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A no-nonsense newsletter for estate planners and financial advisors from The Dayton Foundation

Enlisting the Support of Estate and Financial Advisors New Numbers and a Vision for Our Region

By Michael M. Parks, CFRE, President, The Dayton Foundation

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—Michael M. Parks



MICHAEL M. PARKS, CFRE

Over the next 10 years in a six-county area – Darke, Greene, Miami, Montgomery, Preble and Warren Counties – \$14.5 billion is projected to transfer between generations. Over the next 50 years, projections are for \$100 billion to transfer between generations in these six counties (The Dayton Foundation’s primary service area). Statewide, the numbers are higher still – \$160.54 billion to transfer by 2017, and by 2057, \$1.07 trillion.

Until recently, no one knew what Boston College’s landmark national transfer of wealth study meant for their particular state or region. When Boston College published their research in 1999, they projected at least a \$41 trillion transfer of wealth nationally between generations.

Today we know what that can mean for our region, thanks to funding by the Kellogg Foundation and a consortium of community foundations in a tri-state area that The Dayton Foundation joined to determine what all this means for Ohio, Michigan and Illinois.

As you well know, with most estates in the U.S., the vast majority of assets go to heirs. For generations, people lived their entire lives close to their birthplace – and as wealth passed from one generation to the next, most stayed in the same county. This is no longer true...and once the wealth leaves our community, it may never return.

Just 5 Percent

There was a campaign a number of years ago, urging people to give 5% of what they earn to charity. Just think for a minute what it would mean for charity in the Greater Dayton Region, if our region’s residents would consider designating even 5% of the assets of their estates, 401(k) and IRA accounts, or life insurance policies to support their favorite local charities. Over 10 years, for example, that could translate to over \$724 million in our six-county area. Over 50

years, this could mean \$5 billion.

If these went into endowments for charity, at the end of 10 years, this could mean \$36 million in new dollars each and every year being available in our community for charitable purposes. That’s almost again as much as The Dayton Foundation makes in grants each year. And held as endowments, that support could continue to grow and go on providing charitable resources to expand services and opportunities to aid our community’s people in perpetuity.

Furthermore, it’s projected that by 2055, the number of new dollars this could translate into could be as high as \$250 million a year for charity. The possibilities for charity and our region are huge and so important for people to consider.

There are many options for people, whether they give directly to their favorite charities or use their community foundation. A community foundation like The Dayton Foundation offers a range of options, from family-named endowed funds to benefit favorite charities, to contributing to an endowment that gives The Dayton Foundation discretion to meet

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New Numbers and a Vision for Our Region

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changing needs and to realize opportunities for the Greater Dayton Region. However a person chooses to make their charitable designation, the important thing is to ensure future support for this community and maintain its vitality for generations to come.

What It Could Mean

If residents in the Greater Dayton Region would do this and estate and financial advisors would have this conversation with their clients, together we could build funds that conceivably could distribute tens of millions of additional dollars in cumulative grants by 2015 and in the hundreds of millions over the next 50 years. Think about what millions of new dollars each year could do for our community. Within a decade, it could mean improved health and human services, new arts and cultural endeavors, better educational alternatives, increased recreational attractions and entrepreneurial investment – resulting in a better economy and quality of life for everyone.

Experience tells us that most people have at least one charity they

care about – their church, their alma mater, their child’s school, the theatre organization they subscribe to, the hospital that took care of their mother.... But how many think about providing support to these organizations not only during their lifetime, but after it? How many leave a legacy gift to charity?

The number is surprisingly small. An estimated 8% of Americans have provided for charity in their will. Yet, the largest transfer of wealth in the history of the nation already has begun taking place. So often, the conversation around a charitable piece in people’s wills or estate plans doesn’t take place. Yet, our recent survey of current Dayton Foundation donors and fund holders, conducted just last month, tells us that 61% of them have earmarked charity in their wills, and many (53%) indicated an openness to considering making provision for charity by designating The Dayton Foundation in their wills. We have such great opportunity for collective impact.

As you’re aware, retirement accounts and insurance policies can be excellent vehicles for planned giving. Both can be designated to charity without modifying an existing estate plan. IRAs and 401(k)s may be the best asset to earmark for estate giv-

ing, since they can be highly taxed when given to heirs, losing up to 70% of their value in some cases.

A Conversation with Clients

What I would ask all of you to please consider is that if you have clients who haven’t already provided for the local organizations they care about after their lifetime, please consider having the charitable conversation with them and ask them if they might like to sustain their favorite charities by making a legacy gift of 5% (or greater if they can). This can be through the establishment of a fund at The Dayton Foundation to administer their wishes in perpetuity, or by making a direct legacy gift to their special charities.

We know from our recent donor survey how very important the opinion of our donors’ advisors is to them. If we can help you with a no-pressure discussion of your clients’ options with you or with you and your clients, we would be happy to do so. We also can work with you behind the scenes to help develop alternatives for your clients that are tailored to their specific circumstances.

This could mean everything for our community. And it could just be a rare and special service to your clients who might like nothing more than to give back to the community that has been so good to them and to support and be remembered in perpetuity by the organizations they care so deeply about. 🌱

Note: Solutions differ from case to case. The above does not constitute professional financial or tax advice.

I Believe!

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