

Understanding the Transfer of Wealth



Presented by

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AGENDA ITEMS



1. Welcome and Introductions
2. About America's Transfer of Wealth Opportunity
3. The Role of the Technical Advisory Committee
4. Methodology
5. Project Background
6. General Questions, Advise or Concerns

Welcome



About America's Transfer of Wealth Opportunity



- Giveback
 - To support those in need
 - Help to improve quality of life

- Better understanding wealth holding and formation attributes and trends
 - More effective giveback strategies

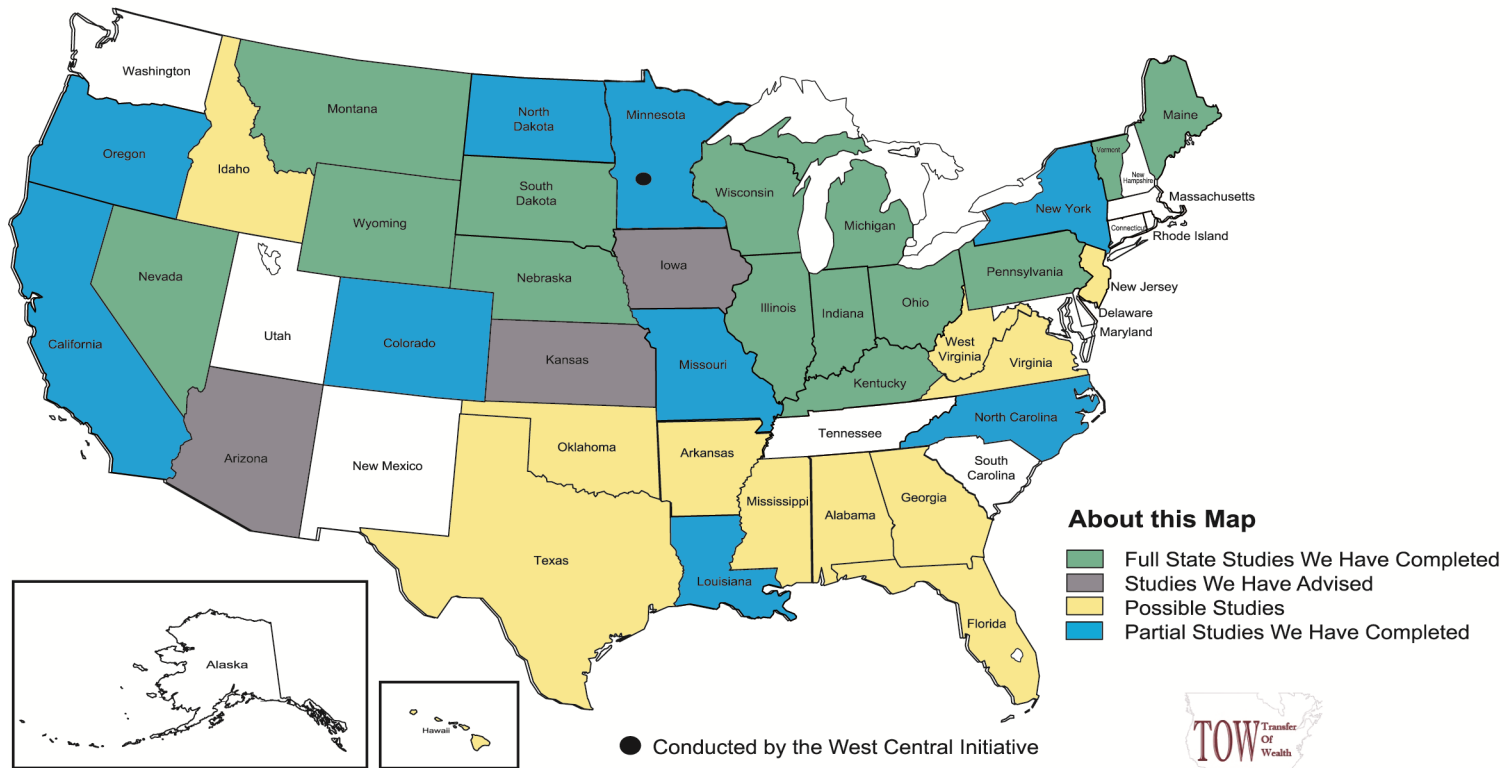
- Potential for creating new, substantial and on-going financial resources in support of community betterment.

About America's Transfer of Wealth Opportunity

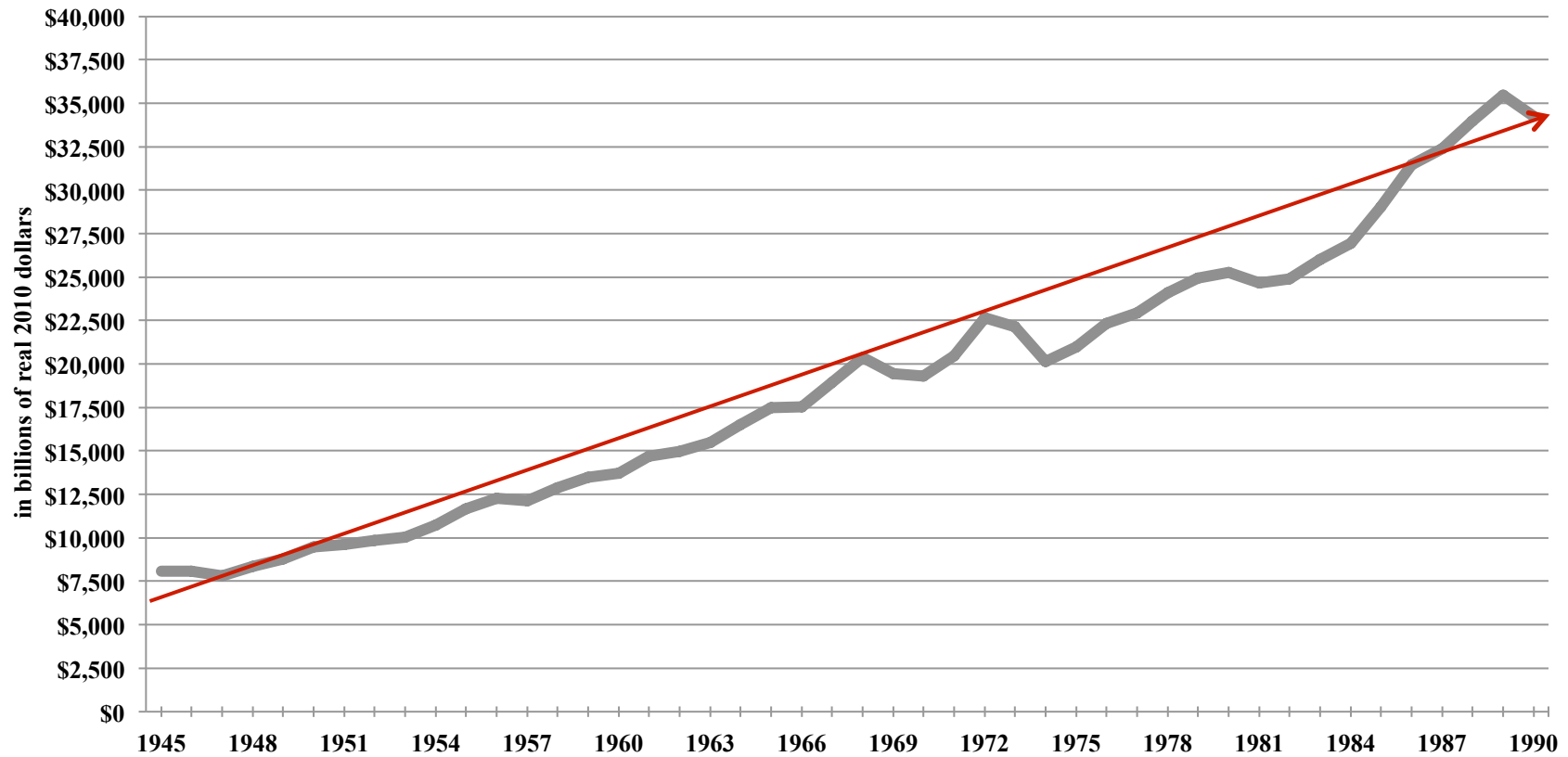


- **Millionaires in the Millennium** (1999), Boston College
 - \$41 Trillion TOW opportunity
 - 1998-2052 period
- **Transfer of Wealth in Nebraska** (2002), RUPRI Center
- Completed over 38 studies in 1,100 communities

TOW Studies in the United States

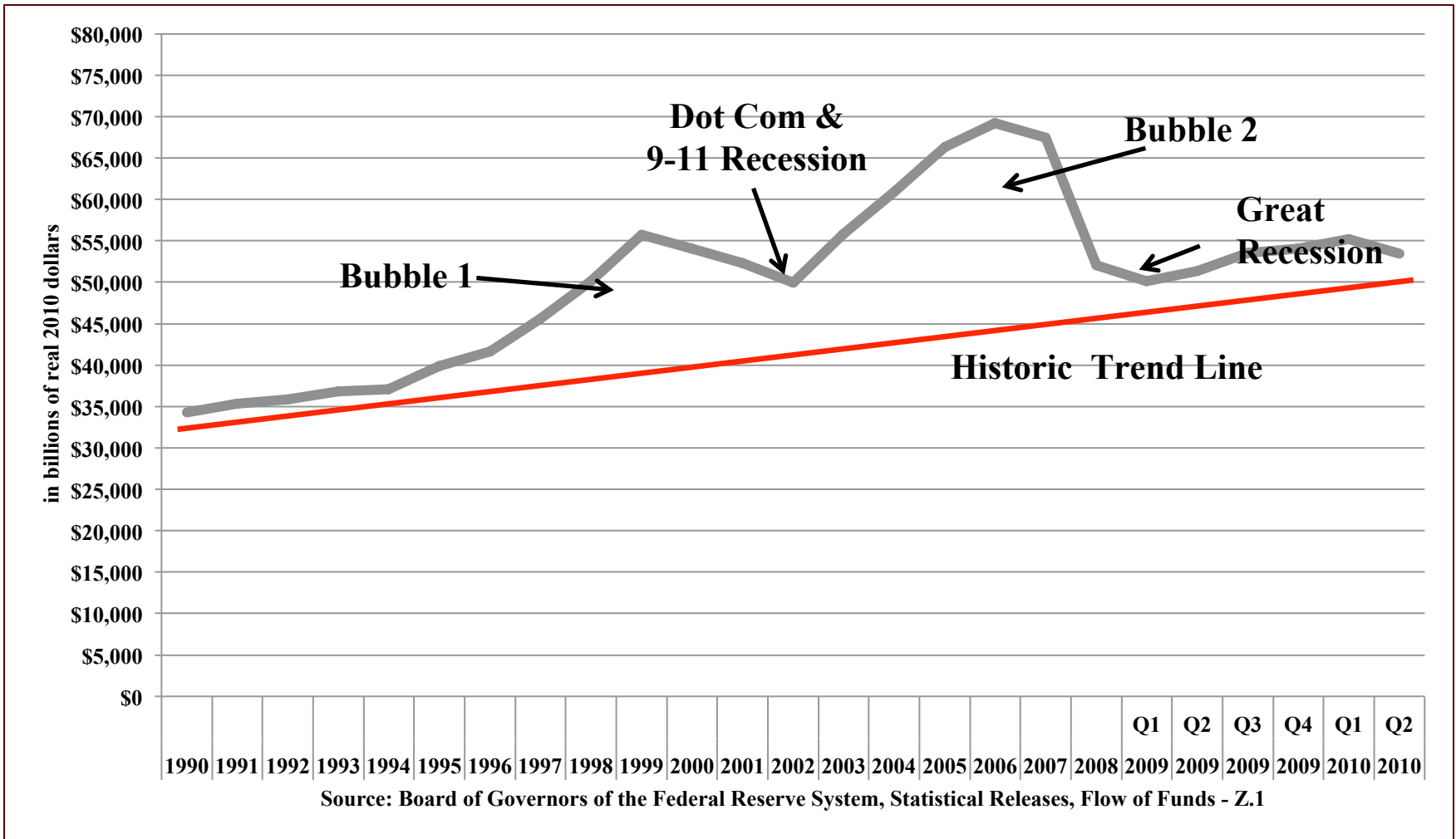


U.S. Household Net Worth 1945-2009



Source: Board of Governors of the Federal Reserve System, Statistical Releases, Flow of Funds - Z.1

U.S. Household Net Worth 1990-2010 Q2



Preliminary National Scenarios



Migration

	Zero	Constant	Low	High
NW 2010	\$28T	\$28T	\$28T	\$28T
PHH	\$237K	\$235K	\$235K	\$234K
20 YR TOW	\$13T	\$14T	\$15T	\$16T
PHH	\$109K	\$121K	\$129K	\$136K

UNDERSTANDING THE NUMBERS



- Methodology
 - Scenarios
- Drivers
- Factors

Methodology



- ✓ Scenario Forecast **NOT** a Prediction Forecast
- ✓ Base year 2010
- ✓ 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: March 10, 2011
 - ✓ Next Release: June 09, 2011

Estimating Net Worth

Step II

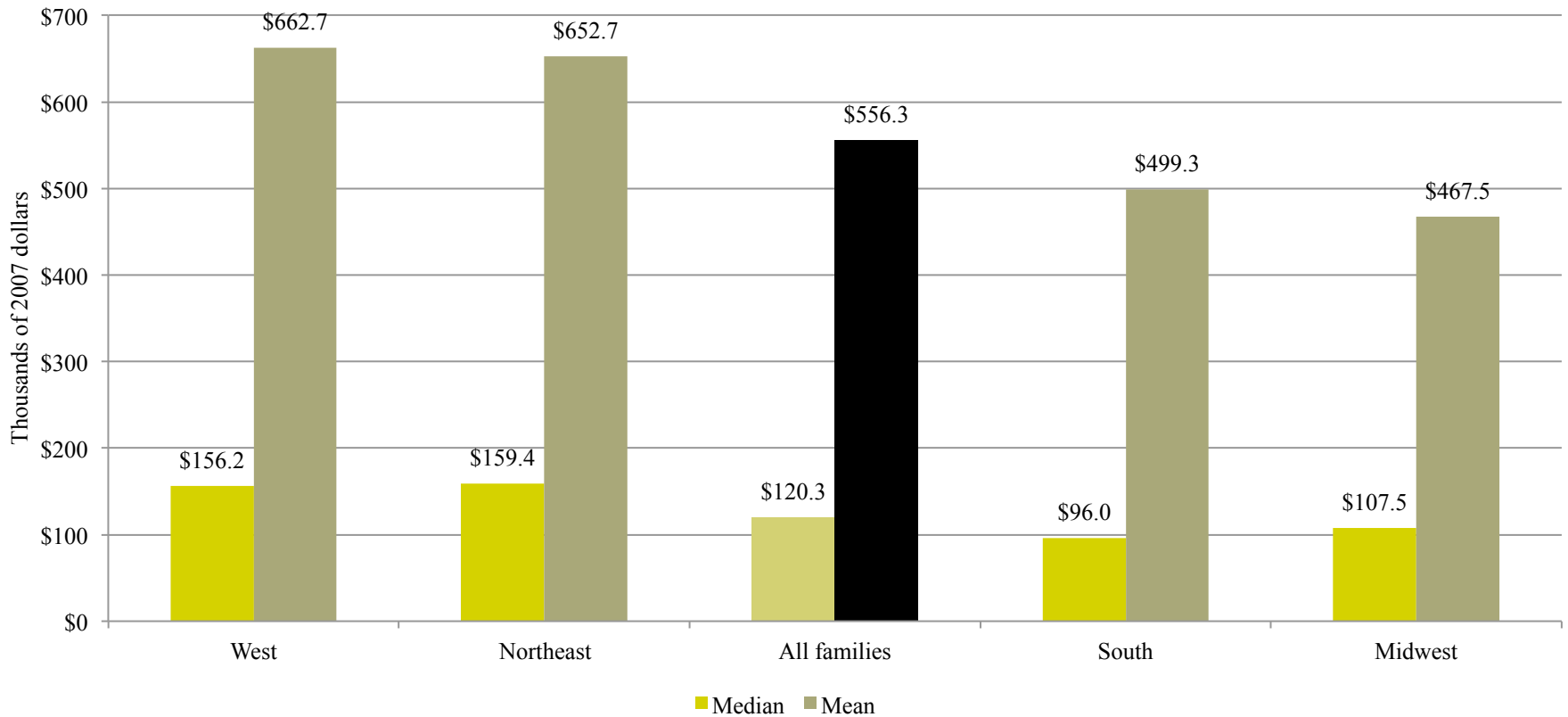


- ✓ Region
- ✓ Age Characteristics
- ✓ Market Valuation of Property by Class
- ✓ Employment & Occupation
- ✓ Dividends, Interest & **Rent** (DIR) Income
- ✓ Proprietors' Employment & Income

Region



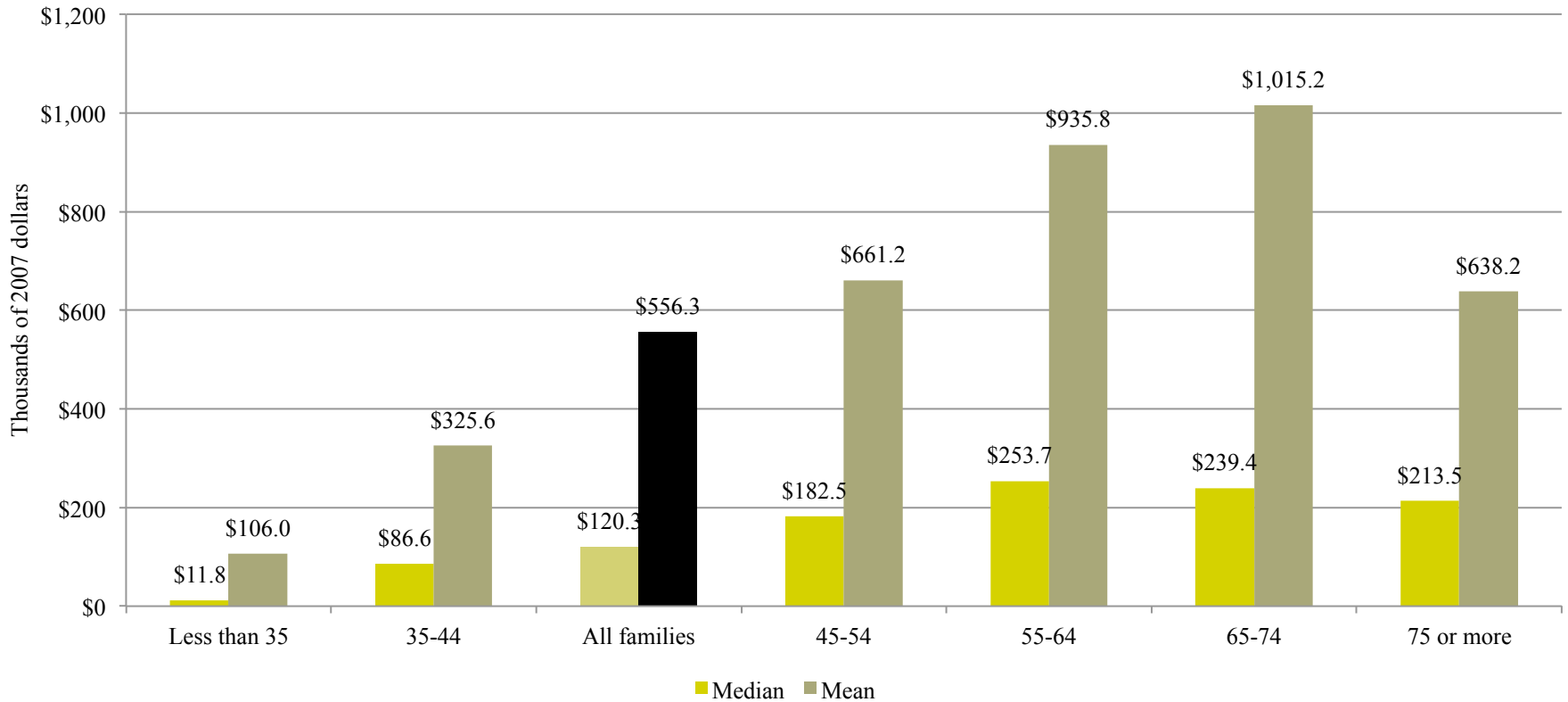
Household Net Worth by Region,
Survey of Consumer Finances, 2007



Age



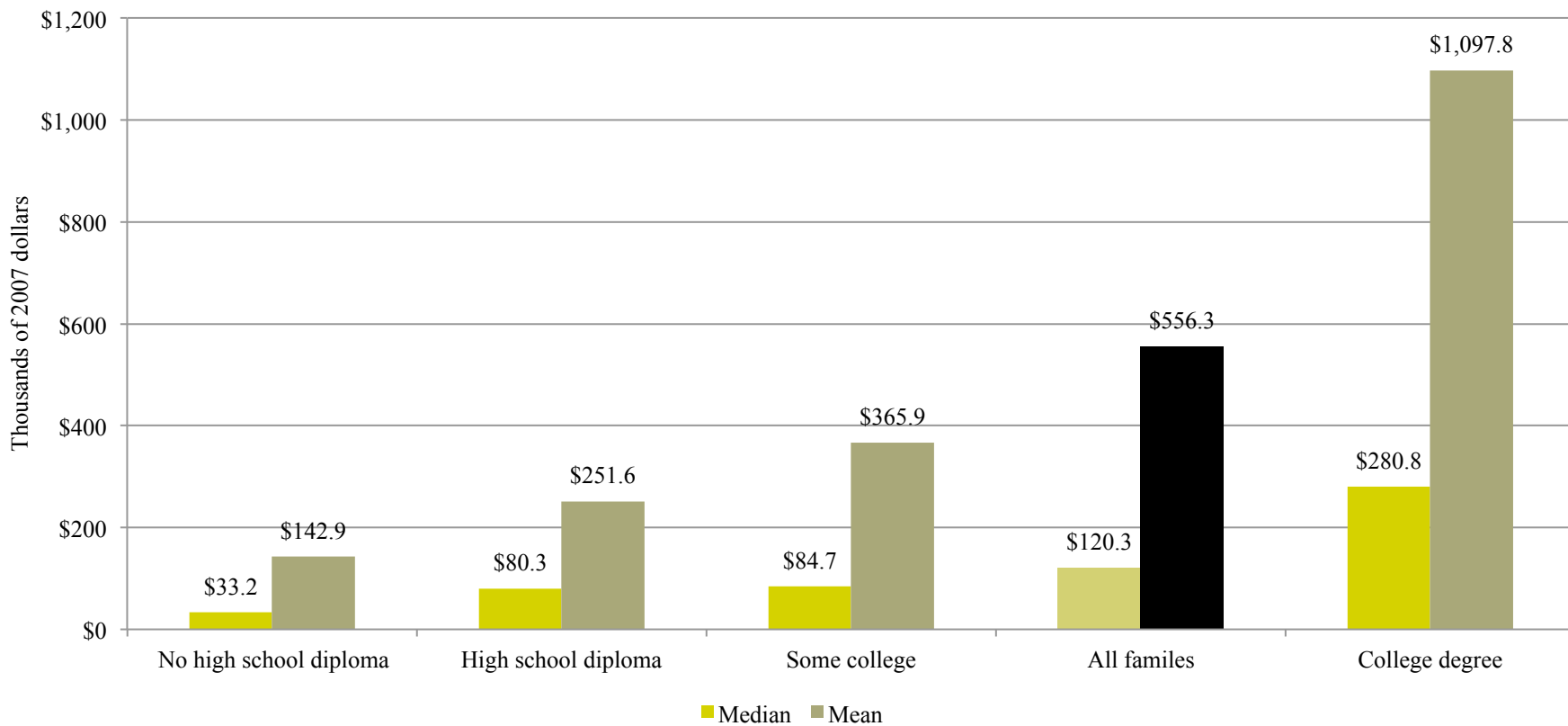
Household Net Worth by Age,
Survey of Consumer Finances, 2007



Education



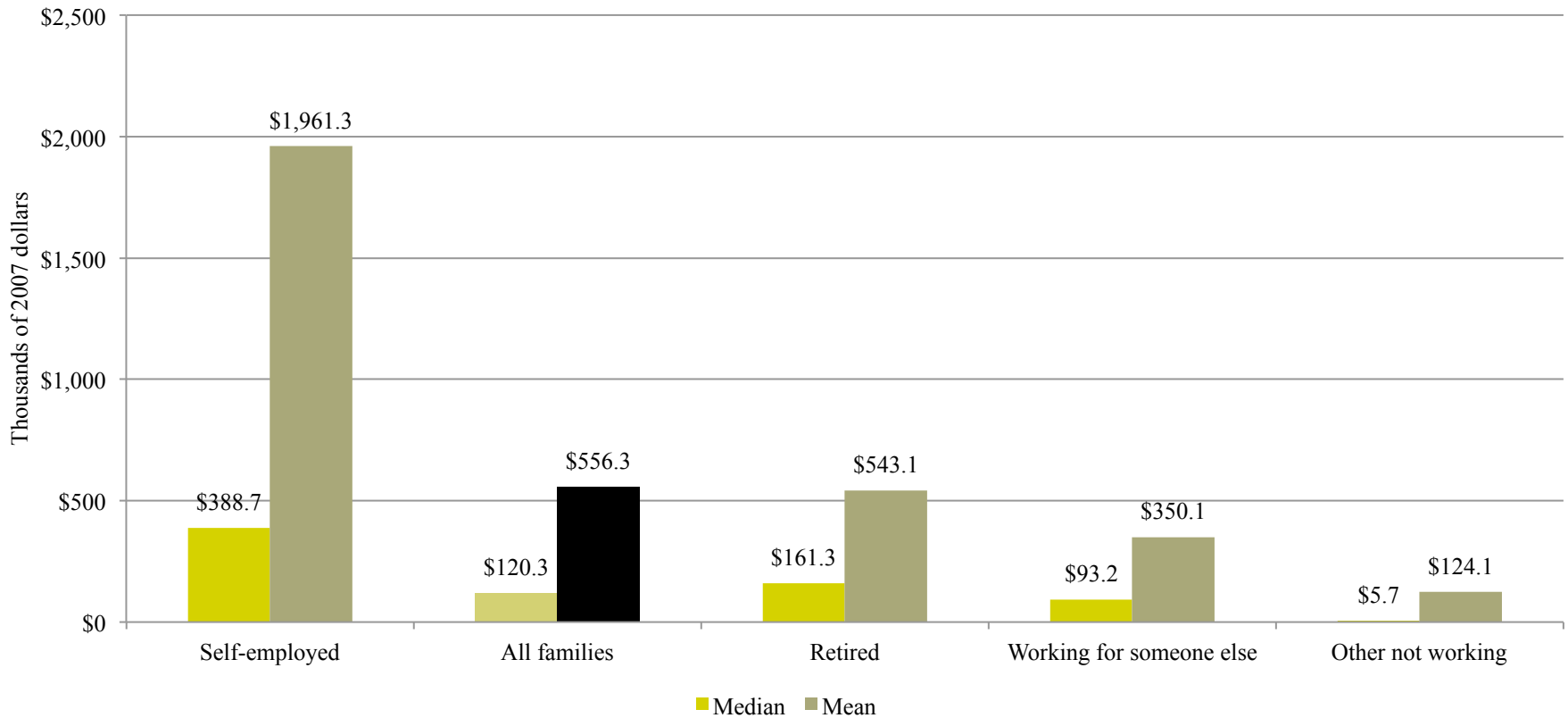
Household Net Worth by Education,
Survey of Consumer Finances, 2007



Employment



Household Net Worth by Employment,
Survey of Consumer Finances, 2007



Occupation



Household Net Worth by Occupation,
Survey of Consumer Finances, 2007



Estimating Net Worth

Step III



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

Scenario Building



Step I

- ✓ Population projections
- ✓ Economic growth scenario

Step II

- ✓ Wealth Release

Step III

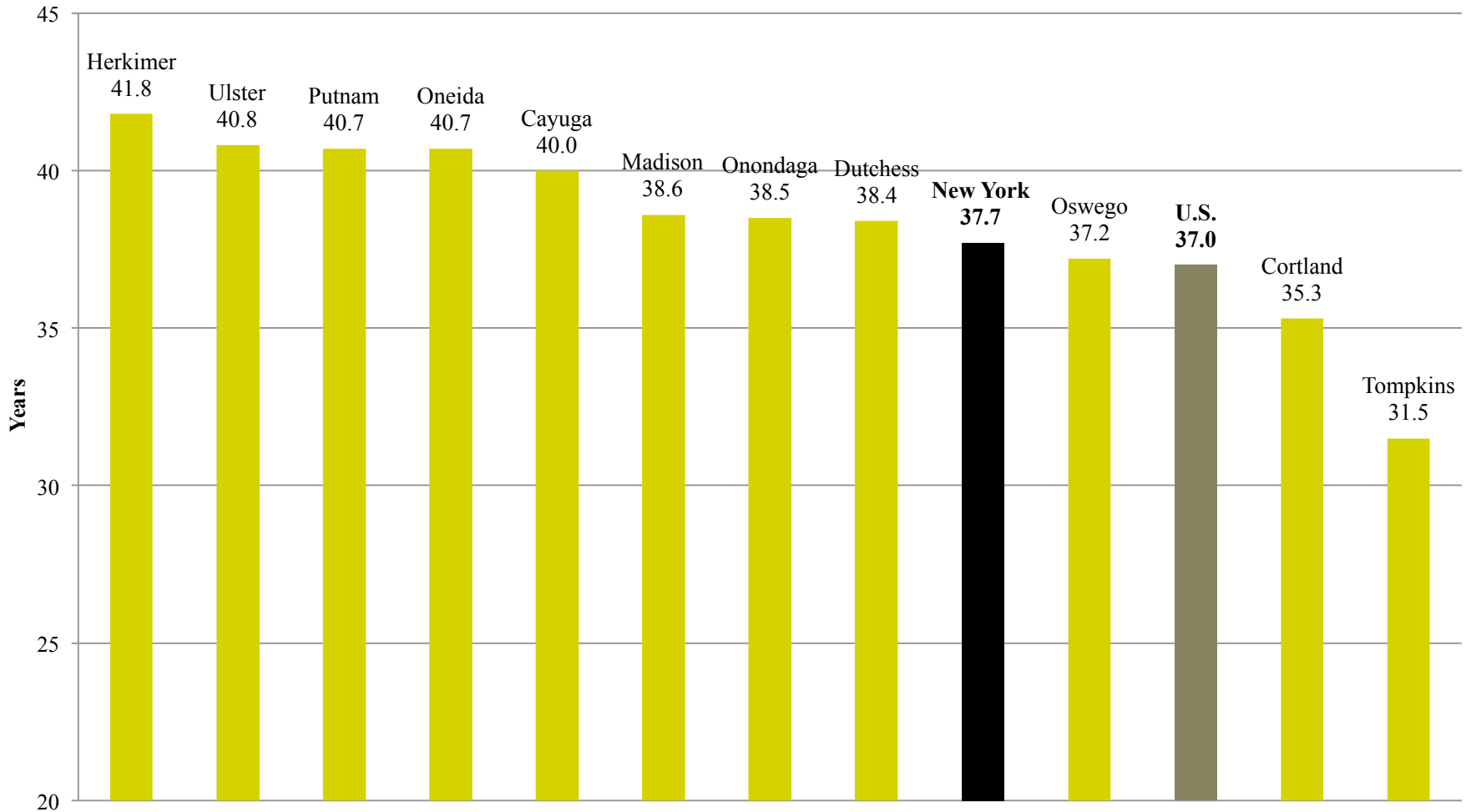
- ✓ Review & Verification

USING THE NUMBERS

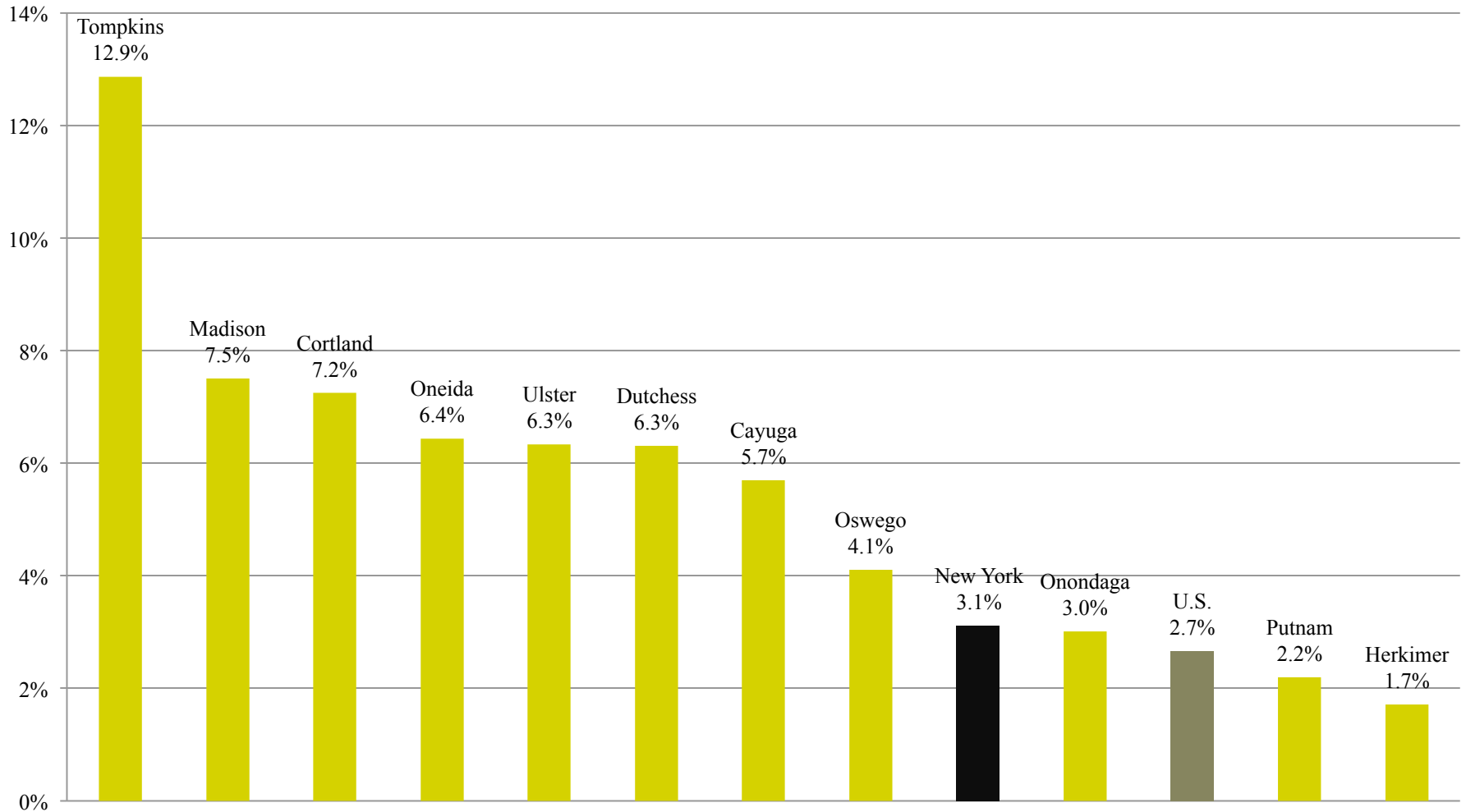


- ❑ Not a Black Box
- ❑ The Numbers Can Change
- ❑ Change Assumptions Then Change Numbers
- ❑ **NOT** Forecasts of Giving
- ❑ Updating

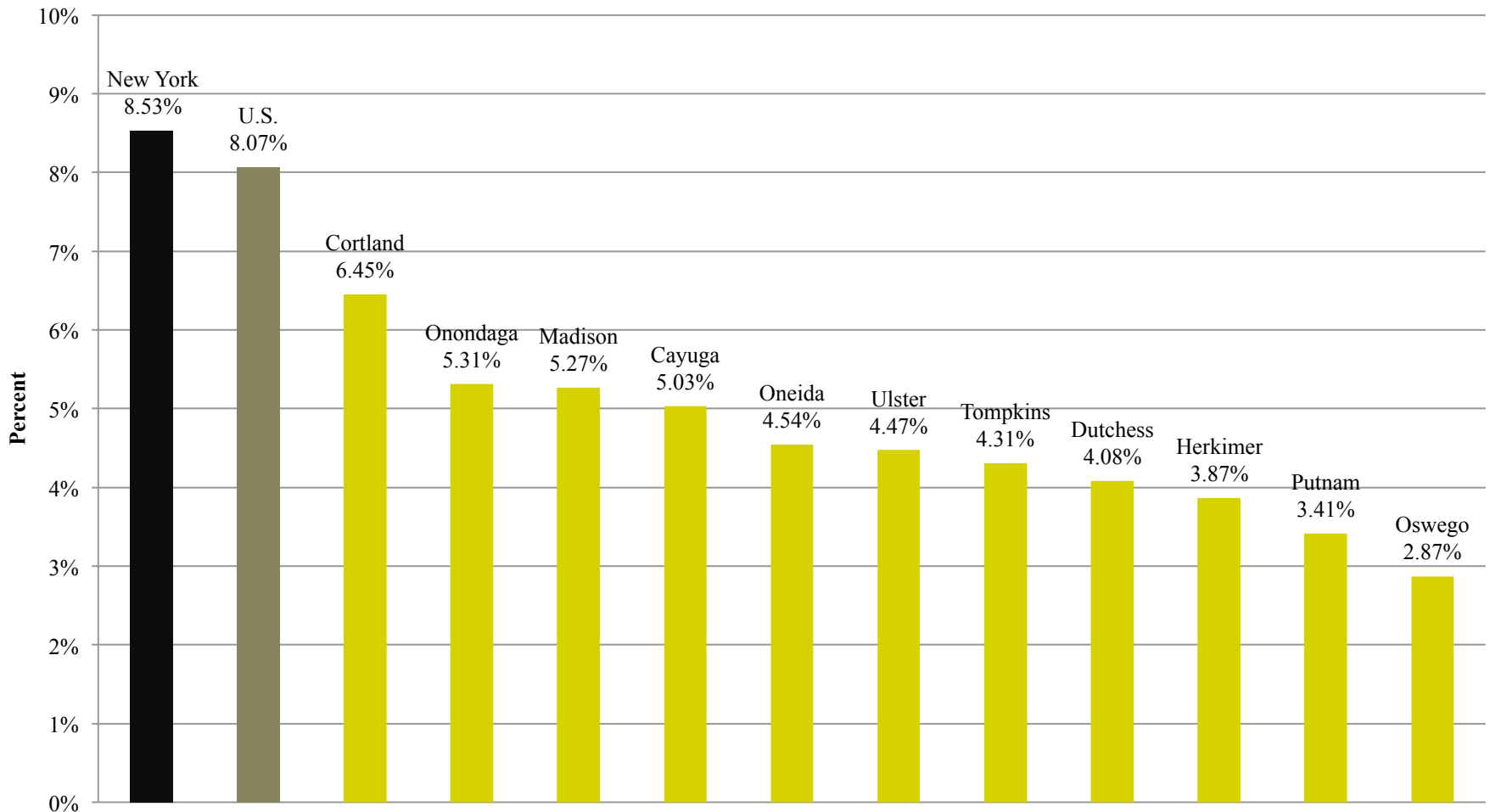
Median Age, 2010



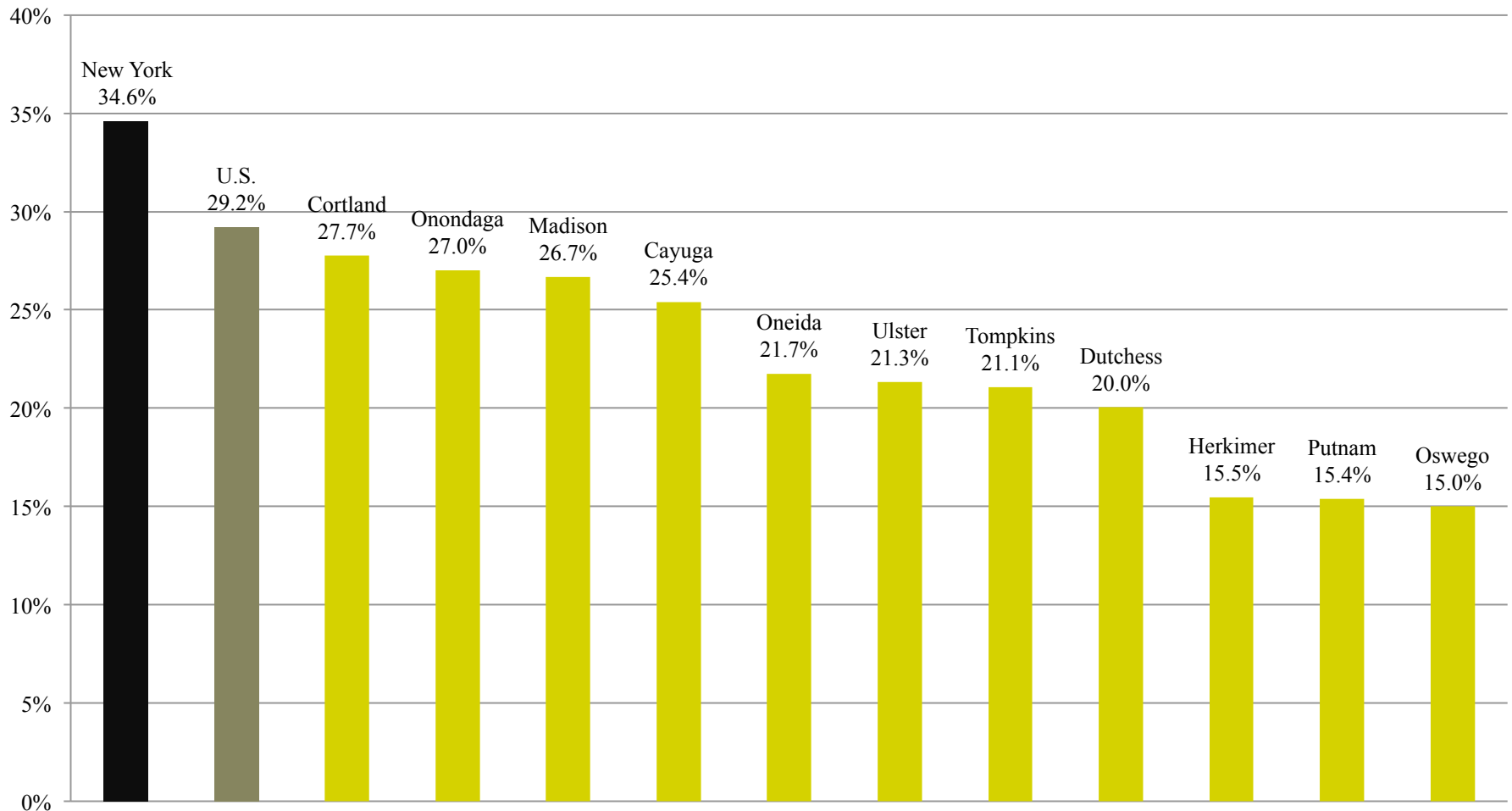
Percent of Group Quarters Population, 2010



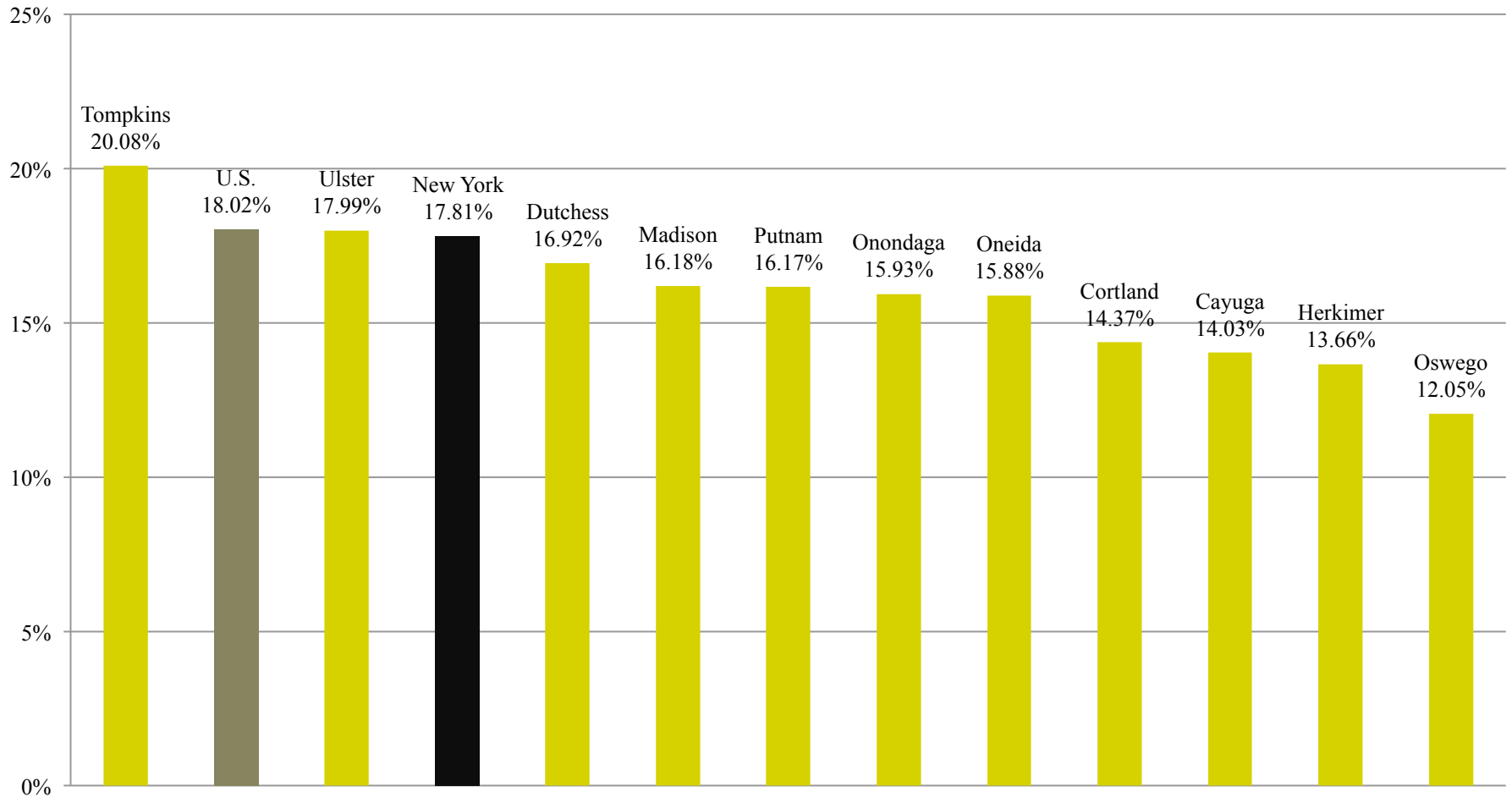
Percent of Nonfarm Proprietors' Income, 2009



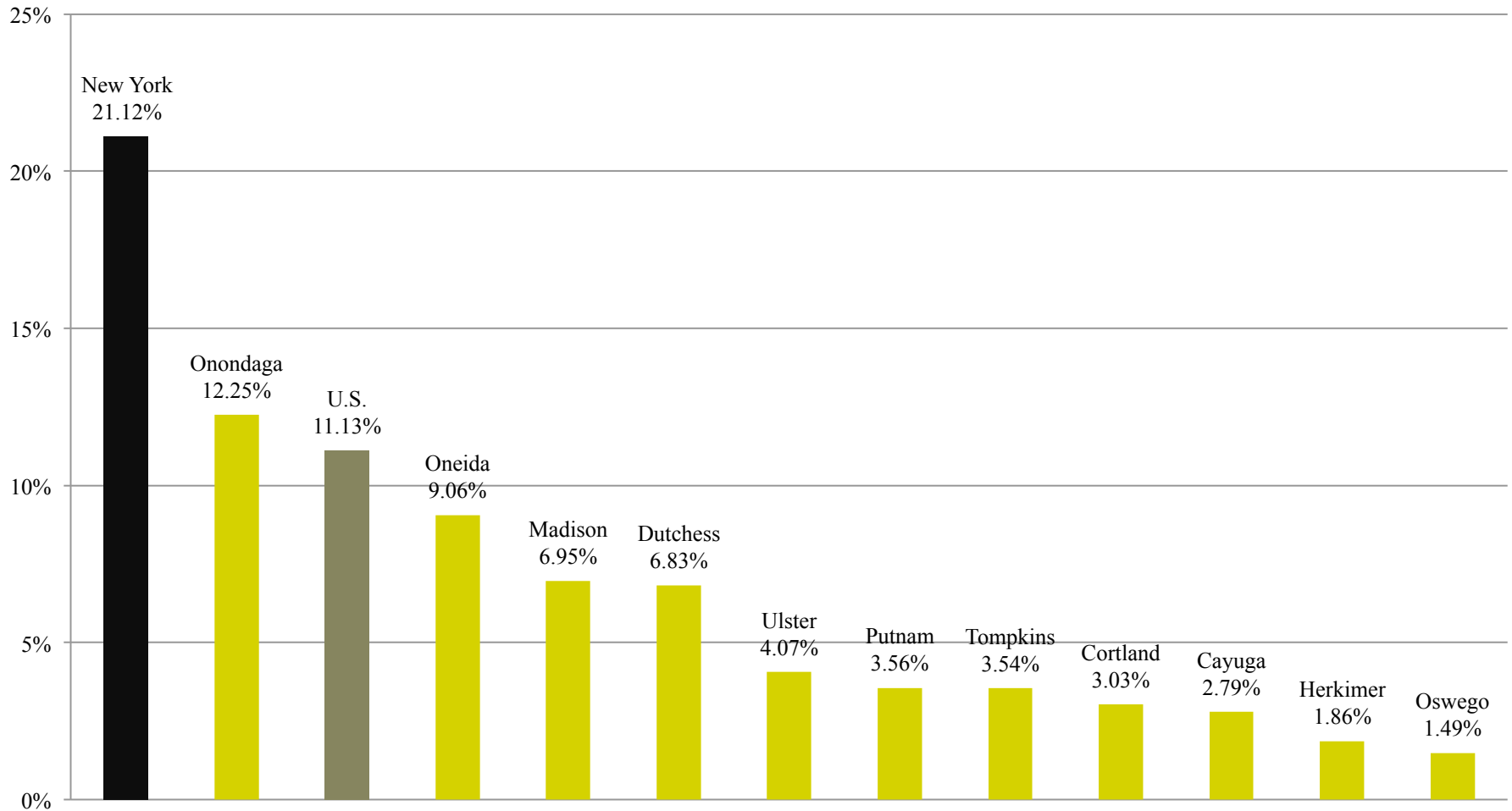
Percent of Proprietors' Employment, 2009



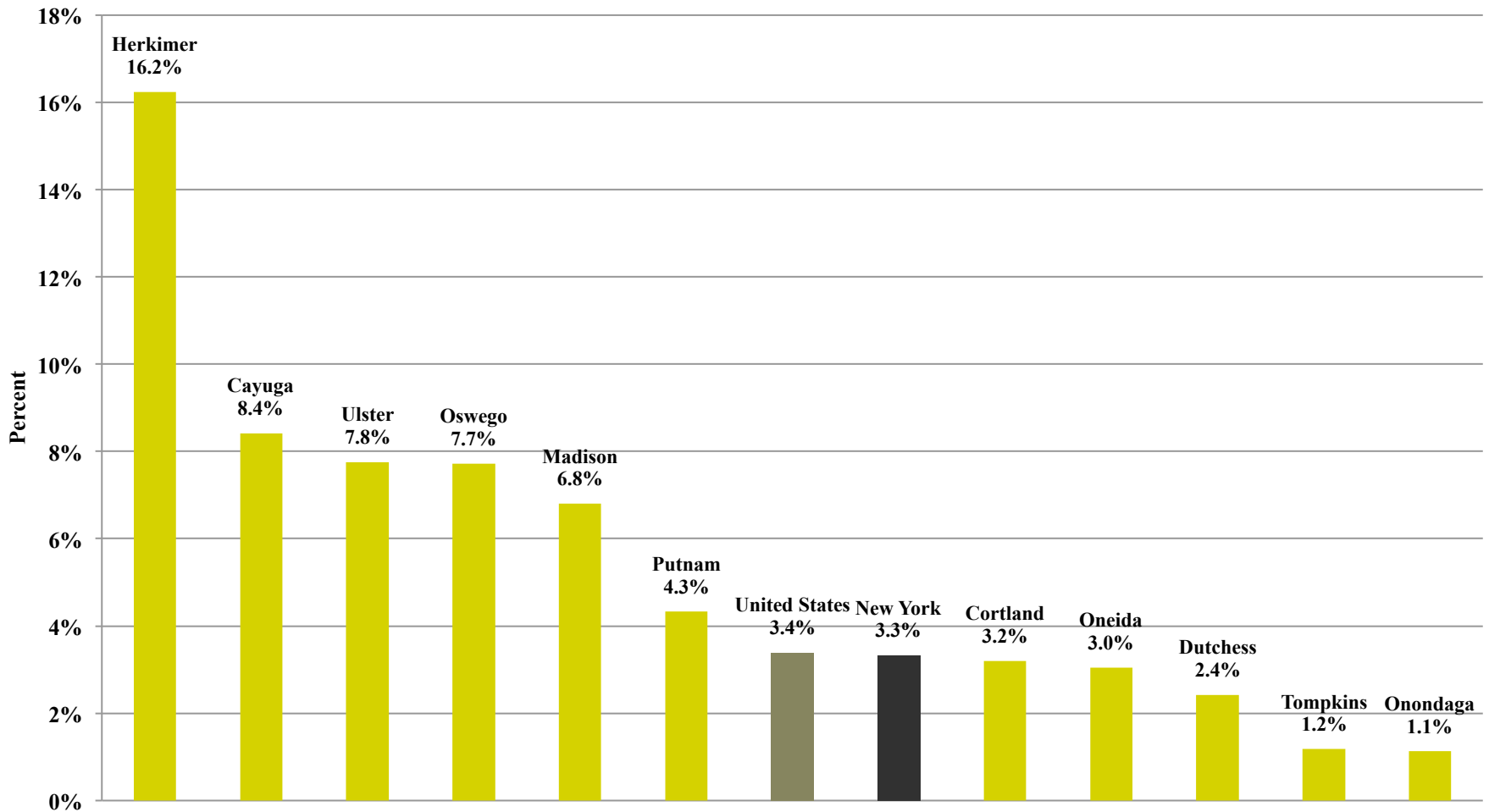
Percent of Dividends, Interest and Rent Income, 2009



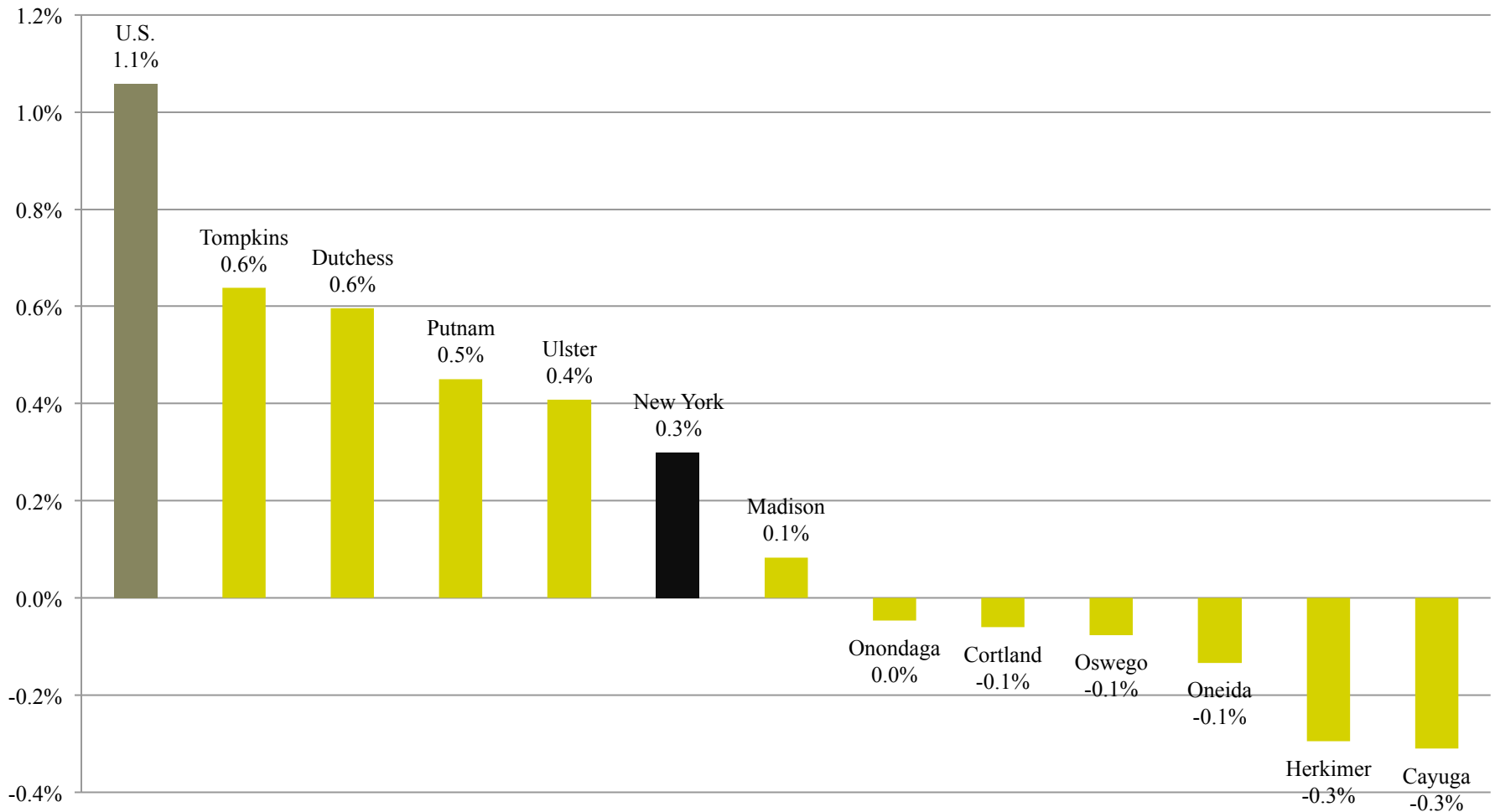
Percent of Creative Class Income, 2009



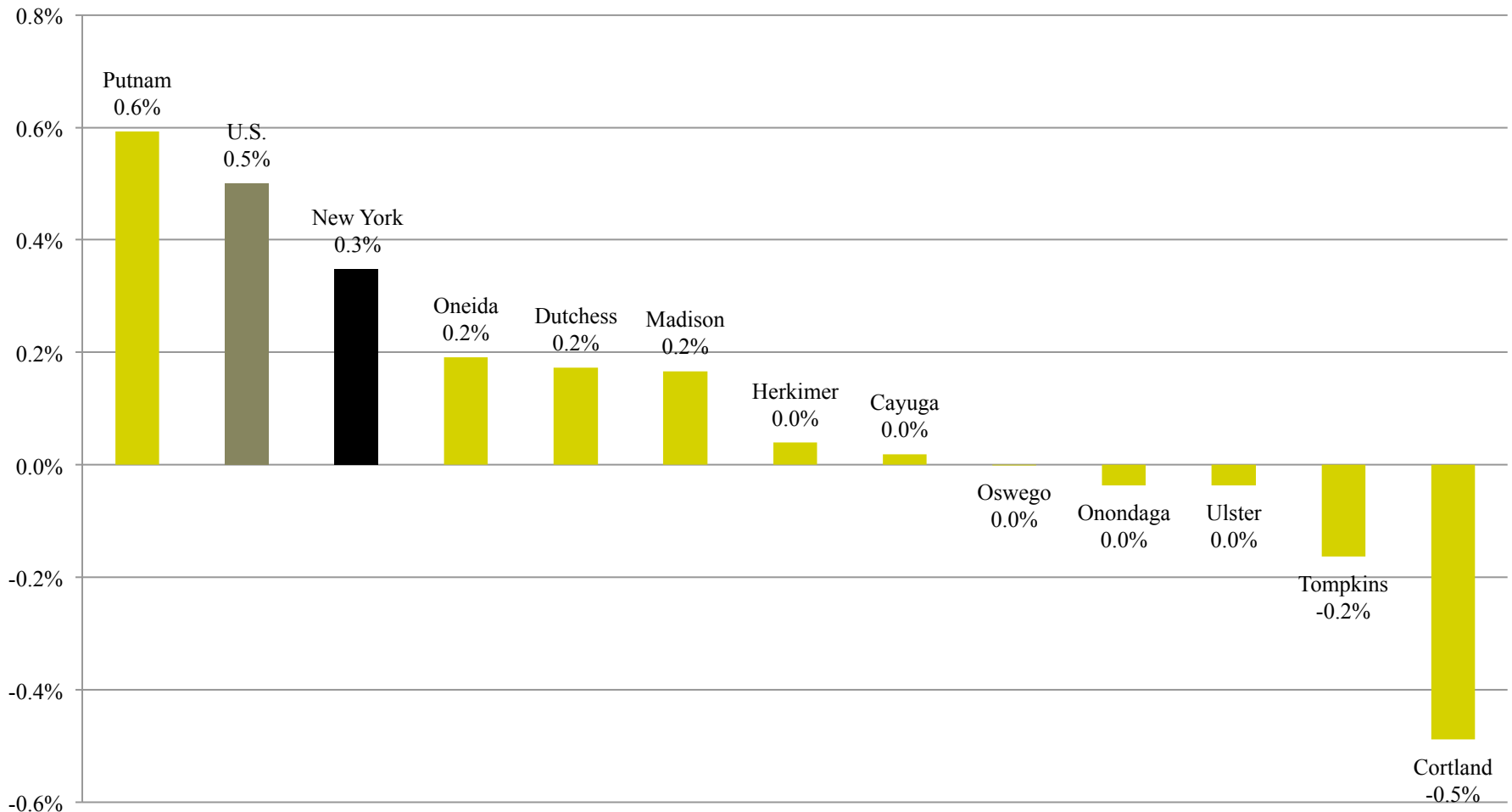
Percent of Vacation Housing, 2000



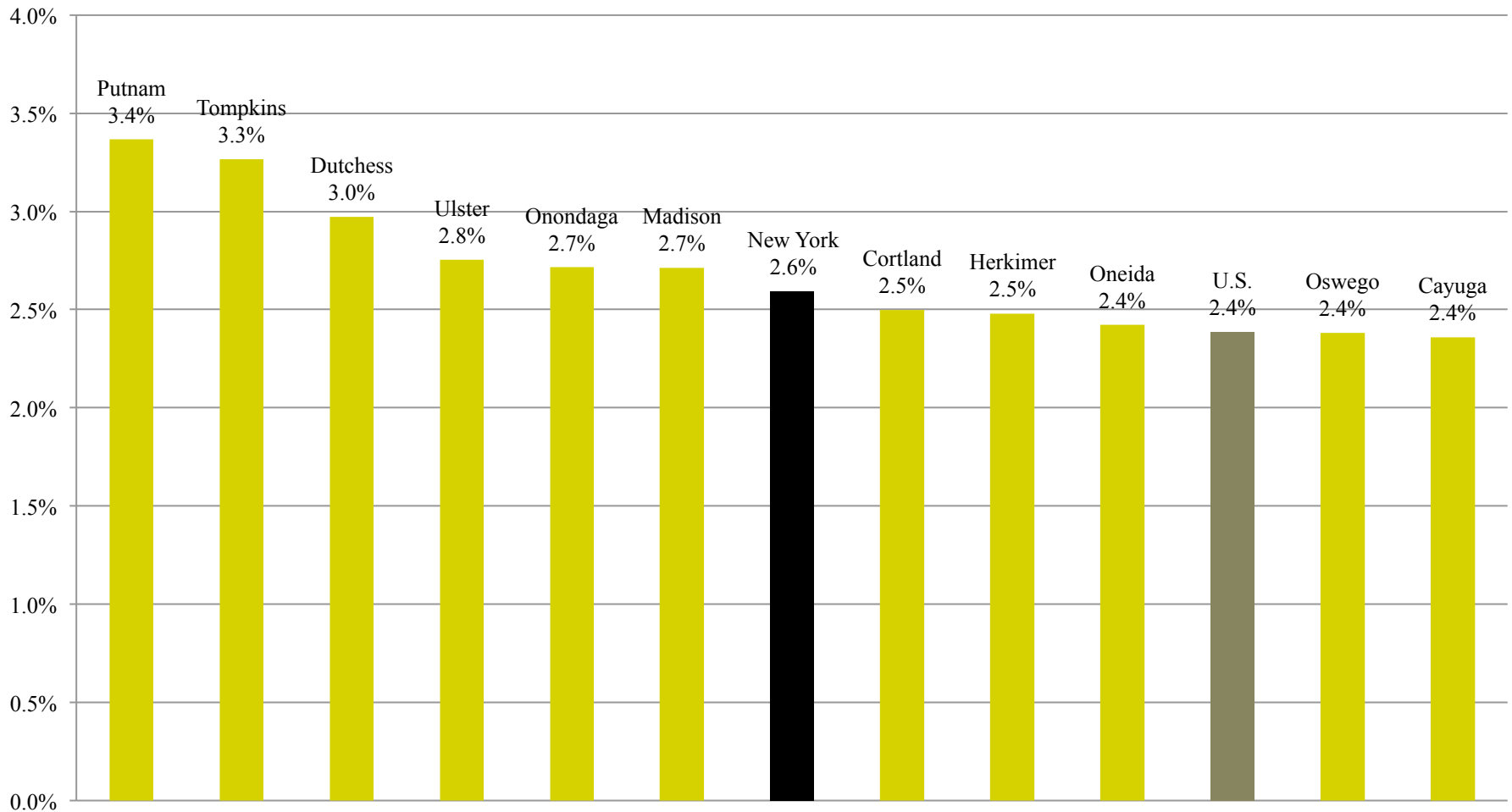
Population Growth 2000-2010 (Annual)



Employment Growth 2000-2010 (Annual)



Per Capita Income Growth 2000-2010 (Annual)



General Questions



For More Information. . . .



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