate Degree	7.7%	9.9%	8.2%
	Bachelor's Degree	17.7%	18.7%	23.1%
	Graduate Degree	10.4%	14.2%	16.7%
Percent of Vacation Homes in 2009	3.5%	4.8%	3.1%	
Percent of Groups Quarters Population	2.7%	5.6%	2.2%	

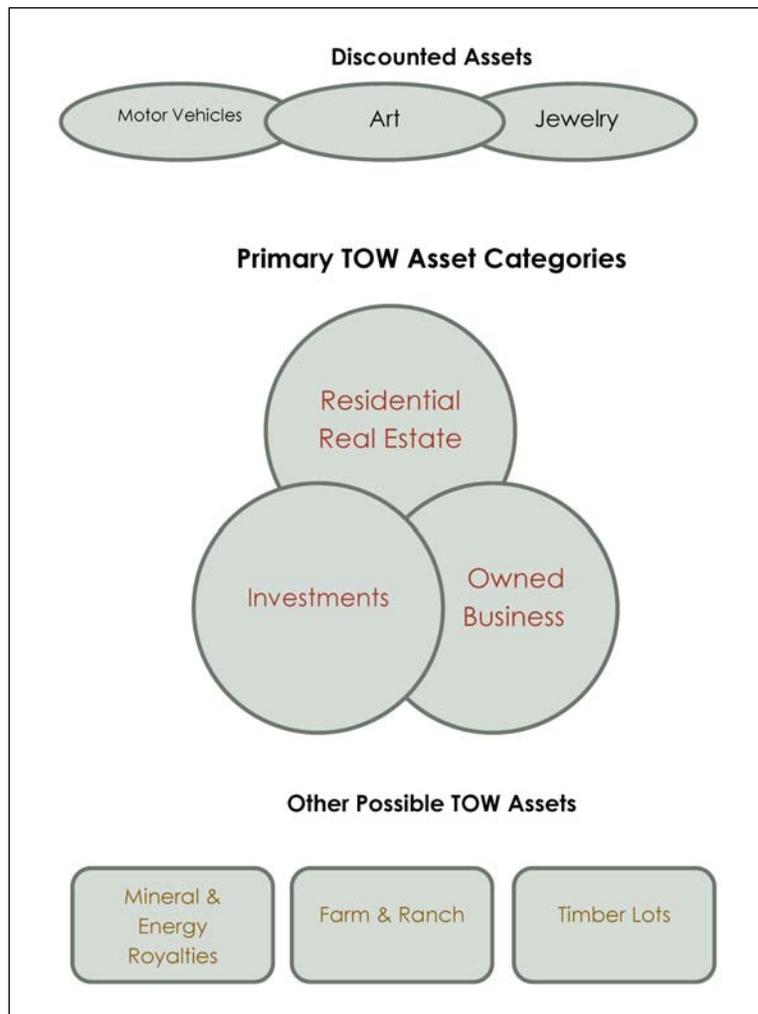
Figure 5 – Ulster County

	U.S.	Foundation Area	Ulster County	
<b>Results</b>	Current Net-Worth (in Billions)	\$28,065.2	\$74.2	\$15.9
	Per Household (in Thousands)	\$235.0	\$350.9	\$223.4
	10 Year Transfer of Wealth (in Billions)	\$6,162.74	\$22.00	\$6.14
	Per Household (in Thousands)	\$51.5	\$104.0	\$86.4
	50 Year Transfer of Wealth (in Billions)	\$75,089.08	\$317.58	\$82.52
	Per Household (in Thousands)	\$628.0	\$1,501.6	\$1,161.2
<b>Macro Trends</b>	Population (annual % Δ, 2000-2010)	1.1%	0.5%	0.4%
	Employment (annual % Δ, 2000-2010)	0.5%	0.2%	-0.04%
	Per Capita Income (annual % Δ, 2000-2010)	2.4%	3.0%	2.8%
	<b>Percent of Employment in Sector (2010)</b>			
	Health Care	13.9%	16.2%	15.9%
	Manufacturing	6.3%	6.7%	6.2%
	Retail Trade	11.4%	11.3%	11.9%
	Educational Services	9.6%	16.0%	16.2%
	Professional/Technical	10.4%	6.7%	5.7%
	<b>Percent of Employment in Sector (2010)</b>			
	Office/Administration	13.6%	12.3%	12.1%
	Sales	11.4%	10.6%	10.7%
	Management	9.5%	8.9%	7.8%
	Education/Library	6.8%	10.0%	10.7%
	Health Practitioners	5.7%	6.3%	6.1%
	<b>CNW Indicators (2010)</b>	2010 Average Household Income	\$70,173	\$88,772
2010 Median Household Income		\$54,442	\$75,613	\$55,835
2010 Per Capita Income		\$26,739	\$32,638	\$26,588
2010 Average Value: Owner Housing Unit		\$220,131	\$326,487	\$259,249
2010 Median Value: Owner Housing Unit		\$157,913	\$276,779	\$211,313
Percent of Households with \$200k Income		3.5%	4.3%	2.4%
Percent of Households with \$500k Income		0.4%	0.3%	0.1%
<b>Key Characteristics (2010)</b>	2010 Total Population	311,212,863	581,907	184,990
	2010 Total Households	116,761,140	211,496	71,063
	2010 Median Age	37.0	40.0	40.8
	<b>Percent of Education Attainment for Pop 25+</b>			
	Less than Associate Degree	64.2%	57.2%	59.4%
	Associate Degree	7.7%	9.9%	9.9%
	Bachelor's Degree	17.7%	18.7%	16.9%
	Graduate Degree	10.4%	14.2%	13.8%
	Percent of Vacation Homes in 2009	3.5%	4.8%	8.1%
Percent of Groups Quarters Population	2.7%	5.6%	6.3%	

## Methodology and Use of This Report

Figure 6 provides a visual presentation of household related wealth assets in the United States.

**Figure 6 – Household Related Wealth Assets**

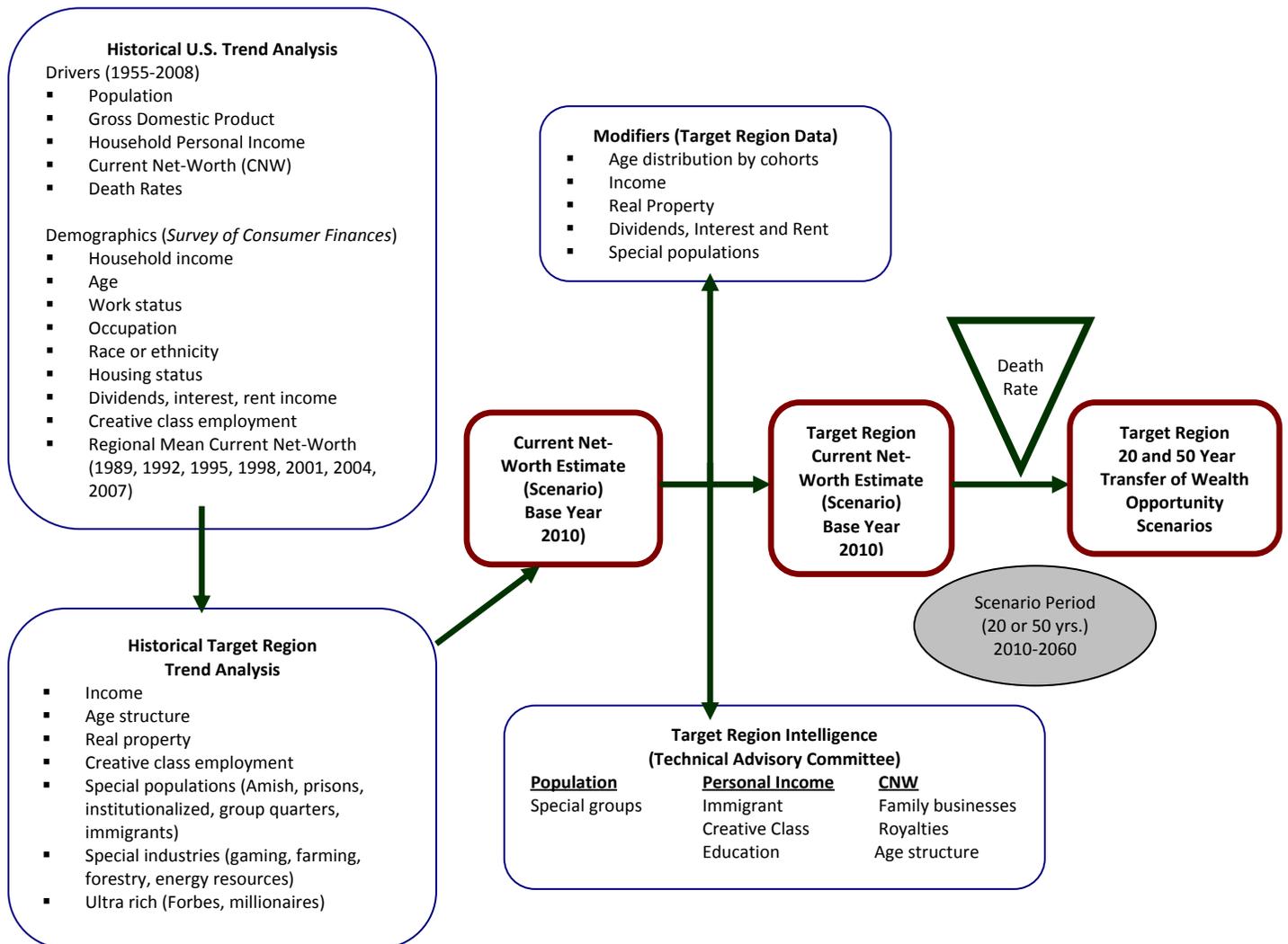


There are certain assets often defined as “non-financial assets” that are hard to value or depreciate quickly. These include motor vehicles, art and jewelry. In our CNW and TOW analysis we fully discount these assets from our TOW opportunity scenarios. For most communities there are three primary or core household assets categories – residential real estate (including vacation, second & retirement homes), investments like stocks and bonds and ownership in businesses. These assets are discounted in our TOW estimates based on what share of these assets are likely to be available for giveback. America is a very diverse landscape and depending upon the region there are other household

assets that can come into play including mineral and energy royalties, farm and ranch real estate and ownership of timber and other natural resources. These assets come into play in those communities where they are important.

Figure 7 provides an illustration of our CNW and TOW scenario model. This figure highlights the basic factors we consider for the estimating process. It is not possible to predict what the TOW opportunity will be, particularly 50 years into the future. We also cannot predict actual giveback rates. We can generate conservative and reasonable scenarios of “likely futures” that can estimate potential for charitable giveback. Our estimates are very conservative and may well underestimate the actual giveback potential.

**Figure 7 – Illustration of Methodology Used**



The earlier Boston College work provided predictions of likely giveback. We have chosen to not focus our analysis on this kind of estimate. We believe that by focusing on the TOW opportunity and motivating communities to increase philanthropic development, the actual giveback rate can be influenced. We know from actual field experience this is true. This analysis can raise awareness about the potential for giveback, endowment building and grant making capacity. As awareness is raised motivation is increased to act on this remarkable opportunity already present in our communities.

***Within our Electronic Library for this Project we have included a paper that provides a more detailed description of our Methodology. Additionally, we have included a paper titled Wealth in America that provides insight on wealth holding and formation in the United States.***

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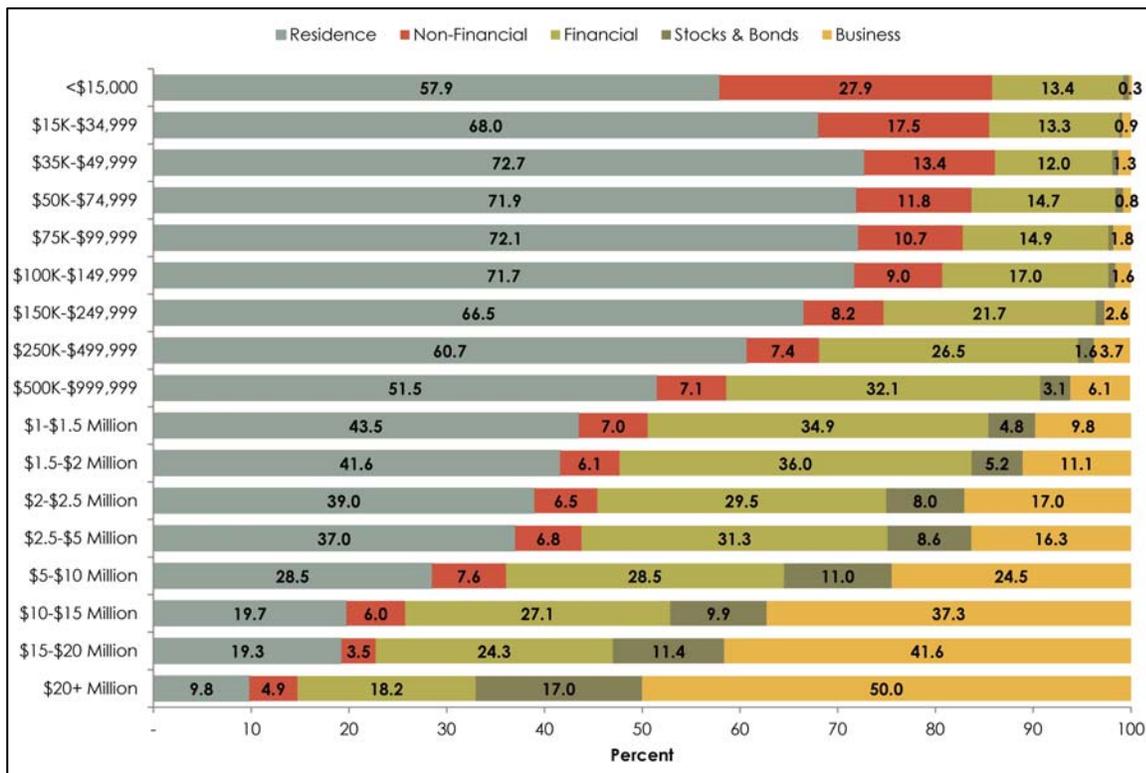
Most households giveback to their communities, making donations of time and funds to their churches, local schools and assorted other causes and charities. Giveback is a widely held cultural tradition in the United States. U.S. and state laws encourage giveback through assorted tax advantages and charitable incentives. Encouraging broad-based giveback is important to most communities. However, the potential for significant charitable giveback is shaped by wealth capacity. Higher net-worth households simply have greater capacity to giveback because they control more wealth. We have prepared analysis on the distribution of assets by type.

Figure 8 provides a graphic illustration of how the asset mix changes with High Net Worth (HNW) households nationally. While this mix of assets will vary somewhat from geography to geography and vary significantly from wealth holder to wealth holder, the overall pattern is likely to be consistent as we move from national patterns to New York and to foundation areas. For those HNW households with CNW levels of under \$5 million a significant portion of their wealth is concentrated in residential real estate, with lesser amounts in financial investments and businesses. Clearly the housing bubble and the Great Recession have reset valuations and significantly impacted this asset component. This reality is reflected in our projections.

Within the \$5 to \$10 million group, the allocation of assets is more equal between residential real estate, financial investments and businesses. As we progress to ever higher net-worth households, business holdings surpass financial investments, residential real estate and stocks and bonds ownership. While losses have occurred with the Great Recession in financial investments like stocks, there has been a relatively strong recovery particularly among active traders or higher net-worth investors. The impact on business holdings has been

mixed. For those who failed during or following the recession there have been significant losses, and these are likely to be permanent. However, for those businesses that made it through, many are actually stronger with higher valuations today. This mix of impacts will average out somewhat within the entire portfolio of HNW households. Within the cohort, there will be a wide range of good and bad impacts. (*Description of Assets* document at the following link includes a detailed description of financial and non-financial assets <http://bit.ly/oi0tHR>.)

**Figure 8 – Distribution of Assets**

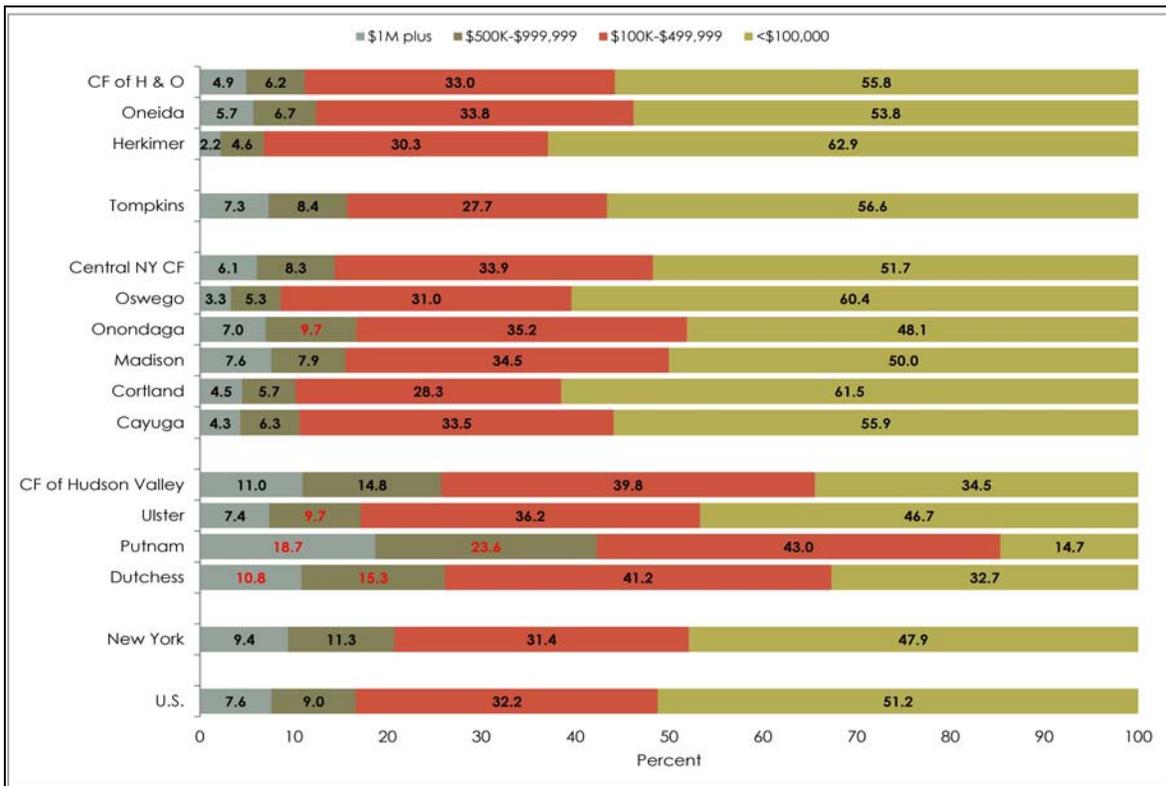


Source: The Federal Reserve Board, *Survey of Consumer Finances, 2007*

\*Financial assets include all financial assets but exclude stocks & bonds.

\*\*Non-financial assets include all non-financial assets but exclude residence and business.

**Figure 9 – Household Current Net-Worth Shares**



Source: ESRI, 2010 Data, January 2011 & RUPRI Center for Rural Entrepreneurship, August 2011.

### Discounting Household Current Net-Worth (CNW)

We discount the CNW to better reflect the actual philanthropic opportunity by eliminating assets that are unlikely to become available for giveback.

## Additional Resources

There are better data available about national wealth holding, allowing researchers to provide more detailed analysis of trends than can be obtained with state and county level research. This national level analysis creates an important historical context for this Transfer of Wealth work that is useful in identifying the best way to use this study as a foundation for policy and practice. To provide some of this grounding in the study of wealth holding in the U.S., we produced *American Wealth – Household Wealth Holding in America* (<http://bit.ly/omLThD>). This report combines various information sources to create a useful chart book that can quickly help you and your communities better understand the community development philanthropy opportunity.

In addition to this national level picture of wealth holding, we have prepared an electronic library containing additional research and analysis to help develop a deeper understanding of the TOW scenario analysis results and to develop communication messages for sharing this work with others in the state. All of these items can be accessed through the following link <http://bit.ly/oi0tHR>.

The primary goal of this TOW research is to help individuals, communities, donors and organizations gain a better understanding of the remarkable TOW opportunity. Goal setting is important in our culture and a way of doing business. Individuals, communities and even nations can be mobilized in powerful ways when there are clear goals and opportunities for being part of the effort. The TOW estimates provide not only a good idea of the size of this opportunity, but the ability to set donor development goals that can translate to endowment building and strategic grant making. The 5% TOW capture target used in this analysis is based on early TOW experience in Nebraska and the real experiences of communities that are working toward achieving this goal. It provides a reasonable target for people who care about their communities and regions.

### Understanding the Timing of a Region's TOW Opportunity

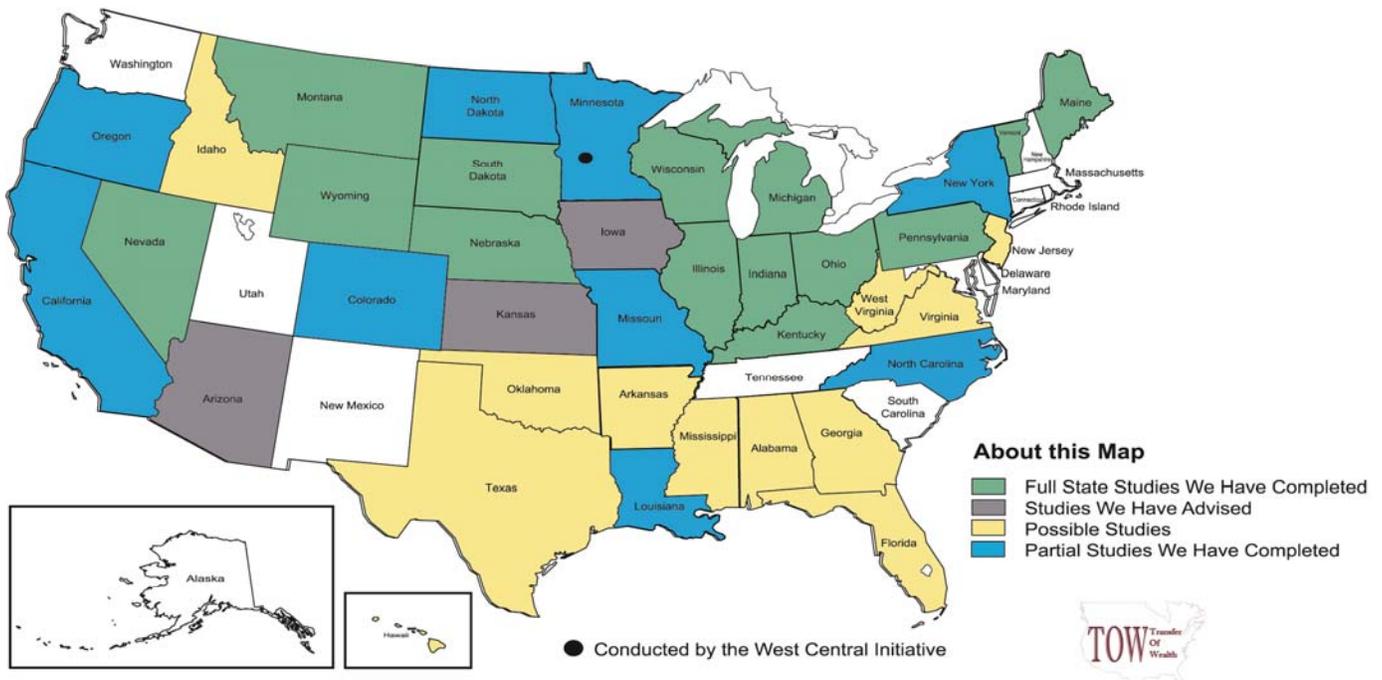
Closely related to the demographic structure of a community (e.g., age cohort groups and relative change within these groups over time), each community will have a unique distribution of TOW over time. To better describe the timing of county and state TOW opportunities, we have produced TOW transfer charts for each of the Foundation area. These charts provide important insight into a likely scenario of when inter-generational transfer of wealth will occur year by year and decade by decade over the 2010 through 2060 study timeframe. Communities that are aging and undergoing population loss typically see their TOW transfer concentrated in the earlier decades of the study period. Conversely, communities that are home to younger families with children (e.g., new suburban neighborhoods) will see new wealth building over time and the TOW opportunity will be more concentrated in the out decades. These charts are available through the electronic library we have provided with this Technical Report.

This technical report shares the basic data and background information that you can use to communicate the TOW potential in the communities and regions that you serve. We believe it is important to learn from others who have used TOW as a tool to stimulate strategic discussions. We recommend the following report from the San Diego Foundation as an excellent example of how our partners have communicated about the TOW opportunity to community leaders – [Our Region's Future Funding](http://bit.ly/o1bQIE) (<http://bit.ly/o1bQIE>). Several key features of this report include:

- Elements of a branding campaign including “Strive for 5%” and “Plan Today For Good, For Ever”
- Demonstration of the potential behind TOW capture by showing how actual community projects across the county could be funded through endowments built by capturing just 5% of the TOW opportunity
- Outline of a strategy for what communities can do to translate their affinity for a place (or an interest such as organic community gardens) into an endowment fund

Our experience with TOW is extensive (see map below). Each new study and the work on the ground that grows out of it contribute to the further development of the model and our ability to share promising practices with other communities across North America. To learn more about the RUPRI Center’s TOW research and what communities are doing with that learning, contact Don Macke at 402.323.7339 or [don@e2mail.org](mailto:don@e2mail.org).

**Figure 10. Transfer of Wealth Studies Conducted & Advised in the U.S.**



**Figure 11 - Current Net-Worth and 10 Year Estimated Transfer of Wealth Opportunity Scenario – Total and Per Household (PHH) Values**

Place	2010 Net-Worth		10 Year TOW		5% Capture		5% Payout	
	(\$ billions)	PHH	(\$ billions)	PHH	(\$ millions)	PHH	(\$ millions)	PHH
<b>U.S.</b>	<b>\$28,065.17</b>	<b>\$235,000</b>	<b>\$6,162.74</b>	<b>\$51,500</b>	<b>\$308,137.21</b>	<b>\$2,600</b>	<b>\$15,406.86</b>	<b>\$130</b>
Dutchess	\$37.02	\$349,800	\$11.50	\$108,700	\$575.07	\$5,400	\$28.75	\$270
Putnam	\$21.32	\$616,000	\$4.36	\$126,000	\$218.17	\$6,300	\$10.91	\$320
Ulster	\$15.88	\$223,400	\$6.14	\$86,400	\$306.86	\$4,300	\$15.34	\$220
<b>Community Foundations of the Hudson Valley</b>	<b>\$74.22</b>	<b>\$350,900</b>	<b>\$22.00</b>	<b>\$104,000</b>	<b>\$1,100.10</b>	<b>\$5,200</b>	<b>\$55.01</b>	<b>\$260</b>

## Acknowledgements

The '*Wealth in Selected Foundation Areas in New York: A Transfer of Wealth Opportunity*' was sponsored by four foundations. These are: Central New York Community Foundation covering Cayuga, Cortland, Madison, Onondaga and Oswego Counties, The Community Foundation of Herkimer & Oneida Counties covering Herkimer and Oneida Counties, Community Foundations of the Hudson Valley covering Dutchess, Putnam and Ulster Counties and Community Foundation of Tompkins County covering Tompkins County. This analysis could not have been completed without the assistance and counsel of numerous organizations and individuals. We would like to recognize the leadership and active support of Peter Dunn, President & CEO, Jennifer Owens, Vice President, Development & Marketing and Ivy Biswas, Development Associate of Central New York Community Foundation, Peggy O'Shea, President & CEO, Elayne Johnson, Director of Donor Services and Anne White, Director of Marketing & Communications of The Community Foundation of Herkimer & Oneida Counties, Inc., Andrea L. Reynolds, President & CEO and Cynthia A. Lowe, Vice President, Ulster of Community Foundations of the Hudson Valley and George Ferrari, Executive Director of Community Foundation of Tompkins County. Their interest in bringing this research to their foundation areas to encourage homegrown philanthropy as a potential source of funding for economic renewal is a source of inspiration to many.

We owe special thanks to the members of the Technical Advisory Committees who have helped us gain a deeper understanding of these foundation study areas and to produce more meaningful research.

This work has been undertaken in partnership with the Grantmakers Forum of New York. We would like to offer a special thank you to Liz Wilder, CEO and President of the Grantmakers Forum of New York for her vision and leadership in making this project possible and productive.

*The authors of this study include Don Macke (Project Leader), Ahmet Binerer (Research Analyst), Dr. Deborah Markley (Report Editor) and John Hitt (Report Editor). The Center has completed over 40 major Transfer of Wealth (TOW) studies since the early 2000s and copies for most of these reports can be found at our website (<http://bit.ly/gPYoeU>).*