

Estate Planning Council of Tompkins County
Thursday, October 13, 2011

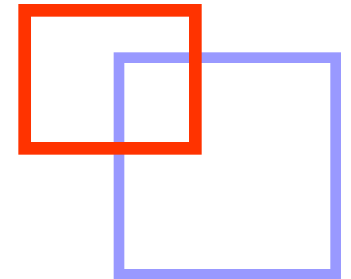
**Tompkins County Transfer of Wealth Opportunities
for your Clients**

Turning a One-time Opportunity into Long-term Good
for Tompkins County





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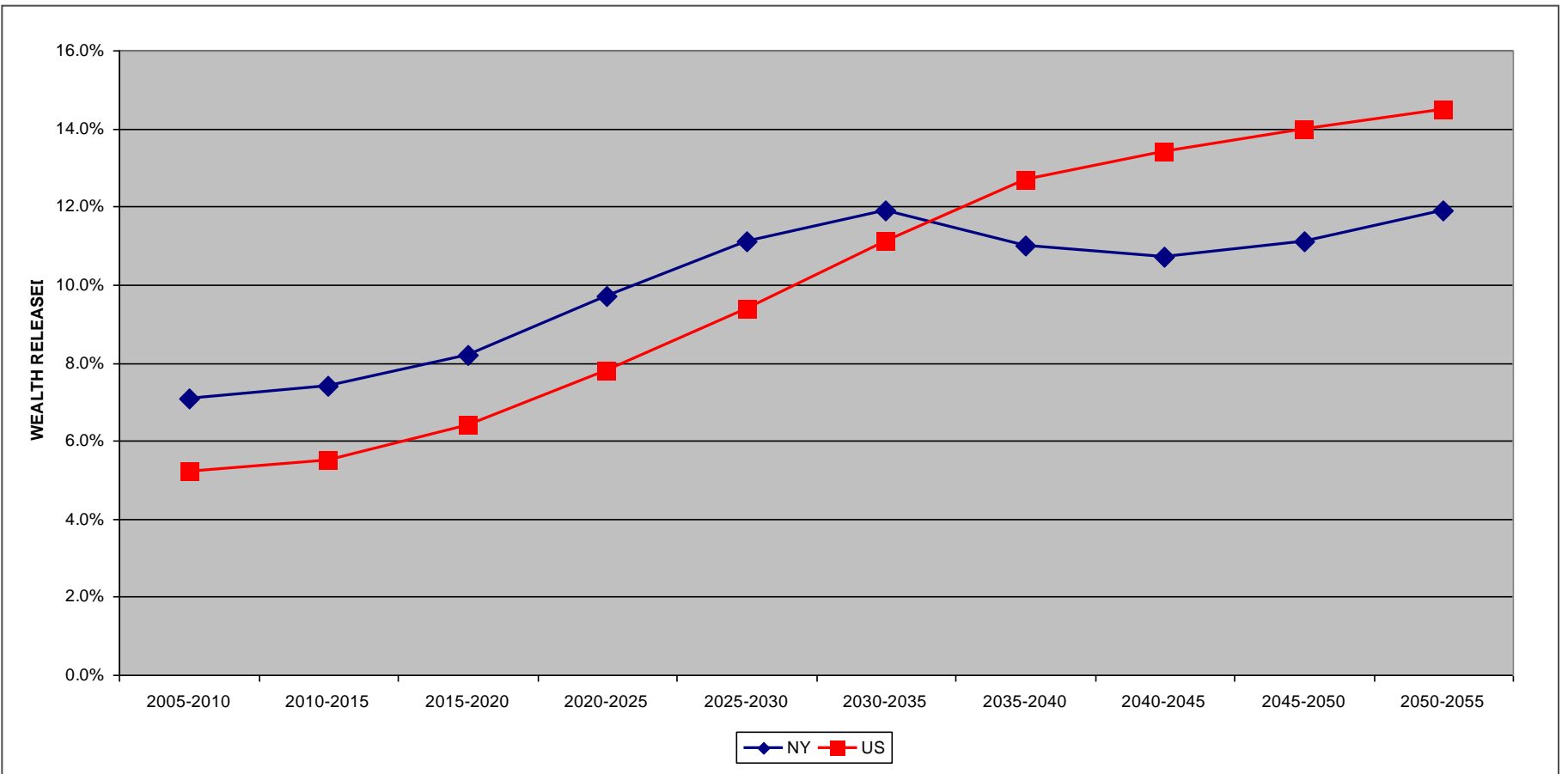


Surprising wealth transfer in next 50 years

▼ **\$53 trillion** in United States

▼ **\$2.07 trillion** in New York State

▼ **\$38.63 billion** total in Tompkins County



Wealth Transfer

A likely scenario for New York and the U.S.



Tompkins County, New York as of 2010

Population: 101,564

Current Net Worth

\$7.4 billion total

\$190,200 per household

Estimate
2,900 High Net Worth
Households
Assets of >\$500,000

LOOKING AHEAD



A possibility for the next 10 to 50 years

Opportunity to retain some portion of Tompkins County's generational transfer of wealth for future generations through planned giving into charitable endowments

5%



COMMUNITY WEALTH

Yesterday

- For generations, people lived entire lives close to their birthplace
- Tompkins County wealth generally passed from generation to generation, but primarily stayed in Tompkins County

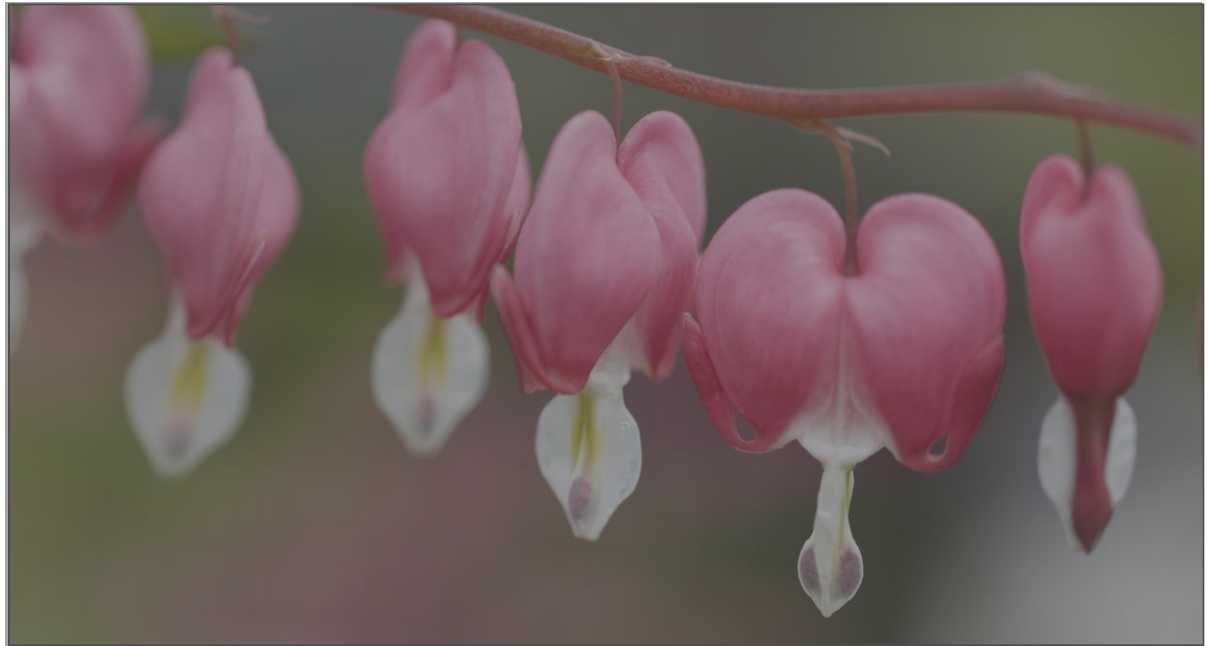


COMMUNITY WEALTH

Today

- Many of the next generation no longer live in our county
- Once the wealth leaves our community, it will never return

LOOKING AHEAD



Two possible scenarios

Tompkins County has a robust community endowment and a secure future; or,

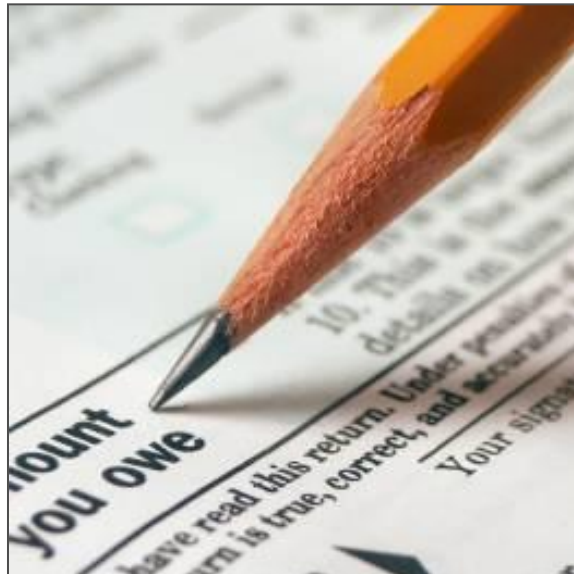
Much of Tompkins County wealth has been transferred to communities in California, Arizona, Florida and beyond.

PASSING WEALTH FROM ONE GENERATION TO THE NEXT

Three beneficiaries



Heirs



Taxes



Community

YEAR 1

Establish an
endowment

\$100,000 gift

INITIAL GIFT
INVESTED

YEAR 15

\$100,000 in
cumulative grants
and services

\$158,000 balance



1 TIME

YEAR 25

\$200,000 in
cumulative grants
and services

\$213,000 balance



2 TIMES

YEAR 50

\$625,000 in
cumulative grants
and services

\$455,000 balance



6+ TIMES

LOOKING AHEAD

One gift, many generations

assumes 5% annual payout and 8.5% rate of return



Impact if only 5% of Tompkins County wealth was given as charitable gifts designated for community endowments

\$126.51 million in 10 years

\$1.93 billion in 50 years

If people make a charitable gift of 5% of their estate to community endowments



YEAR 10

**\$126.5 million
charitable gifts**

**Range from
\$6.33 to \$33.5
million in total
grants**

**\$145.5 million
community
endowments**

YEAR 50

**\$1.93 billion
charitable gifts**

**Range from
\$96.58 million
to \$3.5 billion
in total grants**

**\$3.94 billion
community
endowments**

LOOKING AHEAD

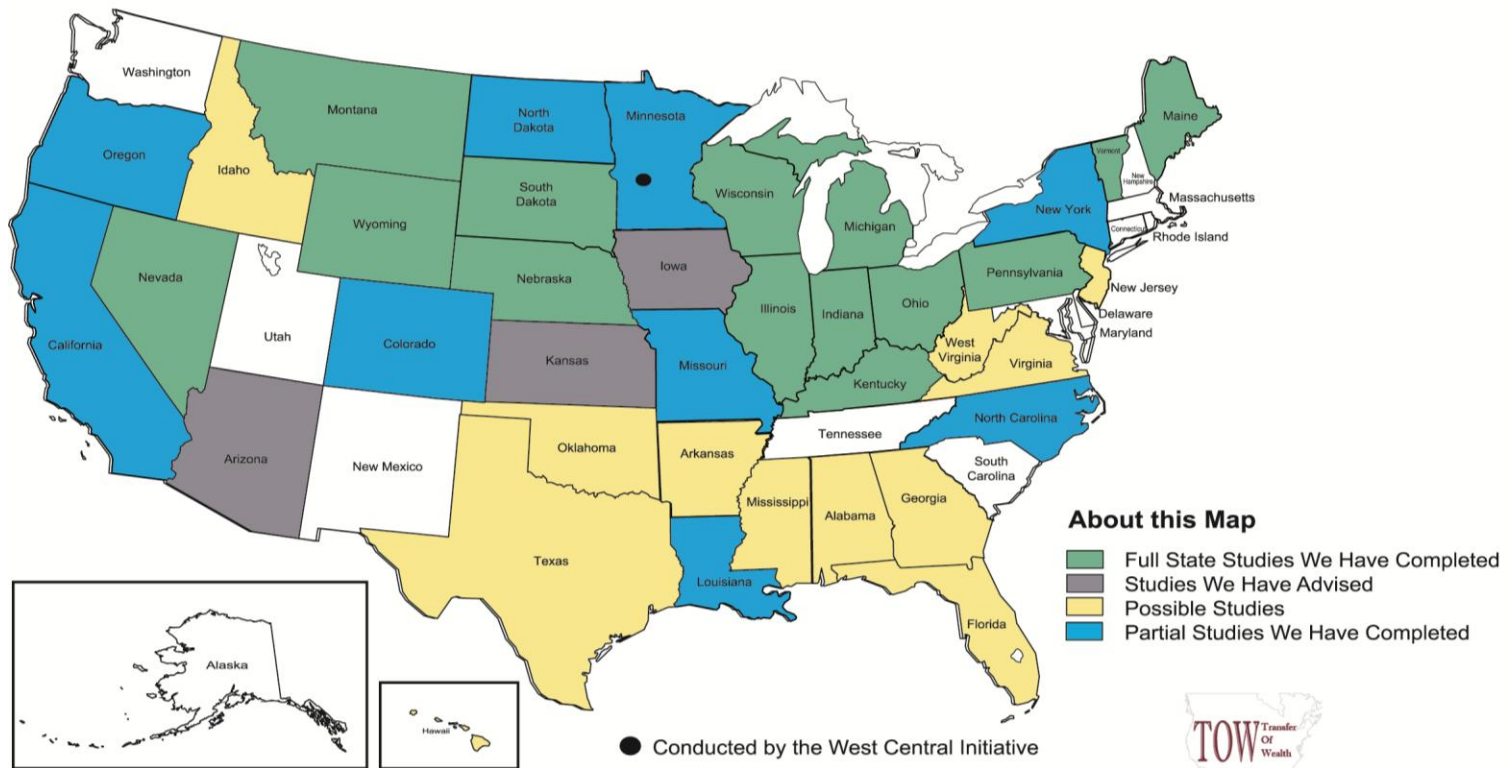
Many gifts, many generations

HISTORY & BACKGROUND

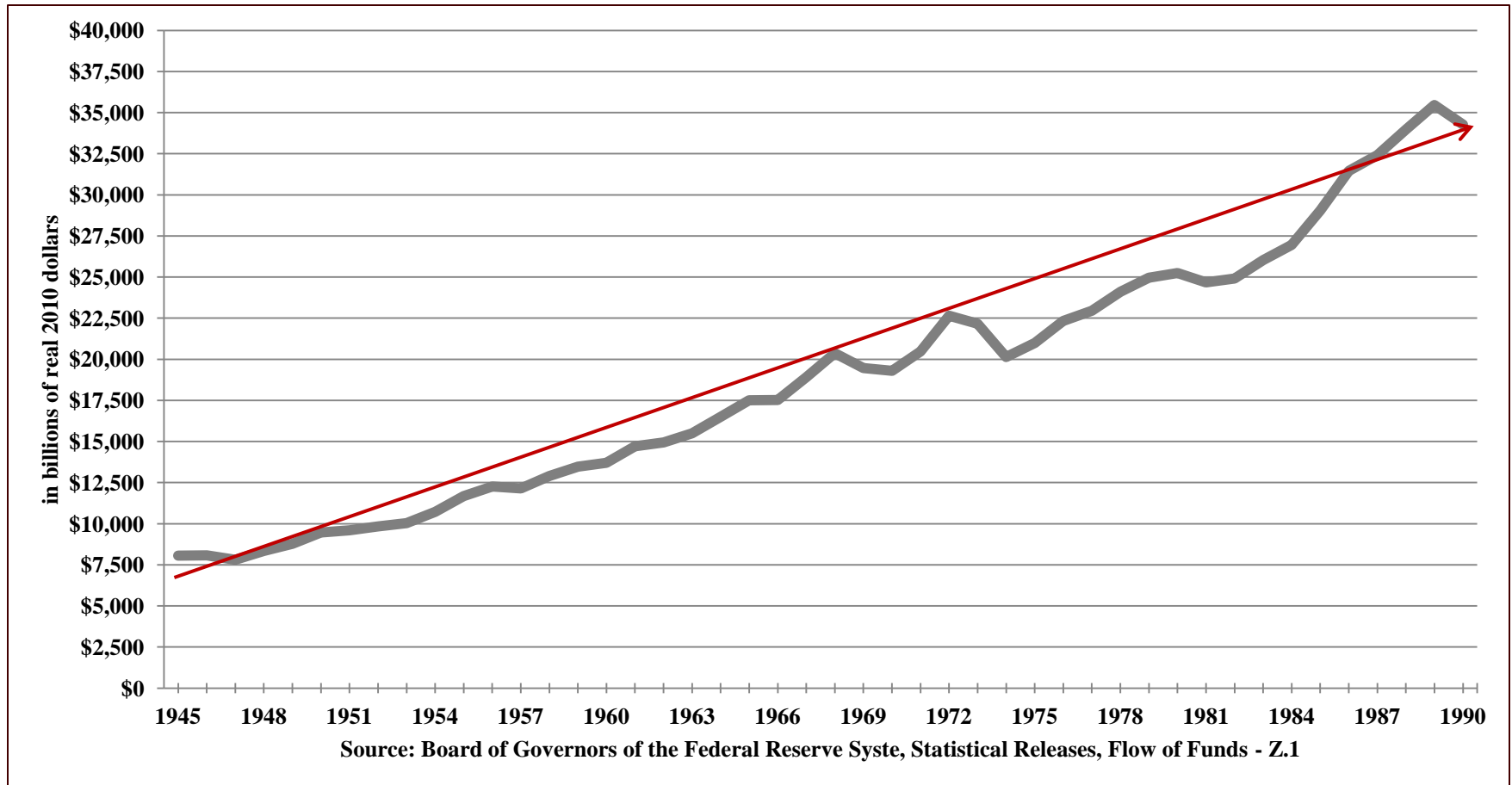


- **Millionaires in the Millennium (1999)**
 - Boston College
 - \$41 Trillion TOW opportunity
 - 1998-2052 period
- **Transfer of Wealth in Nebraska (2002)**
- RUPRI Center for Rural Entrepreneurship
- Completed over 38 studies in 1,100 communities

TOW Studies in the United States



U.S. Household Net Worth 1945-1990

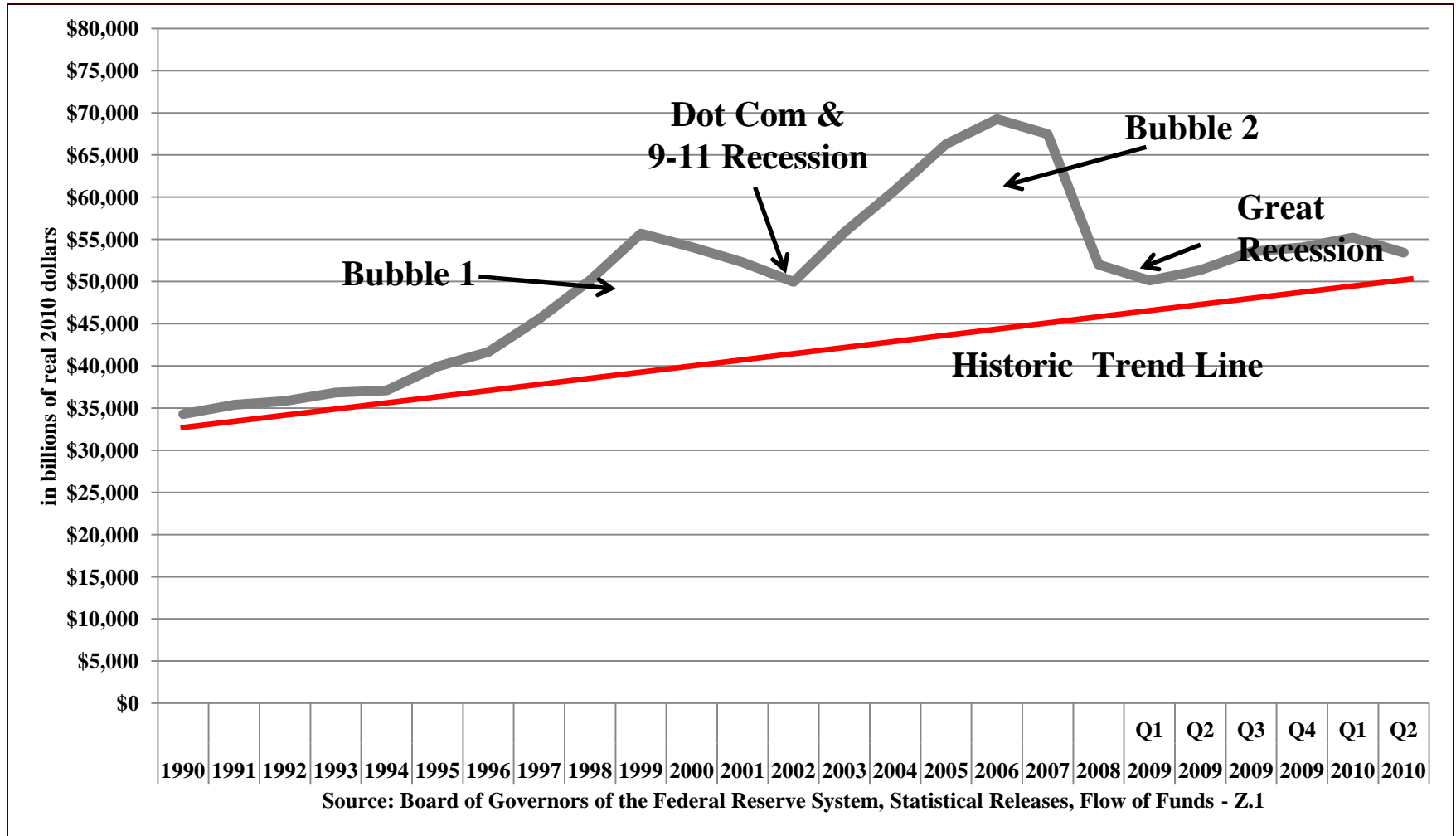


Events of the Last Decade



- Dot Com & 9-11 Crisis
- The Post 9-11 Recession
- Housing Bubble
- Financial Crisis
- The Great Recession of 2008

U.S. Household Net Worth 1990-2010 Q2



GRANTMAKERS FORUM



OF
NEW
YORK

Center for Rural
Entrepreneurship

energizing entrepreneurial communities

Participating community foundations:

- Central New York Community Foundation
- Community Foundation of Herkimer & Oneida Counties
- Community Foundation of the Hudson Valley
- Community Foundation of Tompkins County

Methodology



- ✓ Scenario Forecast **NOT** a Prediction Forecast
- ✓ Base year 2010, for 50 year period 2010-60
- ✓ Real **NOT** Constant Dollars

Estimating Net Worth

Step I



- ✓ **Survey of Consumer Finance**, The Federal Reserve Board
 - ✓ Triennial
 - ✓ Current Release: 2007

- ✓ **Flow of Funds**, The Federal Reserve Board
 - ✓ Current Release: December 9, 2010
 - ✓ Next Release: March 10, 2011

Estimating Net Worth

Step II



- ✓ Age Characteristics
- ✓ Market Valuation of Property by Class
- ✓ Concentration of Creative Class Employment & Income
- ✓ **D**ividends, **I**nterest & **R**ent (DIR) Income
- ✓ Proprietors' Employment & Income
- ✓ Residential Real Estate, Owned Businesses, Investments

Scenario Building



Step I

- ✓ Population projections
- ✓ Economic growth scenario

Step II

- ✓ Wealth Release

Step III

- ✓ Review & Verification

Estimating Net Worth

Step III



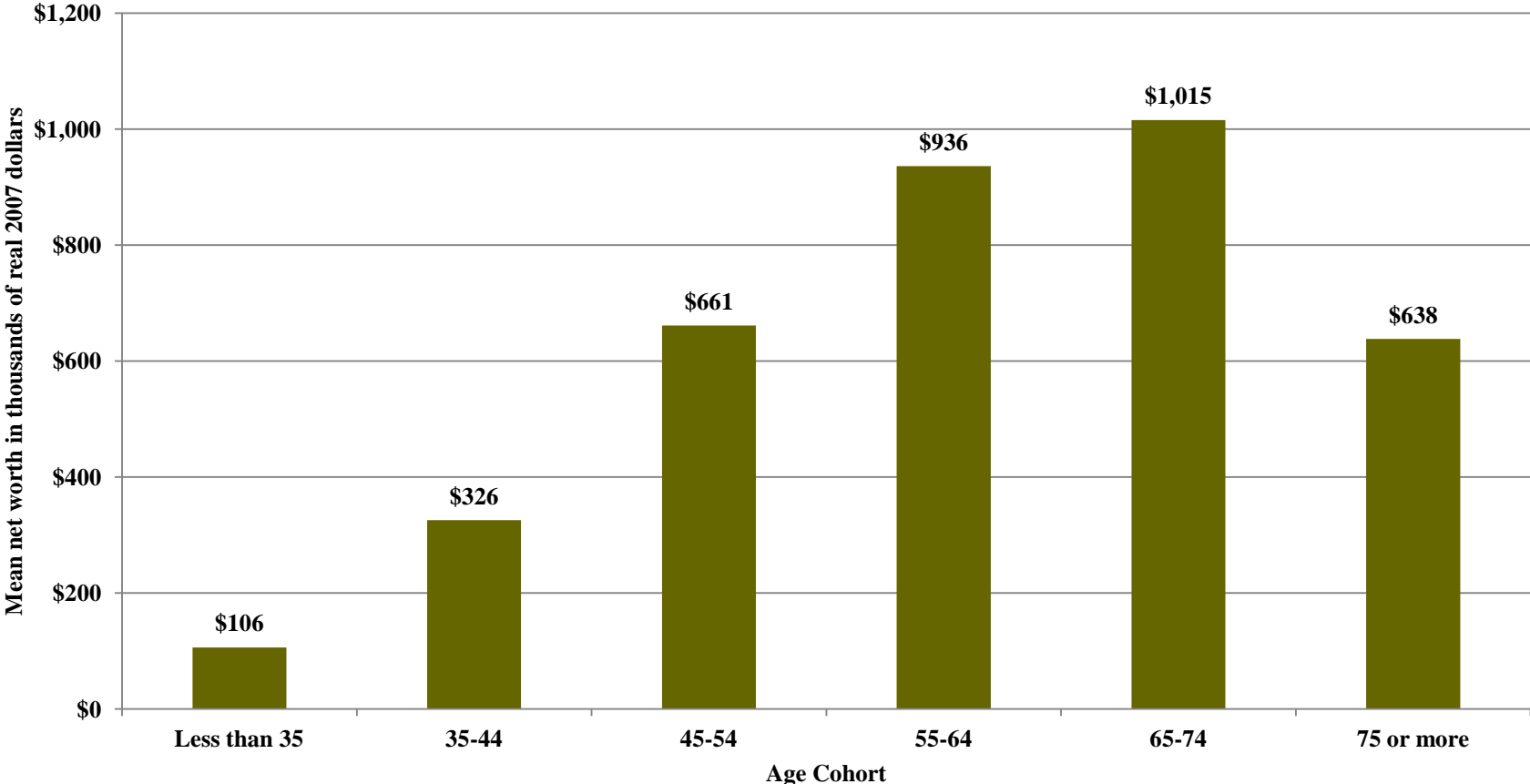
- ✓ Discounting assets
 - ✓ Motor vehicles, art, jewelry
- ✓ Immigrants
- ✓ Group quarters population
- ✓ High amenities, vacation homes, retirees
- ✓ Economic development projects
- ✓ Other special cases

Tompkins County Technical Advisory Committee

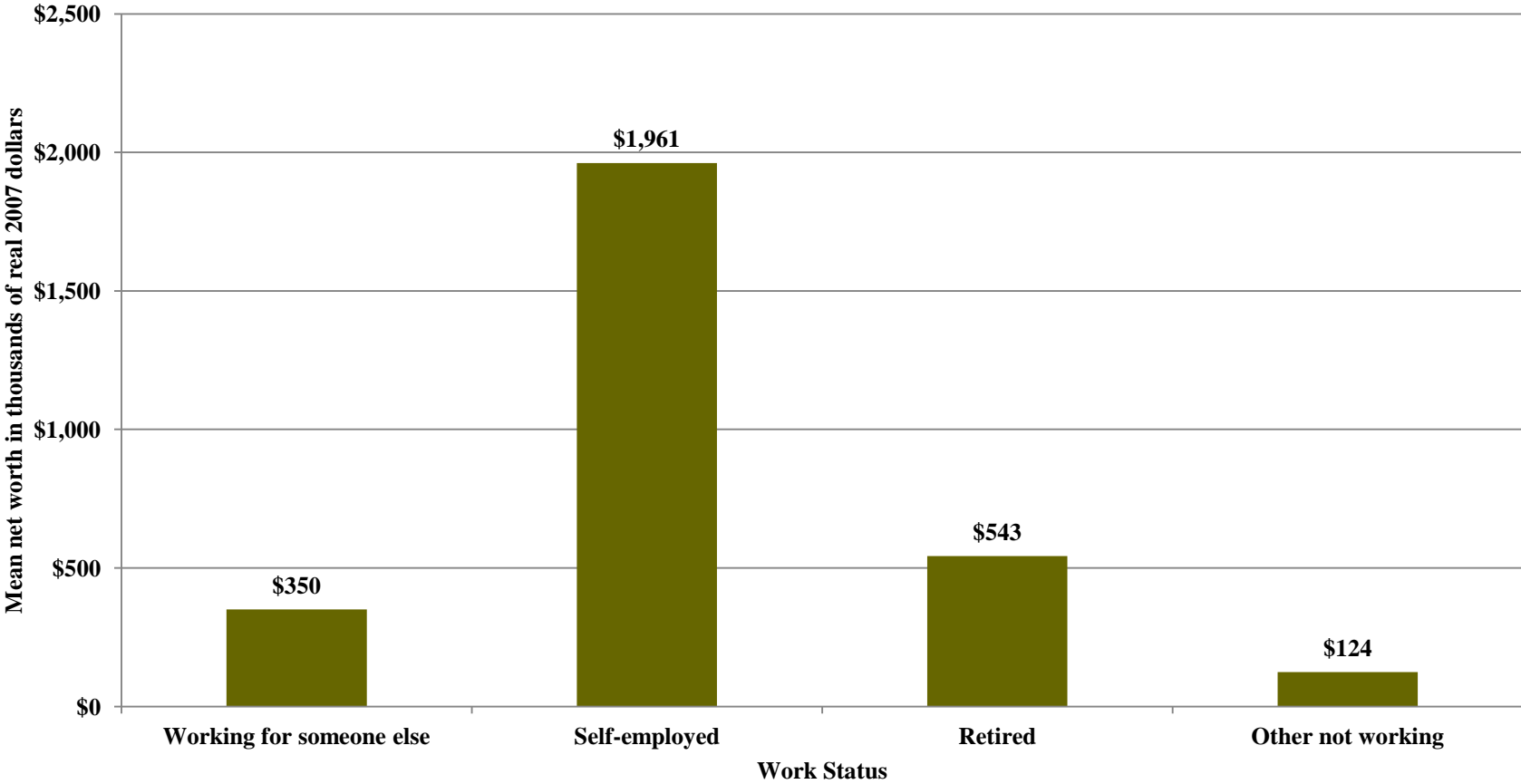


- **Suzanne Aigen**, Aigen Agency
- **Martha Armstrong**, Tompkins County Area Development
- **Fred Ballantyne**, TIAA-CREF and former Community Foundation Board
- **Mary Berens**, Cornell (ret.) and Community Foundation Board
- **Phyllisa DeSarno**, Economic Planning, City of Ithaca
- **David Kay**, CARDI, Cornell University
- **Paula Peter**, The Solstice Group
- **Ed Marx**, Tompkins County
- **Jean McPheeters**, Tompkins County Chamber of Commerce
- **Ed Morton**, Chemung Canal Trust Company and Community Foundation Board
- **Karen Sharkey**, Audrey Edelman USA Realty
- **David Squires**, Tompkins County, Director of Finance, and Community Foundation Board
- **Frost Travis**, Travis & Travis Development and Ithaca Rentals and Renovations
- **Bryan Warren**, Warren Realty

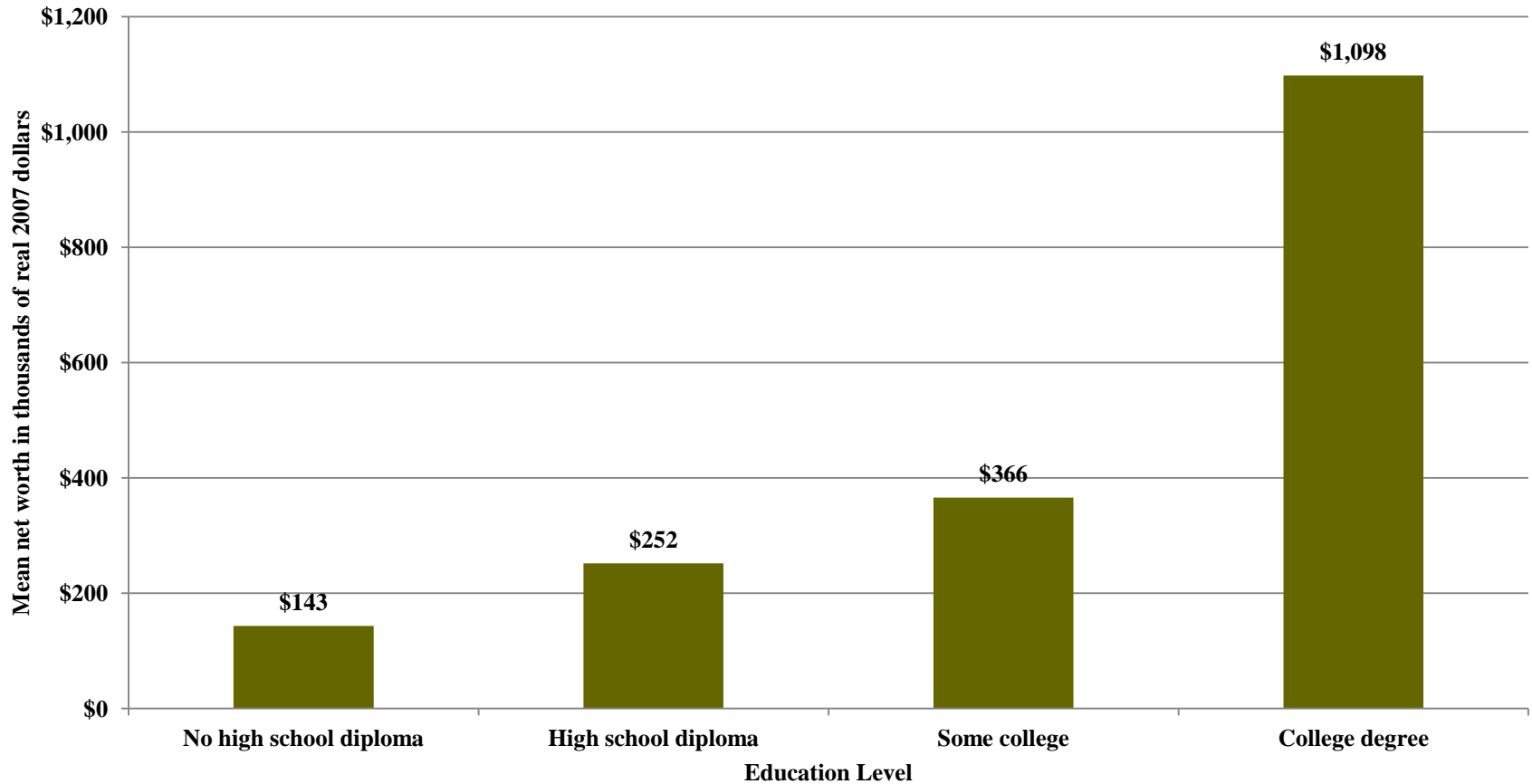
Average U.S. Net Worth by Age



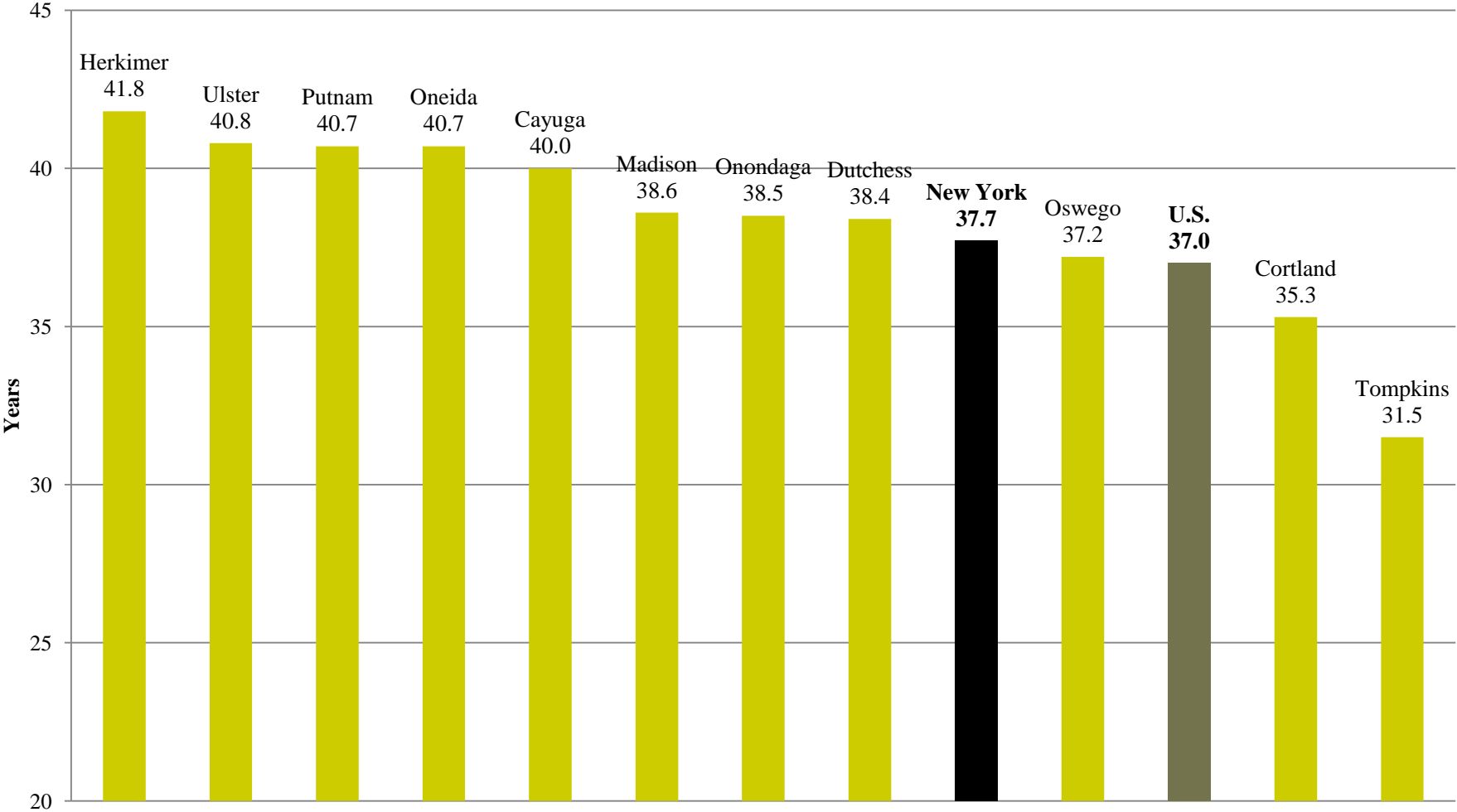
Average U.S. Net Worth by Work Status



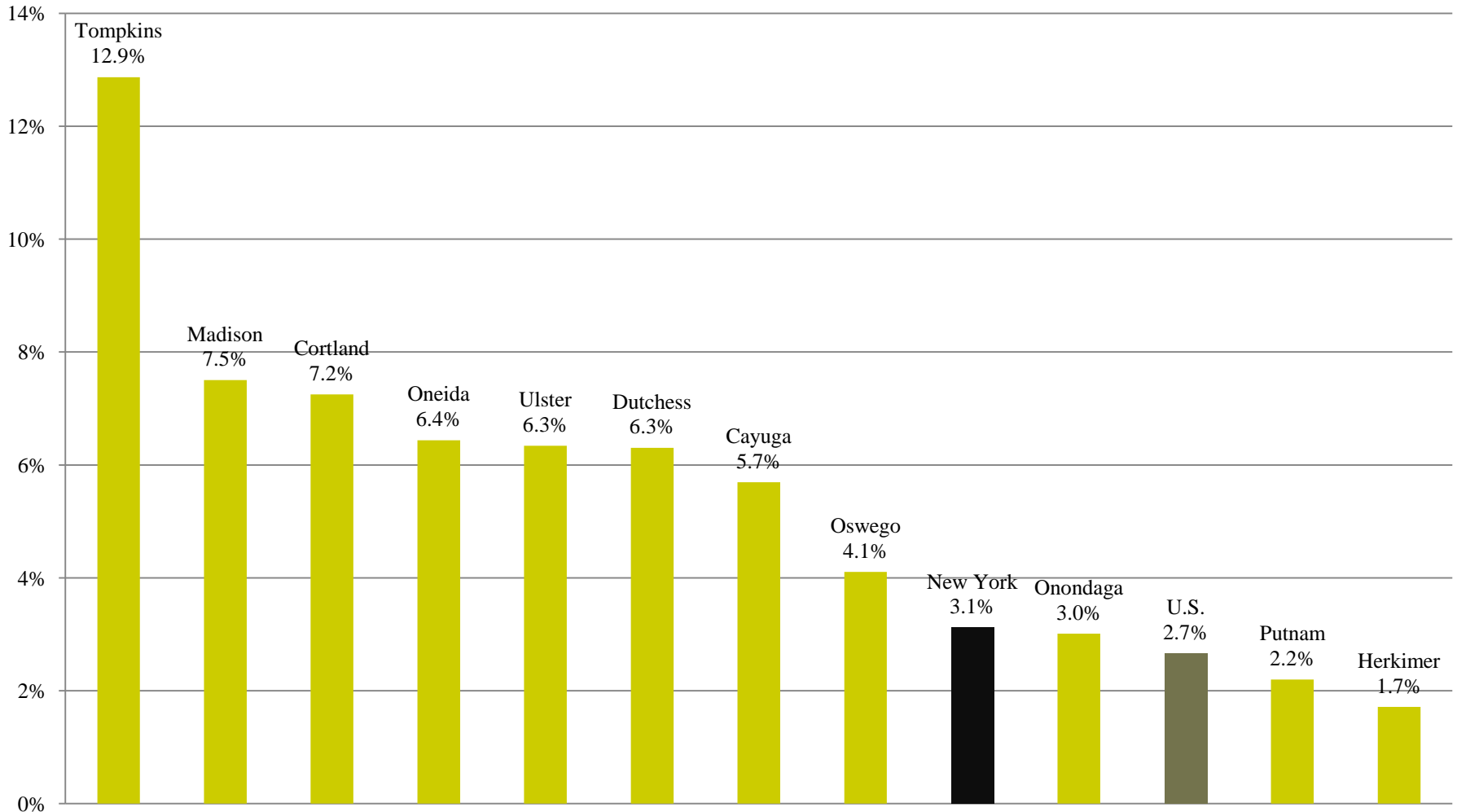
Average U.S. Net Worth by Education Level



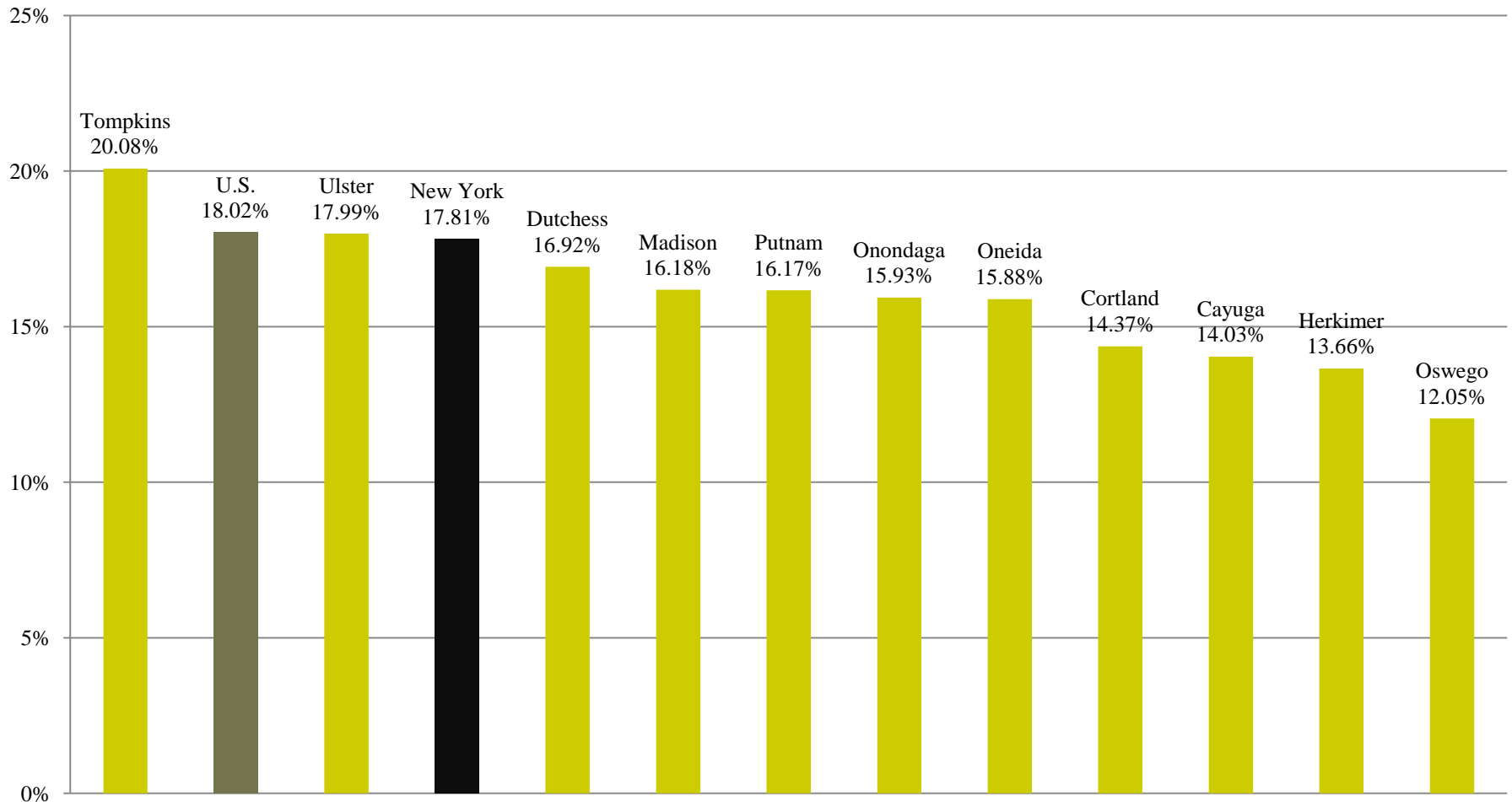
Median Age, 2010



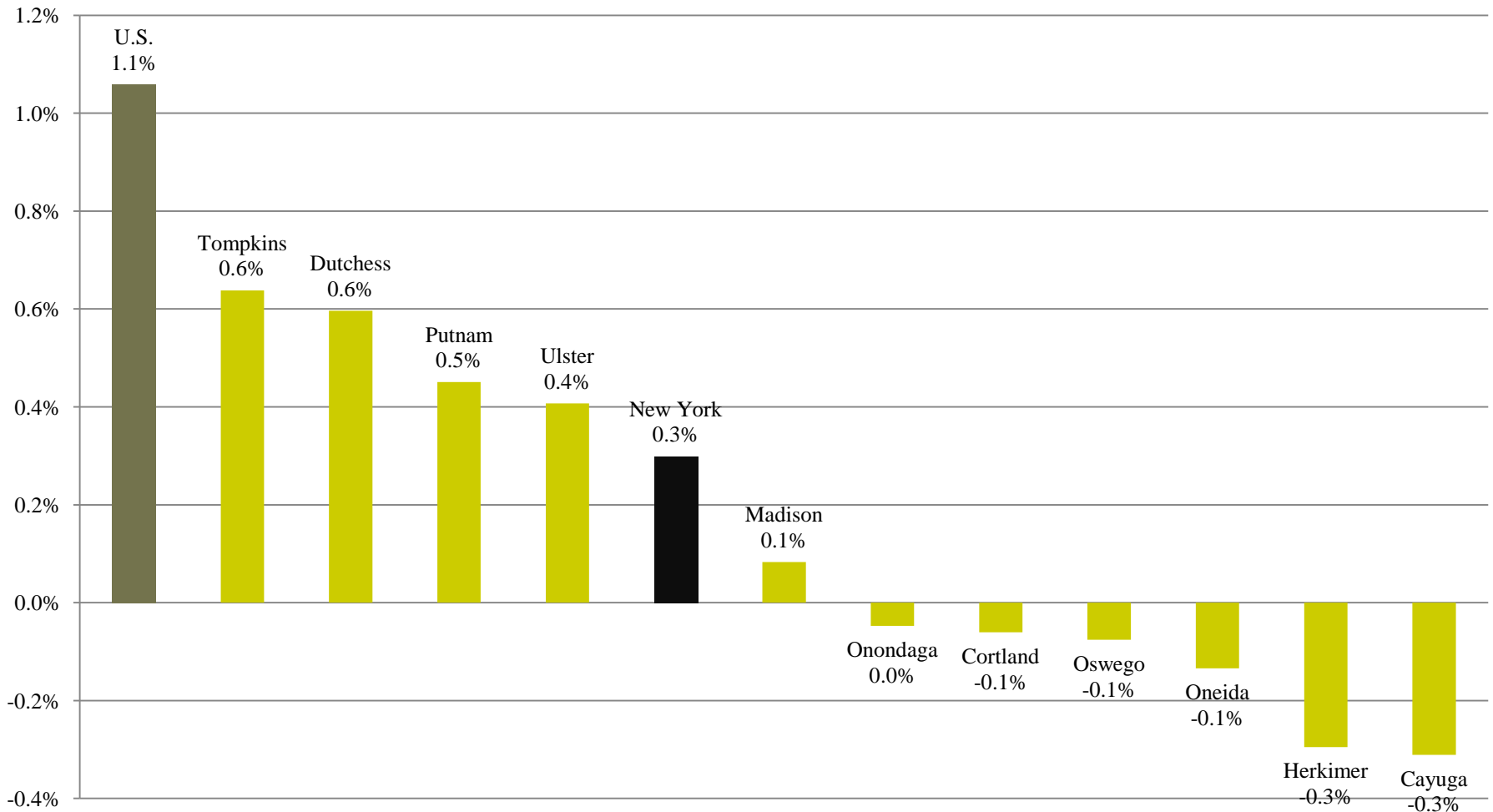
Percent of Group Quarters Population, 2010



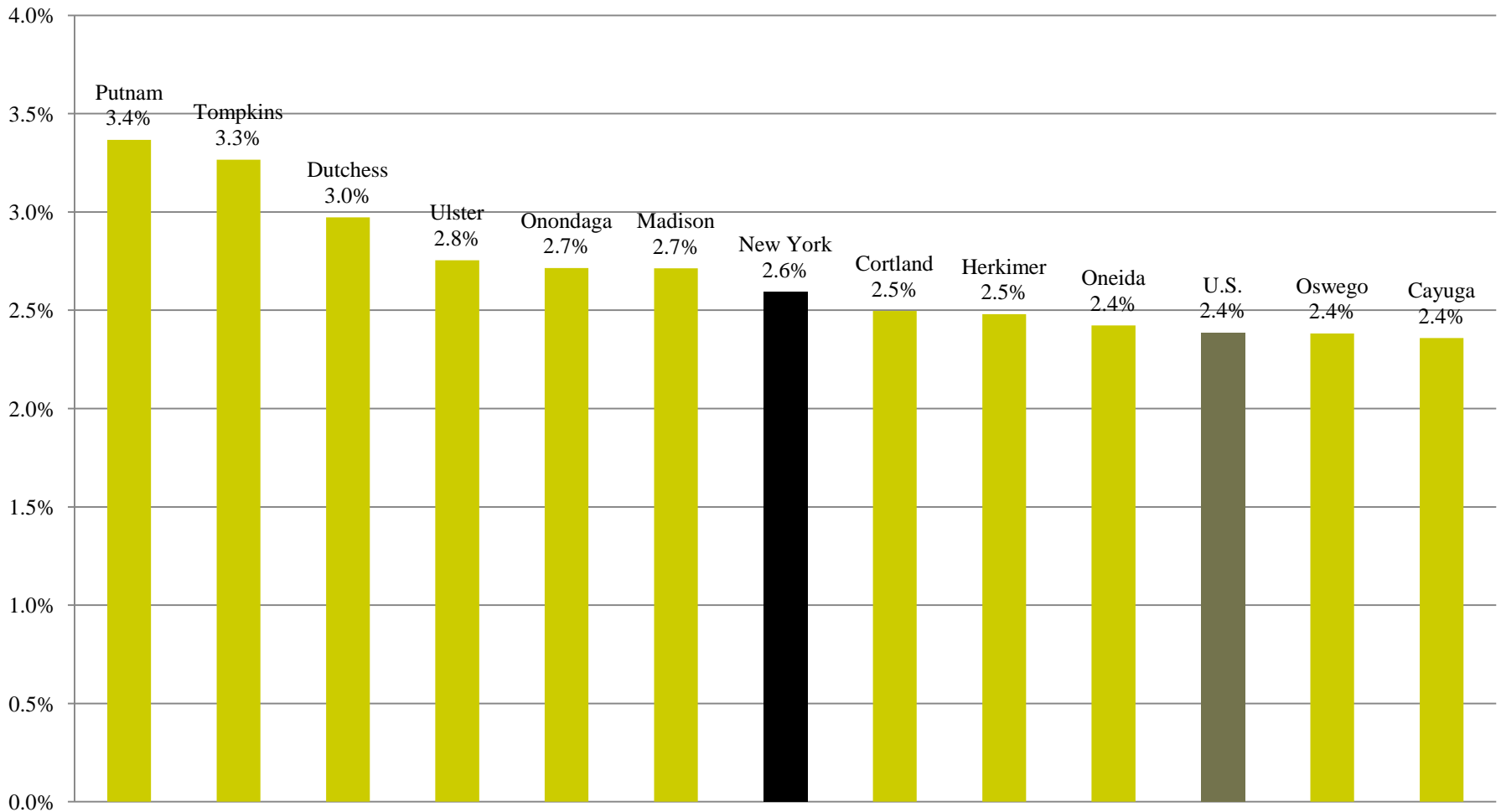
Percent of Dividends, Interest and Rent Income, 2009



Population Growth 2000-2010 (Annual)



Per Capita Income Growth 2000-2010 (Annual)



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LOOKING AHEAD

Many gifts, many generations



Everyone can be a philanthropist, with the help of professional estate planners