

Transfer of Wealth in Maryland

Charlotte Davis | Rural Maryland Council

What is Transfer of Wealth (TOW)?

- TOW is an estimate of American household wealth from which charitable giving could be realized.
- America is in the midst of the greatest intergenerational transfer of wealth (TOW) in our history.
- Between 2017 and 2066, an estimated \$72 trillion (in 2016 dollars) will transfer from one generation to another in the U.S.
- In the coming decade, 2016 through 2026, the TOW opportunity is over \$7.7 trillion.

Why study TOW?

- America's rural communities are struggling to find the financial resources necessary to support community and economic development.
- Traditional sources such as government funding are stagnant or declining.
- Possibly the single largest underdeveloped resource is community-based philanthropy fueled by capturing some portion of the TOW opportunity.

Transfer of Wealth Project Goals

- As the rural areas become older in population due to the outmigration of young people and the influx of retirees, when the older generation passes on the assets are transferred to the younger generation that often resides in an urban or suburban jurisdiction.
- This transfer represents lost wealth for rural jurisdictions.
- By focusing efforts to encourage giving to local rural charities as well as investing locally, some of that lost wealth can be retained strengthening the community.

TOW Project Description

- Earlier this year, the Rural Maryland Foundation with support from the Rural Maryland Council contracted with the Center for Rural Entrepreneurship to conduct an economic analysis of this transfer of wealth.
 - Convened a Technical Advisory Committee to help support the work of the Center
- This analysis pinpointed where in Rural Maryland this transfer is the greatest and where the greatest opportunity for tapping into this wealth exists.

-Don Macke with the Center for Rural Entrepreneurship lead the TOW efforts

TOW Methodology

- The TOW model produces scenarios based on projections of likely futures, not predictions or forecasts of actual future outcomes. Scenarios are driven by key assumptions about the future.
- The first consideration in any TOW study is the establishment of a base year for analysis. For this study, 2010 was chosen as the base year.
- The analysis is conducted in “inflation-adjusted dollars.”
- Steps included estimating current net worth, building demographic/population models, discounting assets, estimated timing of release and verification.

About the Project Study

- Estimated household net worth in 2016
- Estimated 10-year and 50-year transfer of wealth opportunity
- Produced timing charts
- Produced estate transfer charts
- Illustrated source of wealth in 2016 by asset type (property, investment, etc.)

-detailed docs on Foundation website: ruralmdfoundation.org

2016 Household Current Net Worth



ESRI Estimates for 2016

Median CNW - \$187,201

Mean CNW - \$812,500

Gross CNW - \$528.3 Billion

Discounted CNW Estimates

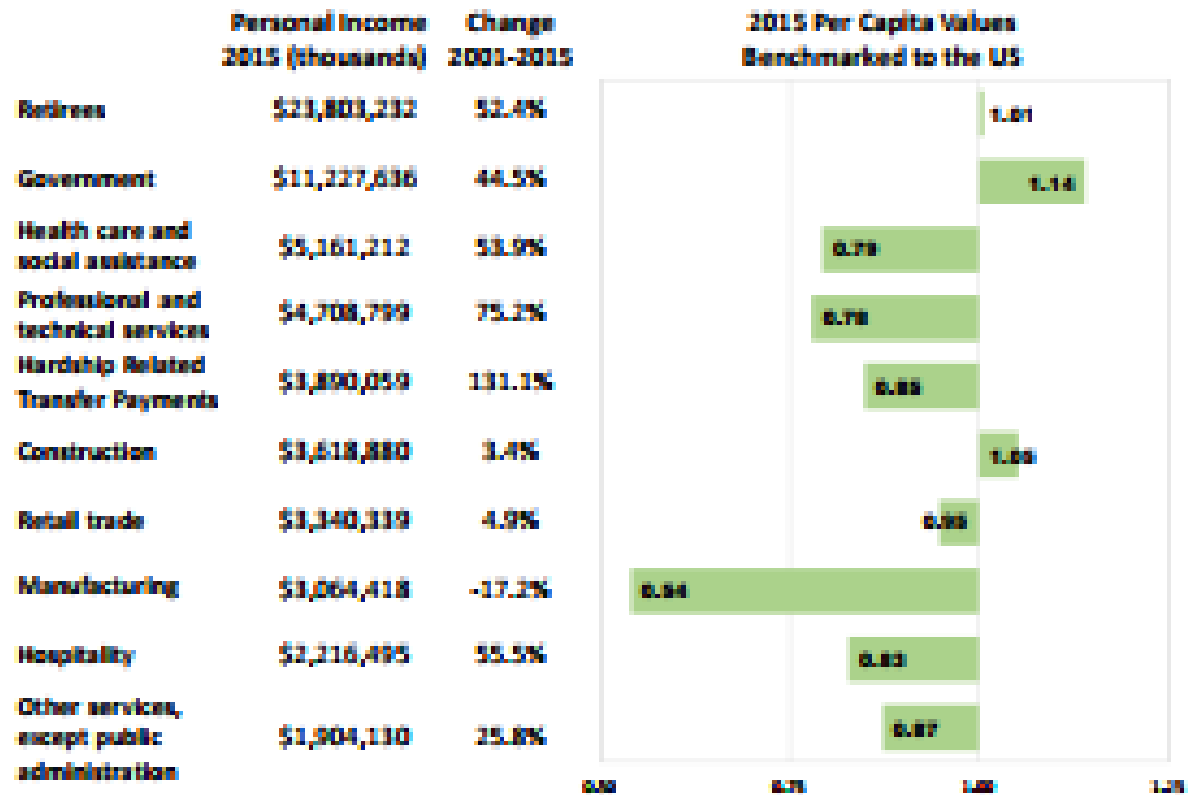
High Capacity – 27.8%

180,459 Households

65-74 Age Group ANW - \$1.4 mil



MD Rural Economic Drivers

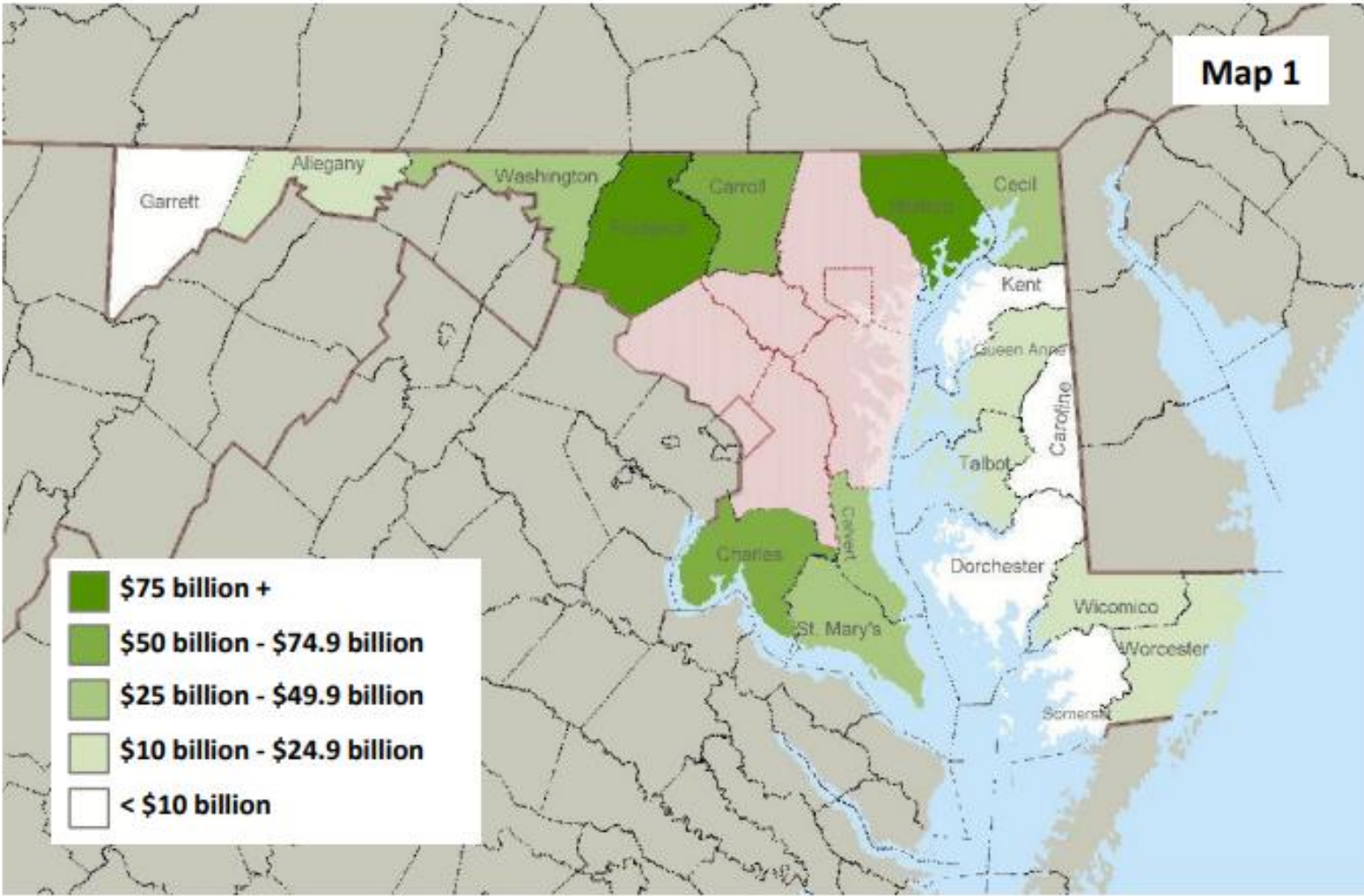


Rural Maryland's TOW

The Center for Rural Entrepreneurship's 2017 Transfer of Wealth Opportunity Analysis for the Rural Maryland Region has produced the following findings:

- 2016 Household Current Net Worth - \$530 Billion
- 10-Year (2017 through 2026) TOW Opportunity - \$64 Billion
- 50-Year (2017 through 2066) TOW Opportunity – \$703 Billion

Total 2016 Current Net Worth

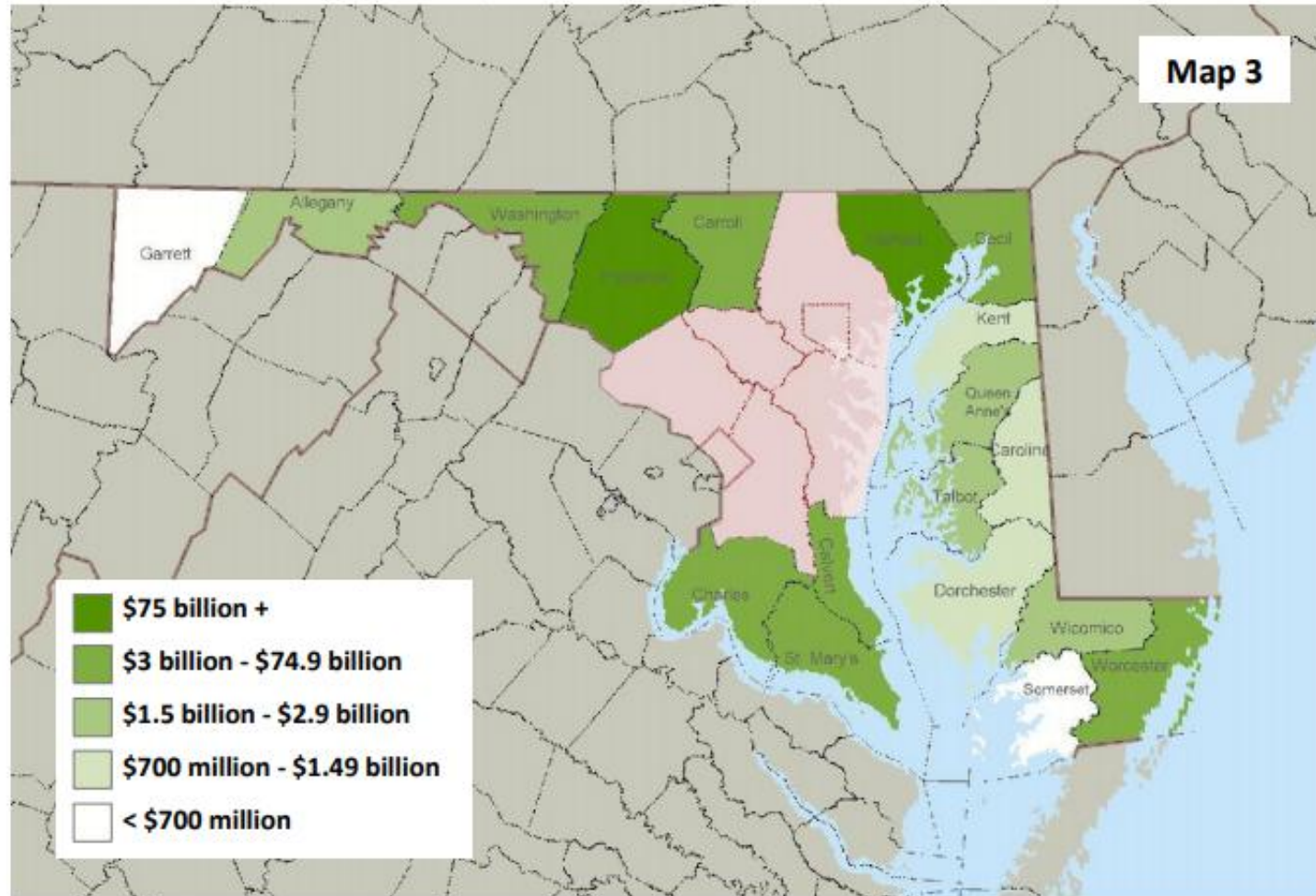


Rural Maryland's TOW continued

- Acting aggressively on the 10-year TOW opportunity and achieving a five percent giving goal, the State and its communities would realize the following:
- 10-Year Opportunity – \$64.1 Billion Transferring between 2017-2026
- 5% Giving Goal Realized –\$3.2 Billion in New Community Endowments
- 5% Sustained Annual Payout –\$160 Million a year in Perpetual Grant Making

-for more info...List location or contact for specification (or other related documents)

10-Year TOW Value (2017-2026)



- Acting aggressively on the 50-year TOW opportunity and achieving a five percent giving goal, the State and its communities would realize the following:
- 50-Year Opportunity – \$702.5 Billion Transferring between 2017-2066
- 5% Giving Goal Realized –\$35.1 Billion in New Community Endowments
- 5% Sustained Annual Payout –\$1.8 Billion a year in Perpetual Grant Making

Next Steps

- Creating strategies for how to capture this wealth opportunity
- The Foundation has continued the work of the Technical Advisory Committee
 - The Committee held an orientation meeting last month to begin Phase 2 of the TOW project.
- Everyone is welcome to be a part of our efforts!
 - Committee will meet via conference call later this month.

Charlotte Davis

(410) 841-5774

charlotte.davis@maryland.gov
