

Introduction to Intergenerational Transfer of Wealth Studies

April 9, 2025

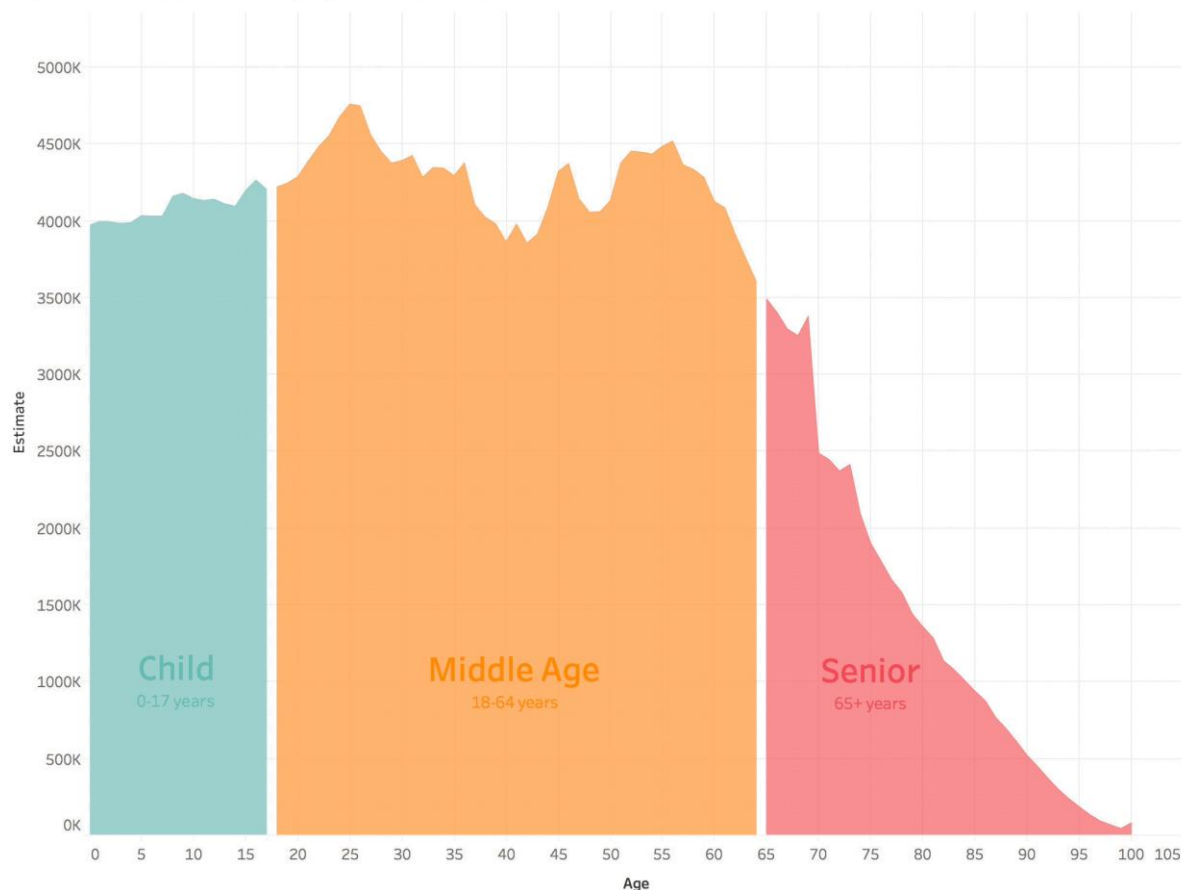
Ben Winchester

Extension Department of Community Development

<http://z.umn.edu/transferofwealth>



Population Distribution by Age Group in 2016

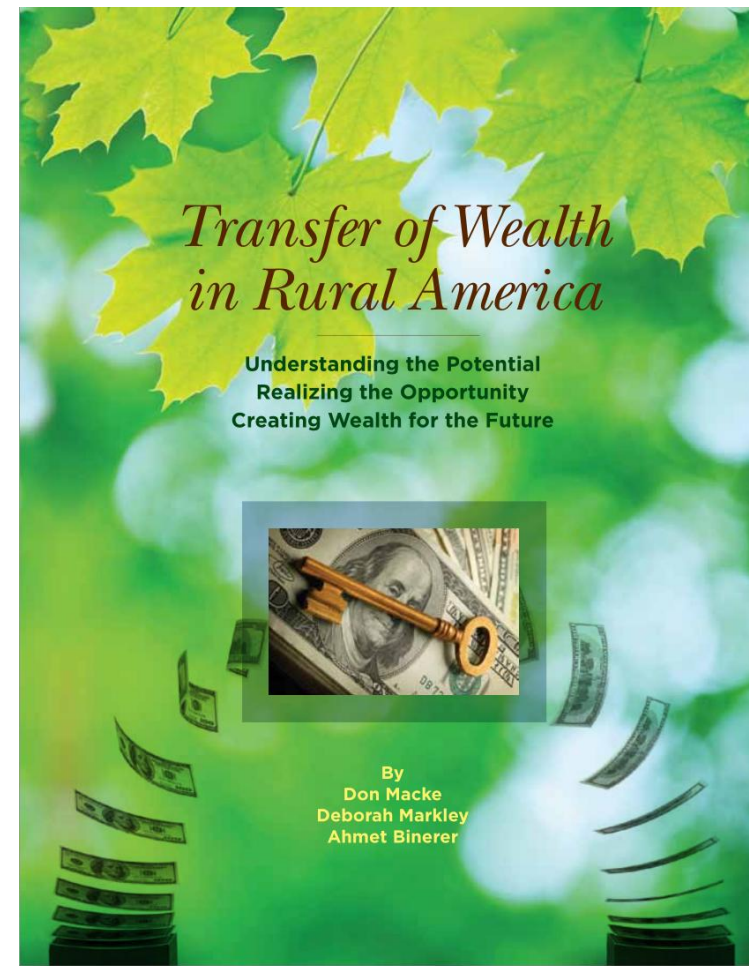


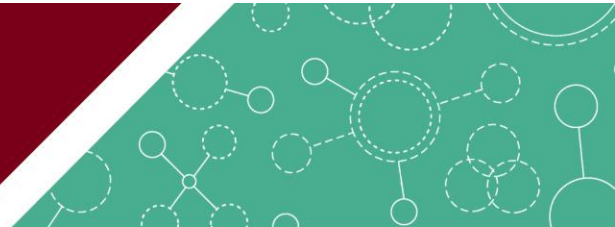
*The “graying” of rural
with higher % of seniors*



What is Transfer of Wealth?

The wealth that will transfer from one generation to the next in over the next decade.





The Transfer of Wealth includes:

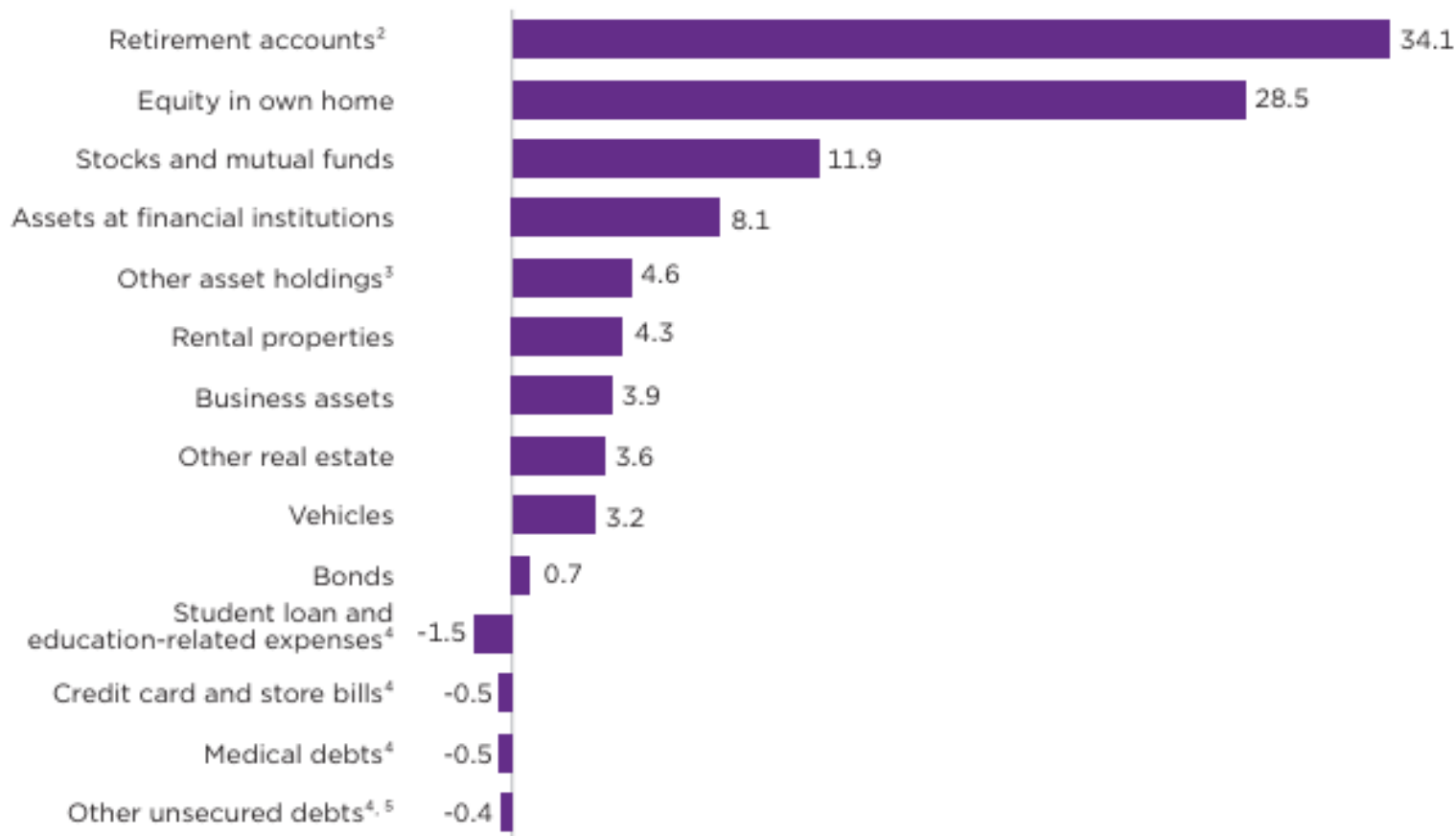
Household Wealth

- Savings, checking, and investment accounts
- Life insurance
- Residential real estate and homes
- Retirement accounts

Business Wealth (held by individuals)

- Closely held farm and business assets
- Agricultural real estate

Figure 1.
Composition of Wealth by Asset Type: 2021¹
(In percent)



¹ Excludes households in the top 1 percent of wealth.

² Includes Individual Retirement Accounts (IRAs), Keogh accounts, Thrift Savings Plans, and 401(k) accounts.

³ Includes annuities, trusts, cash life insurance policies, educational savings accounts, mortgages held for sale of real estate, amount due from sale of business property, and other financial assets.

⁴ Because wealth is assets minus debts, unsecured debts are subtracted from the distribution of wealth and are shown as negative.

⁵ Includes loans obtained through a bank or credit union, money owed to private individuals, debt held against mutual funds or stocks, and all other debts.

Source: U.S. Census Bureau, 2022 Survey of Income and Program Participation, public-use data.

The Wealth of Households: 2021

Current Population Reports

By Briana Sullivan, Donald Hays, and Neil Bennett
P70BR-183
June 2023

INTRODUCTION

This brief examines household wealth at the end of 2021 using the U.S. Census Bureau's 2022 Survey of Income and Program Participation (SIPP) public-use data. It highlights differences in asset ownership and debt-holding rates and demonstrates significant variation in median household wealth by demographic and economic characteristics such as education and income. By illustrating how wealth varies across U.S. households, this brief provides key insights into the economic well-being of households.¹

THE DISTRIBUTION OF HOUSEHOLD WEALTH

Wealth can vary dramatically across households. For example, a household with few assets and a heavy debt load may have negative wealth in the tens of thousands of dollars. A household that owns its own home and has multiple retirement accounts may have positive wealth in the hundreds of thousands of dollars.

Table 1 presents the value of household wealth by percentile. The median household wealth in 2021 was \$166,900. The 10th percentile of household wealth was zero dollars or less. The 90th percentile of household wealth was \$1,623,000, meaning 1 in 10 households had wealth exceeding \$1.6 million.

¹ All estimates include households with negative wealth.

WHAT IS SIPP?

The Survey of Income and Program Participation (SIPP) is a nationally representative, longitudinal survey administered by the U.S. Census Bureau that provides comprehensive information on the dynamics of income, employment, household composition, and government program participation. The SIPP is also a leading source of data on economic well-being, family dynamics, education, wealth, health insurance, child care, and food security. The SIPP interviews individuals for several years and provides monthly data about changes in household and family composition and economic circumstances over time. Visit the SIPP website at <www.census.gov/sipp> for more information.

KEY CONCEPTS AND DEFINITIONS

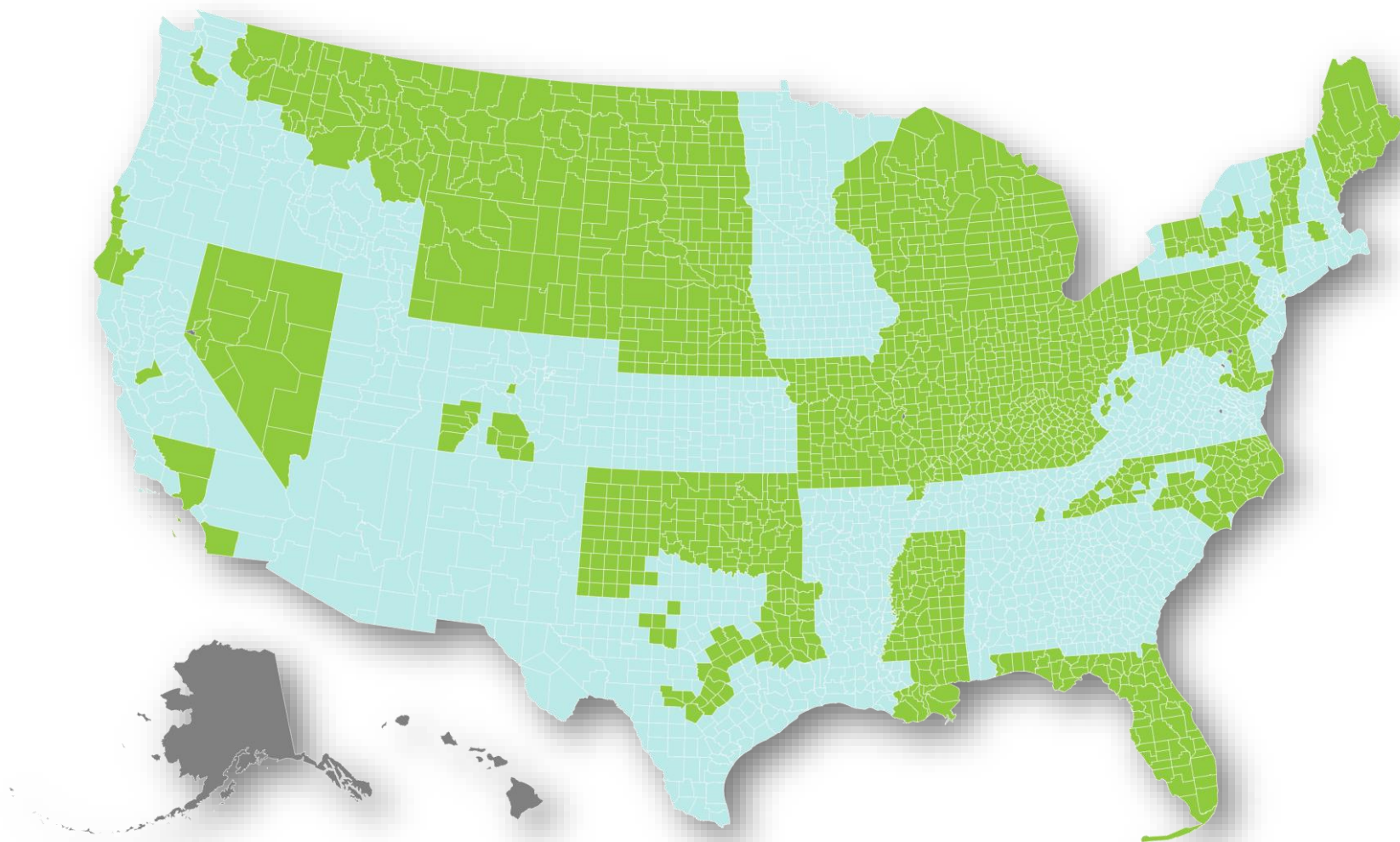
A **household** consists of a group of people occupying a housing unit together (group quarters, such as dormitories, institutions, or nursing homes, are excluded from the analysis). The householder is a person who owns or rents the housing unit (i.e., the person whose name appears on the deed or lease).

Wealth is the value of assets owned minus the debts owed. Therefore, wealth can be negative. The major assets not covered in this measure are equity in pension plans and the value of home furnishings.

Household wealth percentile is the dollar amount below which a given percentage of households fall. The 50th percentile is also referred to as the median.

United States[®]
Census
Bureau

U.S. Department of Commerce
U.S. CENSUS BUREAU
census.gov



Transfer of Wealth studies cover **1,524 counties** in the contiguous United States or **49%** of all counties in the US.



April 2018

"The Windfall Years"

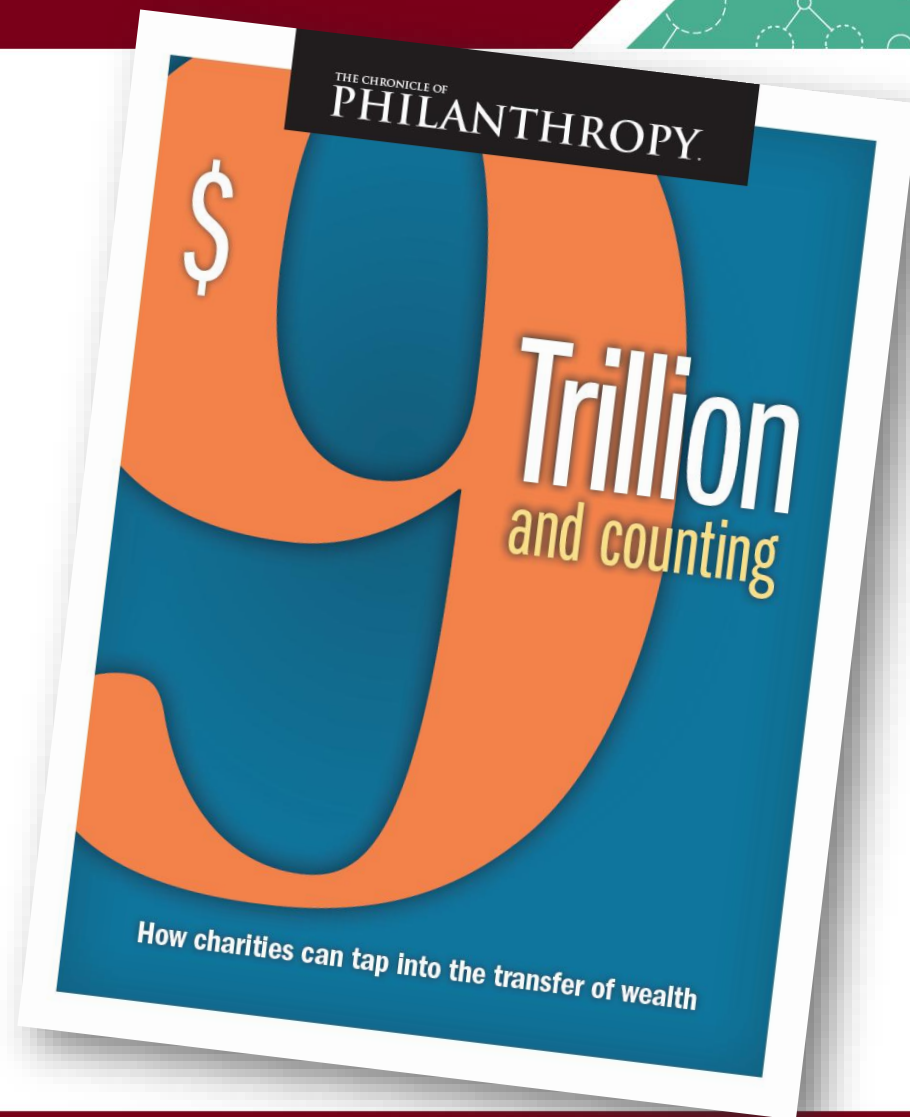
\$11.8 trillion

OVER 10 YEARS

\$100 trillion

OVER 50 YEARS

Do not be distracted by the T!





First study in Minnesota was completed in 2005 for nine counties served by West Central Initiative, the full state in 2011.

<https://mcf.org/minnesota-generational-transfer-wealth-study>



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MINNESOTA GENERATIONAL TRANSFER OF WEALTH STUDY

03/01/2011

In Minnesota more than \$47.9 billion will transfer from one generation to the next in the next 20 years, 2011-2030

You can download the [Transfer of Wealth Trends Data](#) (PDF). This document shows the TOW projection for your county.

Kim Embretson CFRE, funding partners convener

Andrea Lubov, Ph.D., researcher

Purpose

Minnesota is known for its generous citizens and corporations. Still, many people think that philanthropy is only for the very rich. The Minnesota Generational Transfer of Wealth Study (TOW) indicates that people with a wide range of asset levels can support their hometown community foundations and other charities that have been important in their lives.

The study is already expanding philanthropy in regions that first completed the research. People are more willing to consider using estate assets to support their favorite charities once they understand how much wealth is being transferred to the next generation. More nonprofit leaders are encouraging loyal donors to consider bequests and planned gifts as a way to build endowments and dedicated funds. Professional advisors are sharing information with their clients about charities that collaboratively promote the transfer of wealth information.



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Driven to DiscoverSM



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EXTENSION



Who Gets Grandma's Yellow Pie Plate?



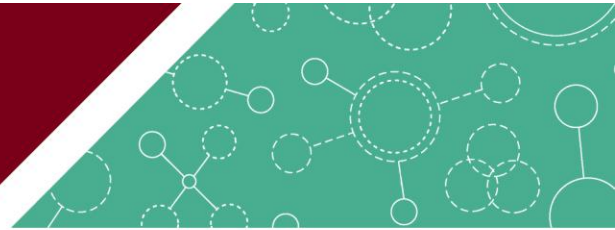
UNIVERSITY OF MINNESOTA EXTENSION

Economic Impact of Projects Leveraged by the Minnesota Historic Rehabilitation Tax Credit: Fiscal Year 2021

A report of the Economic Impact Analysis Program



Program sponsor: Minnesota Department of Administration, State Historic Preservation Office; Photo: Continental Apartments/Ogden Apartment Hotel



Change is coming

30% of rural homeowners are 70+!

75% are baby boomers
and older!



Housing Substitutions: Death brings rebirth

OUT



IN



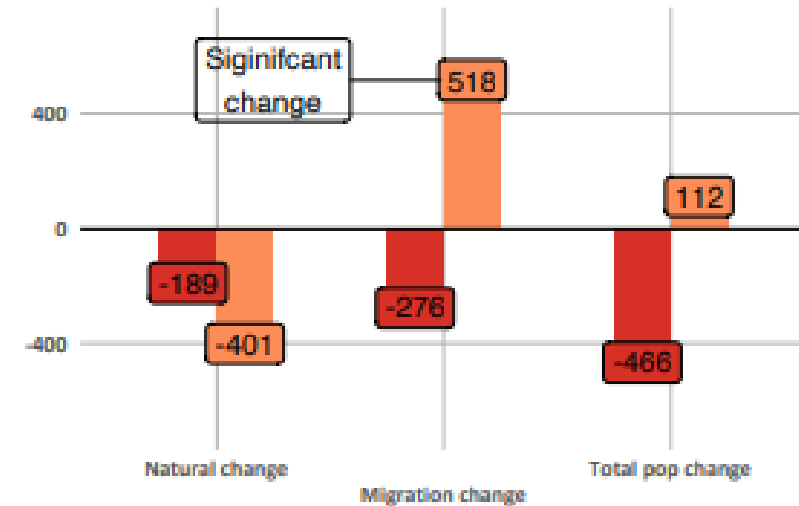
***47% of newcomer
households have children***

State of Rural 2023

JANUARY 2023



Entirely rural





STATE OF MINNESOTA, 2024

Current net worth is the total value of all permanent resident household assets less all permanent resident household debts. This includes homes, family-held businesses, and retirement assets. It does not include the value of assets held by corporations, nonpermanent residents, and nonprofits.

5% For Grantmaking

Capturing just 5% of the 10-Year TOW potential would create nearly \$3.1 billion in new endowments. Over 20 years, this endowment could support grantmaking of over...

\$3.6 billion

5% For Local Investing

Investing even 5% of those new endowed assets locally for impact over 20 years would generate enough local financing to support construction of workforce housing, help low-income entrepreneurs launch businesses, and support nonprofit capital projects.



Current Household Net Worth

\$2.19
trillion

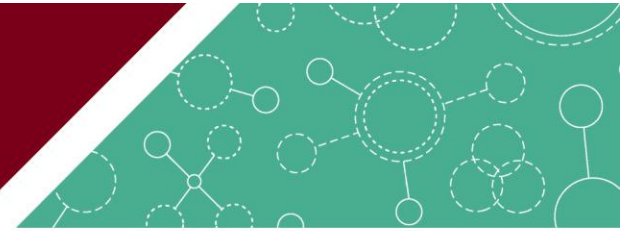
Transfer of Wealth

\$61.1 billion

OVER 10 YEARS

\$348 billion

OVER 50 YEARS



INSIGHTS: The Opportunity

The state has assets

Many people have wealth

You can realize this wealth for the community

The time for planning is now

Our communities need these assets

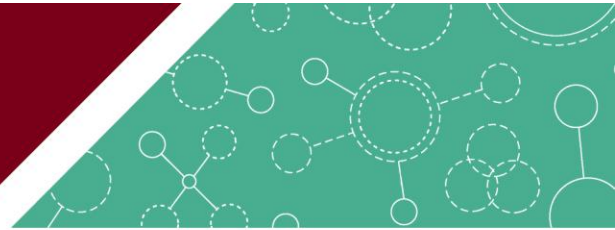


A Transfer of Wealth Study is a(n)...

- **likely scenario** given what we know today
- analysis of **survey data** to make guesses about larger regions
- **action-focused** analysis designed to leverage local assets
- **conservative analysis** that likely undercounts transferring household wealth

A Transfer of Wealth Study isn't a(n)...

- **statistical forecast** of wealth transfer
- **household by household analysis** of wealth with the ability to identify individuals, families
- **research-focused study** for exclusively academic purposes
- **precise estimate** of total wealth available for philanthropic giveback

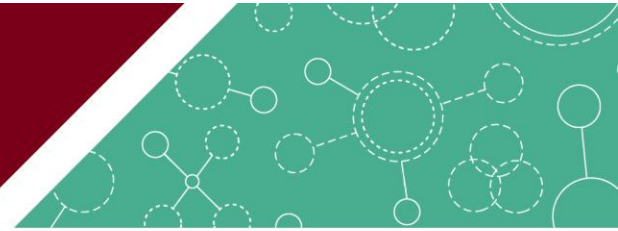


The Geography of Wealth Transfer Studies

Counties

Regions

States



1.
Calculate Current
Net Worth

2.
Estimate
Population
Change

3.
Consider
Scenarios for
Transfer

4.
Develop TOW
Giveback
Opportunity
Strategy

Research Team with input from Technical Committee

Foundations with input from Implementation Cmte.
(est 2024-25)



|10-Year Transfer Formula at a 5% Capture Rate:

$$\text{Total TOW} * 0.05$$

$$\text{Total TOW} = \sum 2020 \text{ Wealth Across Age Groups} + \sum 2025 \text{ Projected Wealth Across Age Groups}$$

$$\text{Wealth for a Specific Age Group} = \text{Giveback Availability of Age Group} * \text{All Transfers}$$

$$\text{All Transfers} = \text{Death Rates} * \text{Total Net Worth Post Adjustment}$$

$$\text{TNW Post Adjustment} = \text{Projected TNW} + \text{Standardized Adjustment} * \text{TNW distribution}$$

$$2020 \text{ Projected TNW} = \text{Projected Mean Net Worth} * \text{Projected 2020 House Holds}$$

$$\text{TNW Distribution} = \frac{\text{Age Group Projected TNW}}{\text{Total Projected TNW}}$$

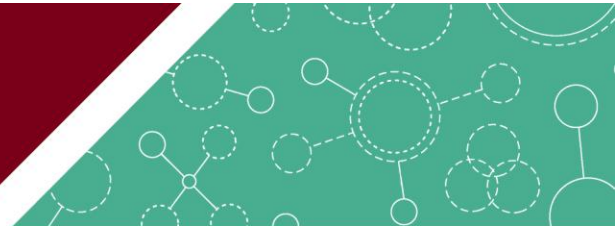
$$\text{Projected MNW} = \text{MNW Growth Rate} * \text{AVG HH networth} + \text{AVG HH networth}$$

$$\text{MNW Growth Rate} = \frac{2025 \text{ Projected MNW Growth Rate}}{5} * (\text{Years between Years of Study})$$

$$2025 \text{ Projected MNW Growth Rate} = \left(\frac{2020 \text{ Real Per Capita Personal Income}}{2015 \text{ Real Per Capita Personal Income}} - 1 \right) * \text{Standardized Growth Rate}$$

$$2025 \text{ Projected MNW} = 2020 \text{ Projected MNW} * 2025 \text{ Projected MNW Growth Rate} + 2020 \text{ Projected MNW}$$

$$2025 \text{ Projected HH} = \frac{2020 \text{ Projected HH} * 2025 \text{ Projected Population for Specific Age Group}}{2020 \text{ Population for Specific Age Group}}$$



Critical Technical Feedback

1. Calculate Current Net Worth	2. Estimate Population Change	3. Consider Transfer Scenarios
<ul style="list-style-type: none">▪ Unique asset mix like agriculture, oil, gas, forestry▪ Institutional outliers including universities, prisons, military facilities▪ Identifying tourist and second-home communities	<ul style="list-style-type: none">▪ Significant development (redevelopment) driven by transportation or other infrastructure▪ Emerging demographic patterns including immigration	<ul style="list-style-type: none">▪ Economic development and wealth formation trends▪ Giveback goals (5%, 10%) and endowment and impact investing models



Philanthropic Opportunity



If you love the community you call home, this is your opportunity to enrich its future. When you leave 5% of your wealth to your county, you help ensure your family's legacy and your community's future.

If you gave a small part of your wealth back, there would be more money to invest in the economic development of your family's future town. We can teach, encourage, and inspire future generations to give back and it starts with you — it starts with 5%.

Invest in a community that has invested in you by leaving 5 to thrive today.

Capture the transfer of wealth to support local charities and nonprofits

Capture the transfer of wealth to build endowments

Capture the transfer of wealth to build endowments that support local impact investing



STATE OF MINNESOTA, 2024

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5% For Grantmaking

Capturing just 5% of the 10-Year TOW potential would create nearly \$3.1 billion in new endowments. Over 20 years, this endowment could support grantmaking of over...

\$3.6 billion

5% For Local Investing

Investing even 5% of those new endowed assets locally for impact over 20 years would generate enough local financing to support construction of workforce housing, help low-income entrepreneurs launch businesses, and support nonprofit capital projects.



Current Household Net Worth

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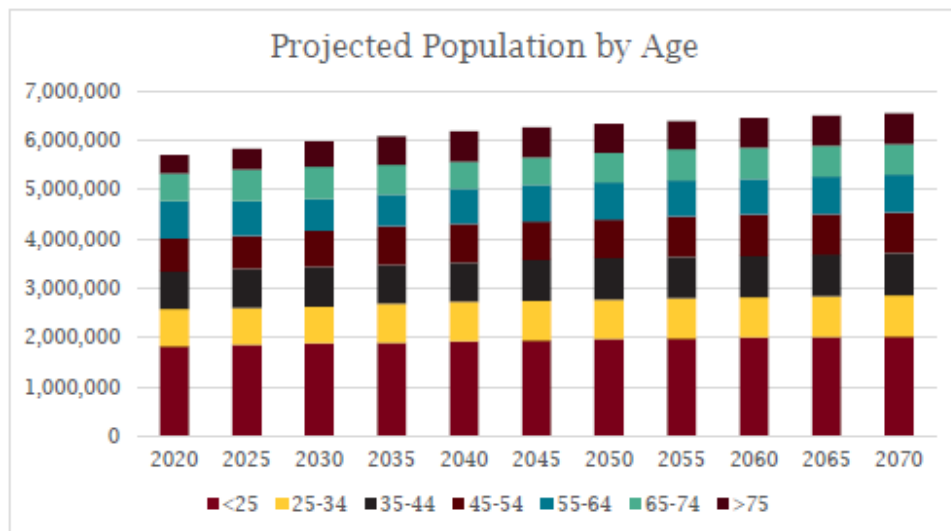
Transfer of Wealth

\$61.1 billion

OVER 10 YEARS

\$348 billion

OVER 50 YEARS



5% Capture Endowment Building Example

Year	Beginning Principal	Annual Earnings	Annual Grants	Ending Principal
Initial Endowment	\$3,053,875,803	\$213,771,306	\$131,316,660	\$3,136,330,450
Year 1	\$3,136,330,450	\$219,543,132	\$134,862,209	\$3,221,011,372
Year 5	\$3,489,021,045	\$244,231,473	\$150,027,905	\$3,583,224,613
Year 10	\$3,986,169,914	\$279,031,894	\$171,405,306	\$4,093,796,502
Year 15	\$4,554,157,278	\$318,791,009	\$195,828,763	\$4,677,119,525
Year 20	\$5,203,076,879	\$364,215,382	\$223,732,306	\$5,343,559,955
Total Grants			\$3,646,534,018	

Transfer of Wealth Opportunity

	2020 NET WORTH	10-YEAR TRANSFER	PER HOUSEHOLD	50-YEAR TRANSFER	PER HOUSEHOLD
Minnesota	\$2.2 tr	\$61.1 b	\$26,138	\$347.9 b	\$134,186

Source: University of Minnesota Extension's Transfer of Wealth Estimates, 2022.



Cottonwood County Transfer of Wealth Opportunity

Summary Report
August 2024

Presented by Benjamin Winchester and Aiden Opatz



Current Household Net Worth

\$2.2
billion

Transfer of Wealth

\$89.5 million

OVER 10 YEARS

\$364 million

OVER 50 YEARS

5% For Grantmaking

Capturing just 5% of the 10-Year TOW potential would create over \$4.4 million in new endowments. Over 20 years, this endowment could support grantmaking of over...

\$5.3 million

5% For Local Investing

Investing even 5% of those new endowed assets locally for impact over 20 years would generate enough local financing to support construction of workforce housing, help low-income entrepreneurs launch businesses, and support nonprofit capital projects.





Lyon County Transfer of Wealth Opportunity

Summary Report
August 2024

Presented by Benjamin Winchester and Aiden Opatz



Current Household Net Worth

\$5.65
billion

Transfer of Wealth

\$174 million

OVER 10 YEARS

\$935 million

OVER 50 YEARS

5% For Grantmaking

Capturing just 5% of the 10-Year TOW potential would create over \$8.7 million in new endowments. Over 20 years, this endowment could support grantmaking of over...

\$10.4 million

5% For Local Investing

Investing even 5% of those new endowed assets locally for impact over 20 years would generate enough local financing to support construction of workforce housing, help low-income entrepreneurs launch businesses, and support nonprofit capital projects.



Redwood County Transfer of Wealth Opportunity

Summary Report
August 2024

Presented by Benjamin Winchester and Aiden Opatz



Current Household Net Worth

\$3.33
billion

Transfer of Wealth

\$117 million

OVER 10 YEARS

\$462 million

OVER 50 YEARS

5% For Grantmaking

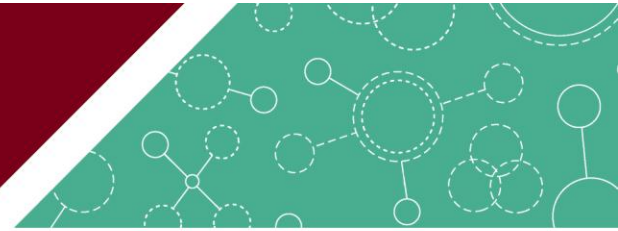
Capturing just 5% of the 10-Year TOW potential would create over \$5.8 million in new endowments. Over 20 years, this endowment could support grantmaking of nearly...

\$7 million

5% For Local Investing

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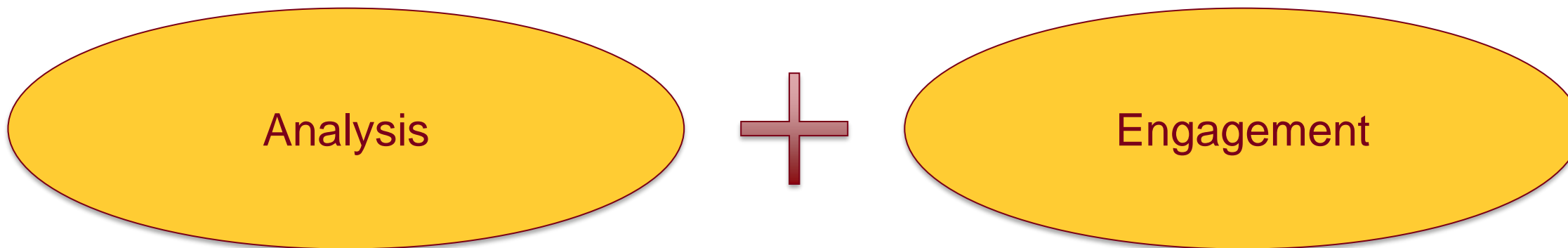




Why Not Give Back to Your Community?



Rural Development Industry



Open source does not mean accessible



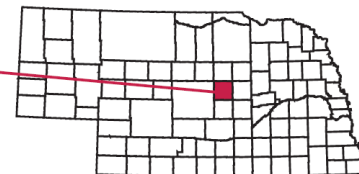
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Invest in a community that has invested in you by leaving 5 to thrive today.

PROGRESS IN VALLEY COUNTY

4,158
2020 POPULATION



NCF AFFILIATED FUNDS BENEFITING VALLEY COUNTY

VALLEY COUNTY COMMUNITY FOUNDATION FUND

\$2.4 Million

\$2.1 Million
Unrestricted Endowment

JOHN AND ALYCE WOZAB MEMORIAL FUND

\$1.4 Million

DON AND ARTICE FELS FUND

\$3 Million

VALLEY COUNTY HEALTH SYSTEM FOUNDATION FUND

\$4.3 Million



AFFILIATED FUND ENDOWED ASSETS

\$10.7 Million



CONFIRMED PLANNED GIFTS

8

Totaling \$4,100,500 to be endowed

As of December 31, 2021



\$14.8 Million

ENDOWMENTS + EXPECTANCIES

2021 VALLEY COUNTY TRANSFER OF WEALTH

10-YEAR TOW

\$408 Million

50-YEAR TOW

\$3.6 Billion



5% OF 10-YEAR TOW

\$20 Million

PERCENT OF 10-YEAR TOW GOAL ACHIEVED

72.31%



YOUR LEGACY

IOWA'S FUTURE



FOR GOOD.
FOR IOWA.
FOR EVER.

Americans have created, invested, and amassed unprecedented wealth. Over the next 10 years – in Iowa alone – more than \$30.4 billion will transfer from one generation to the next. Setting aside even 5% of that intergenerational transfer for community philanthropy could dramatically shape Iowa's future.

As you consider your financial legacy, consider your home community.

Over the next 40 years in Iowa, more than \$128 billion will change hands, from one generation to the next. This phenomenon has come to be known as the intergenerational transfer of wealth. The wealth may be held in real estate, securities, retirement accounts, and other assets. Some will go to taxes. Most will go to heirs. Due to outmigration, many of those heirs no longer live where the wealth was built and accumulated. Once this wealth leaves Iowa communities, the opportunity for giving back becomes more and more unlikely.



INVESTING IN IOWA

Healthy and vibrant places require investment – investment in schools, housing, main streets, businesses, hospitals, and much, much more. Iowa's transfer of wealth is a significant opportunity to invest in the future of our state.

Capturing 5% of Iowa's transfer of wealth for philanthropy could provide over \$1.8 billion for Iowa communities over 20 years. Iowa's community foundations invest dollars in local causes and can help you craft your legacy for your home community.

NOW – 2030

Capture 5% of the transfer of wealth in endowment funds



Generating over \$1.5 billion in new endowments

2030 – 2050

Endowment funds support grantmaking over \$1.8 billion



NOW – 2030

Capture 5% of the transfer of wealth in endowment funds



Generating over \$1.5 billion in new endowments

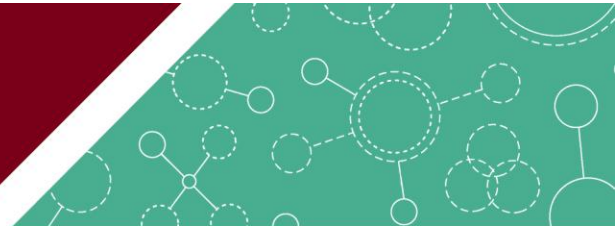
2030 – 2050

Endowment funds support grantmaking over \$1.8 billion



Your gifts may be eligible for the Endow Iowa tax credit. Contact your local community foundation to learn more.

www.iowaCommunityFoundations.org



State legislation

Tax credits of 25% of the gifted amount are limited to a maximum of \$100,000 in tax credits for an individual for a gift of \$400,000 or \$200,000 in tax credits per couple for a gift of \$800,000 if both are Iowa taxpayers. No minimum gift amount is required to qualify for Endow Iowa Tax Credits.



United States
Department of
Agriculture



Economic
Research
Service

Economic
Research
Report
Number 131

March 2012

Rural Wealth Creation

Concepts, Strategies, and Measures

John Pender, Alexander Marré, and Richard Reeder



The Inter-Generational Transfer of Wealth (TOW) analysis is designed to help rural communities understand the potential behind the inter-generational transfer of wealth so that they can become more strategic about realizing this potential and reinvesting in ways that create greater wealth in rural America in the future.

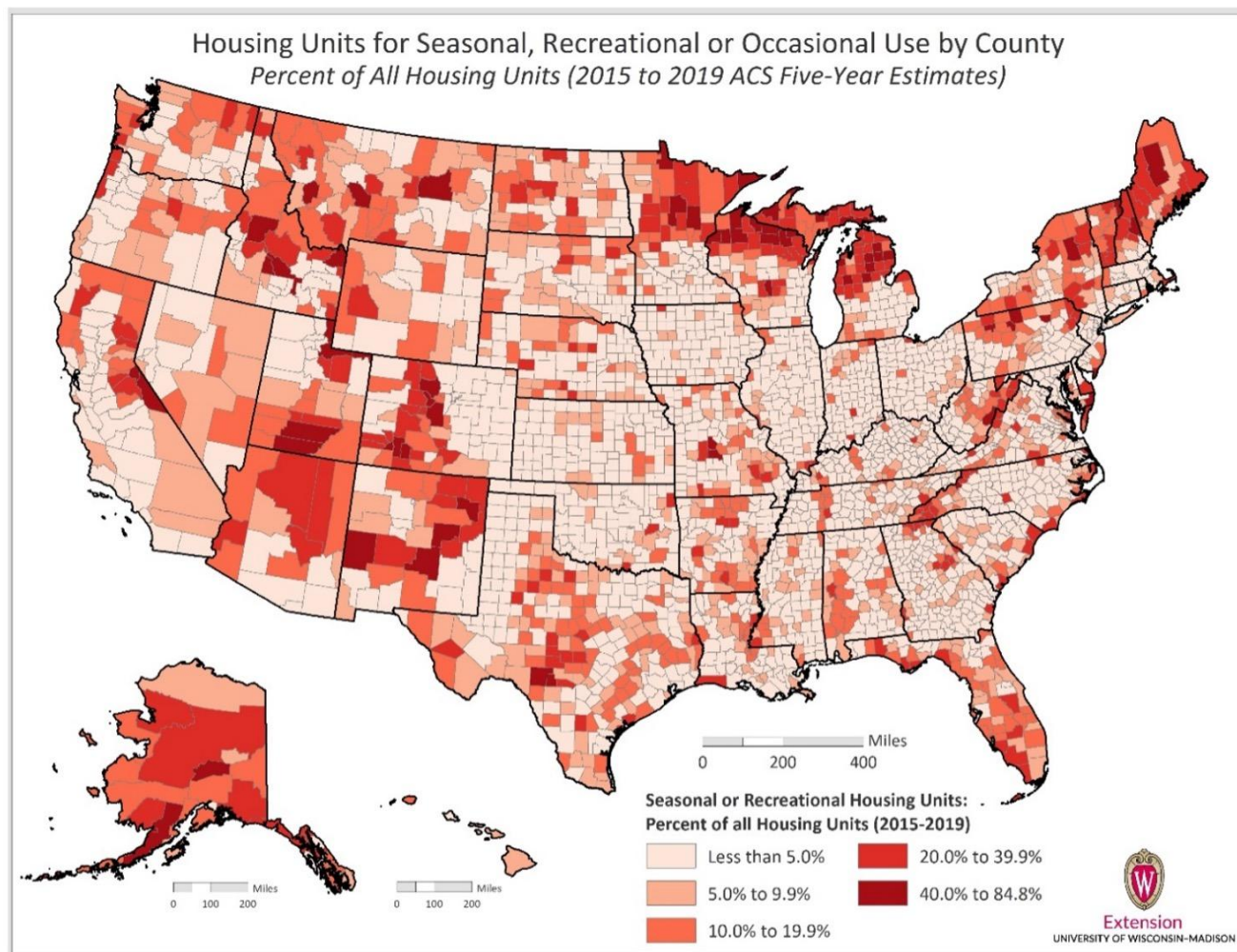


Wealth Strategies

- **Retain** wealth for all people
- **Recapture** the lost – consolidation and extra-local ownership trends
- **Protect** current wealth – land trusts
- **Create** and Grow wealth for all people

Decolonizing wealth <https://www.youtube.com/watch?v=13WK5Gr7nrk>





Where is wealth counted?

A recreational property example.

Wealth is measured where it is OWNED. Extra-local ownership does not allow the community to fully appreciate the appreciation!



Planning Engagement

- Estate planners
- Foundations
- Family



*Appeal to **sense of continuity** for families
and the community.*



Community Wealth Model

✓ Includes private TOW

Missing

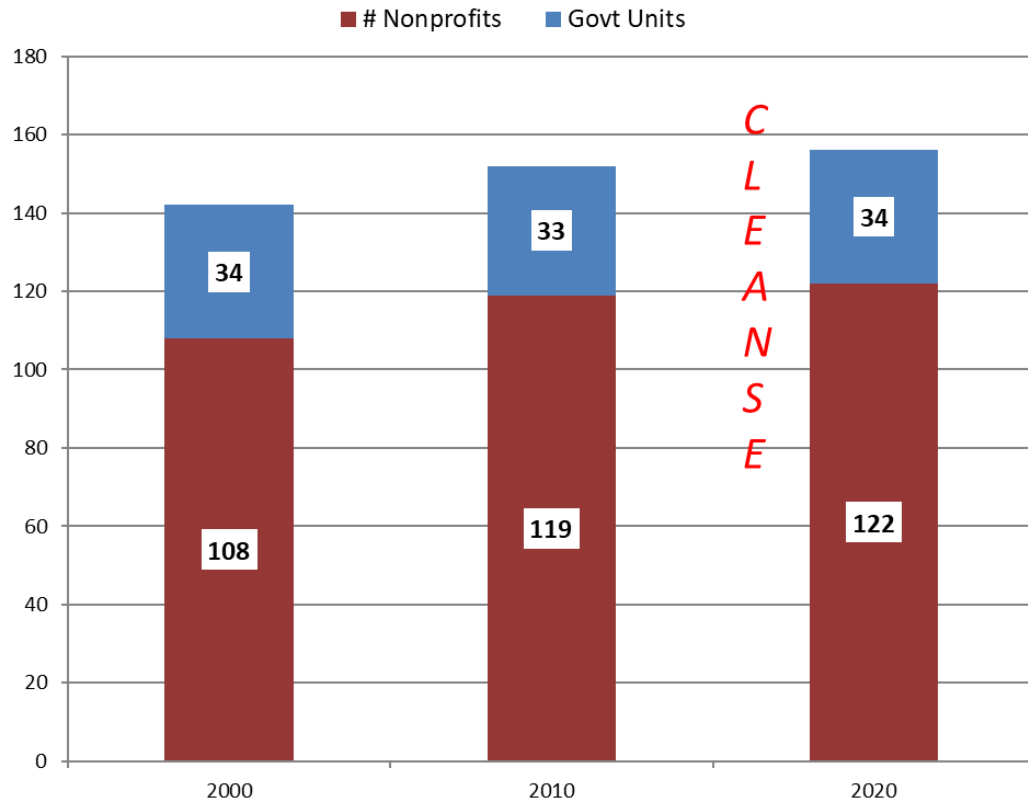
+ Nonprofit assets

+ Community Capitals (social, cultural, physical)

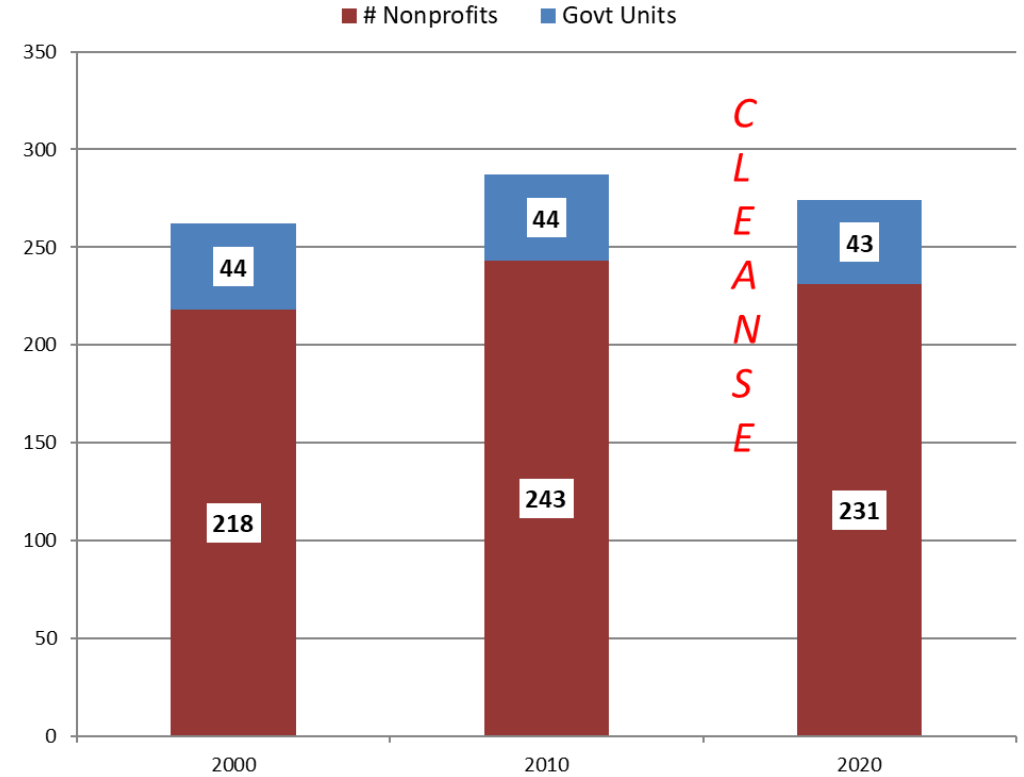
+ Potential to recapture

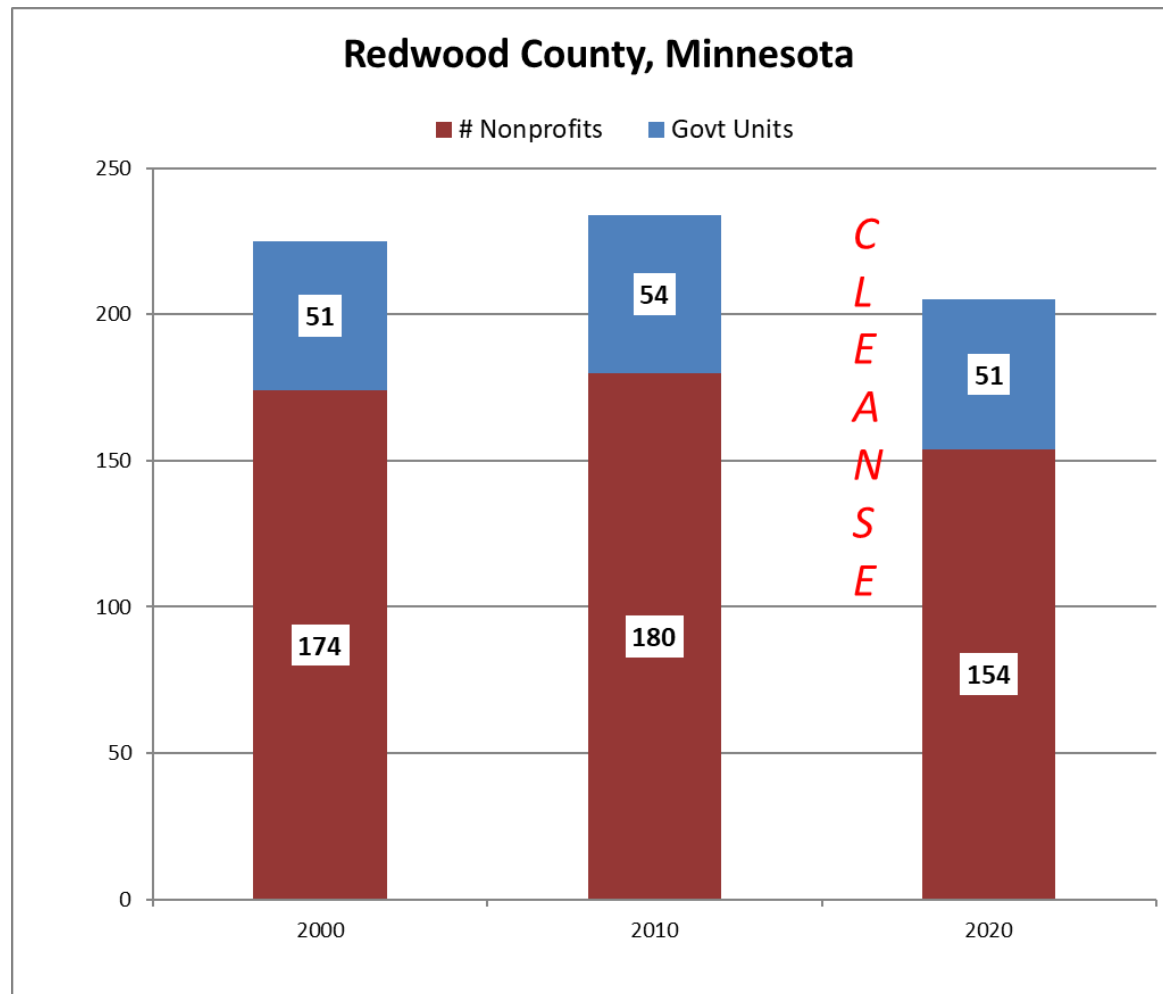


Cottonwood County, Minnesota



Lyon County, Minnesota



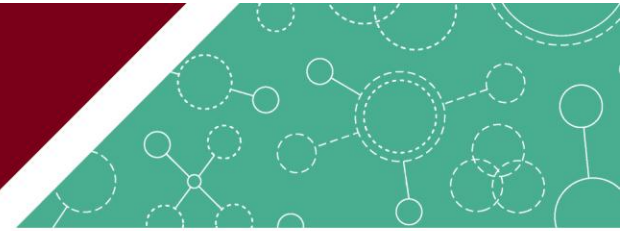


**Cottonwood County**

	2000	2020
Number of Nonprofits	108	122
Number Filing 990	24	95
Revenue (of Filers)	\$3,178,849	\$4,303,967
Assets (of Filers)	\$7,080,233	\$14,268,332
Governmental Units	34	34
Total Organizations	142	156
Population, Total	12,167	11,517
Population Age 18+	9,127	8,769
Groups per 1,000 people	11.7	13.5
Revenue per Organization	\$29,434	\$35,278
Revenue per Person	\$261	\$374
Population per Org Role	11	10

Redwood County

	2000	2020
Number of Nonprofits	174	154
Number Filing 990	55	121
Revenue (of Filers)	\$14,341,882	\$20,288,441
Assets (of Filers)	\$25,428,609	\$60,215,110
Governmental Units	51	51
Total Organizations	225	205
Population, Total	16,815	15,425
Population Age 18+	12,351	11,521
Groups per 1,000 people	13.4	13.3
Revenue per Organization	\$82,425	\$131,743
Revenue per Person	\$853	\$1,315
Population per Org Role	10	10



Community Wealth Model

Detail how individual wealth is enhanced and enabled by the community within which they live.

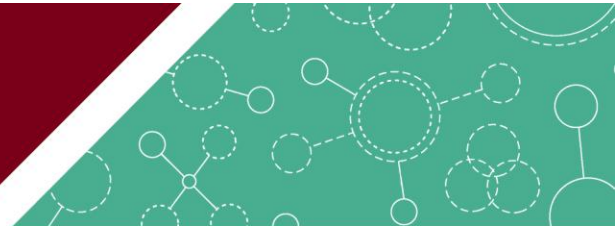
There are private benefits from public goods

- Water clarity (secci discs) and lakeshore values



**Maybe one of the best things
you can do for the future of your
community is to ensure there is
somewhere for people to live.**

**More broadly, COMMUNITY
SUCCESSION plans for housing,
leadership, and businesses**



Plan for 2025

1. All Minnesota reports updated to 2025 Model at no-cost.
2. Completing Idaho now, update national study
3. Applied research
 - Summary of TOW applications across the country
 - Describe changes in wealth seen across Minnesota over time
4. Online Summit planning via National TOW Network meetings
5. Engagement work with Educator(s) to assist our foundation and nonprofit sectors



UNIVERSITY OF MINNESOTA EXTENSION

Driven to DiscoverSM



<http://z.umn.edu/transferofwealth>

Questions?

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