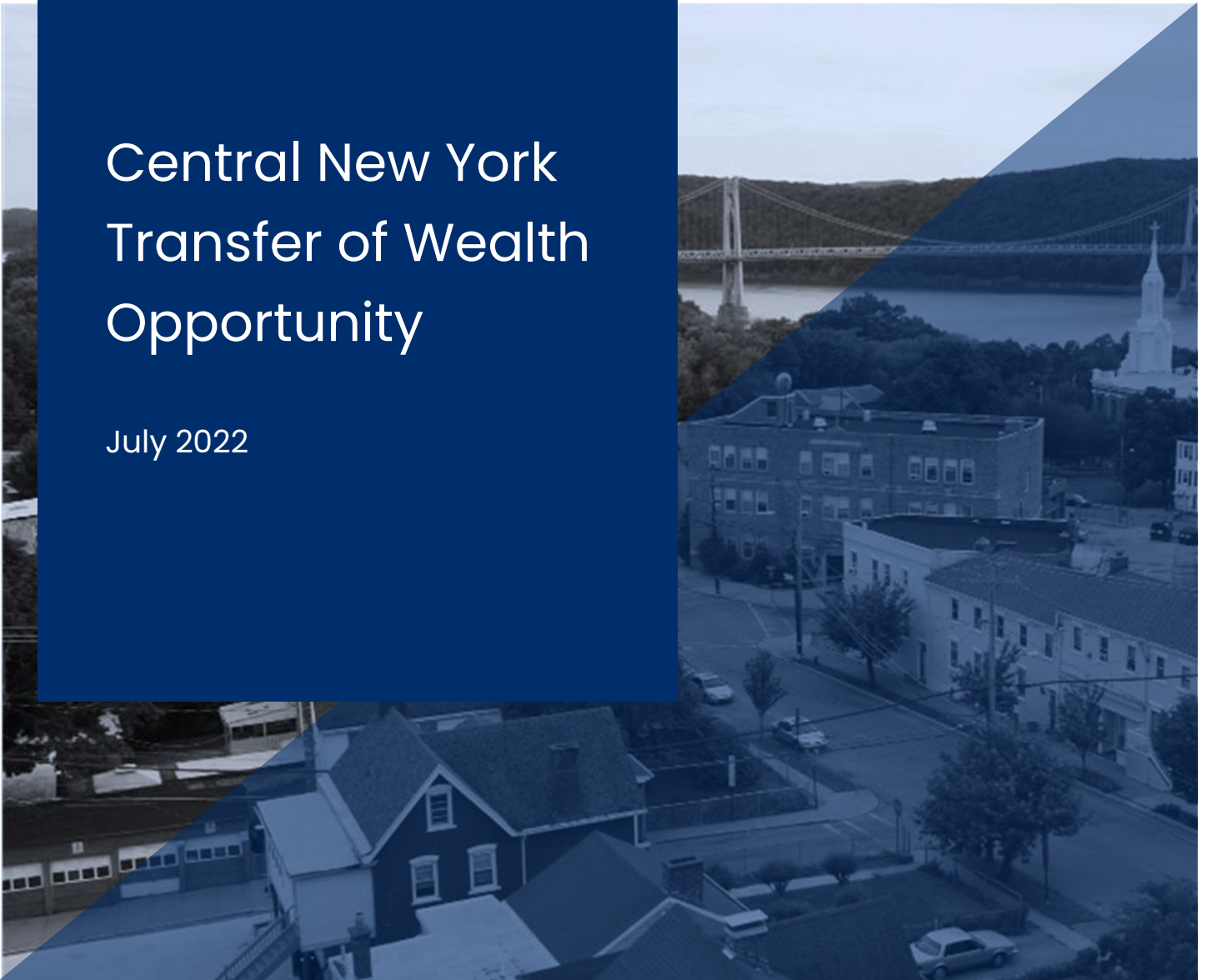




Central New York Transfer of Wealth Opportunity

July 2022



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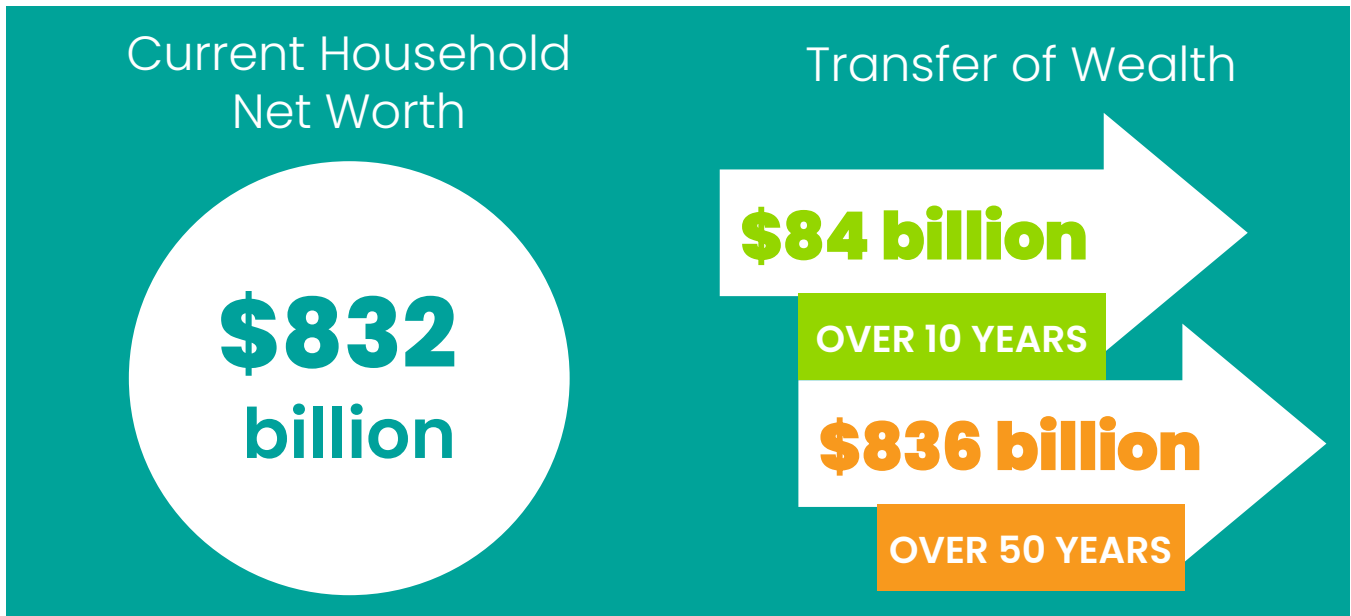
Thank you to the study advisory committee members including Nicole Anderson, Heather Bell, Adam Bosch, Mary Ellen Cologero, Sally Cross, Joe Czajka, Alicia Dicks, George Ferrari, Thomas Griffith, Nick Grimmer, Jeff Katz, David Kay, Jacquie Klotzbach, Jan Lane, Nicole Feller Lee, Amy LeViere, Harry Levine, David Mankiewicz, Megan Matthews, Richard Neal, Jonnell Robinson, Kristen Smith, John Swann, Jennifer Tavares, and Lisa Whitaker.

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SNAPSHOT: Central New York Transfer of Wealth

LOCUS Impact Investing's 2022 Transfer of Wealth Opportunity Analysis for Central New York provides an estimate of your region's assets – homes, businesses, investments – that will transfer between generations within the next 10 and 50 years. It provides a research-based estimate of the household wealth that, with active donor engagement, might be available for charitable giving and philanthropic investing.



5% For Grantmaking

Capturing **just 5%** of the 10-Year TOW potential would create **\$4.2 billion** in new endowments. Over 20 years, this endowment could support grantmaking of nearly...



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.



A **5% investment** over 20 years could generate **\$239 million** to meet "gap financing" needs in the region.



INSIGHTS: Central New York Opportunity

Your region has wealth. Experience shows, there are ways to put those assets to work to promote economic vitality and community prosperity. This assessment shows:

Central New York has assets. Today, Central New York has current household net worth of \$832 billion. Communities regularly struggle to overcome the perception that they lack the capacity, the tools, or the know-how to make a lasting change for the better. Simply understanding the scale of your region's net worth can be helpful in dispelling that perception and help community members start dreaming about what might be possible.

Many people have wealth. Families of various incomes have something to contribute to this region and there are many advantages to engaging households at all levels and across generations. A broad-ranging outreach strategy is consistent with the movement by many organizations to diversify their boards, champion meaningful resident engagement, and promote community leadership. Your development team can make meaningful contributions when it comes to building inclusive, community-oriented investments.

You can realize this wealth for the community. Organizations started assessing their local transfer of wealth in the 2000s. Foundations used this information to develop community legacy campaigns, inform donor development strategies, and conduct strategic planning. Some foundations called on neighbors to give just 5%, a remarkable \$4.2 billion in Central NY, to support important philanthropic purposes. Experience shows that understanding your region's transfer of wealth – having numbers and setting goals – helps foundations better reinvest those assets to promote community economic development.

The time for planning is now. Community economic development takes time. Local organizations should be planning for population shifts, recognizing that \$84 billion will transfer from one generation to the next by 2030. Frequently, place-focused foundations need to wait for the grantee with the right set of skills, a government that is ready to partner, or for the right donor with aligned priorities. Developing a strategy to retain just a portion of a region's transfer of wealth needs to start now.

Central New York needs these assets. Healthy and vibrant places take investment – investment in schools, housing, main streets, businesses, hospitals, and much, much more. Nonprofits, businesses, governments, and philanthropy need the capital and the skills to make these investments. The transfer of wealth opportunity in your region likely represents one of the most underdeveloped resources for furthering community-led projects and programs. Capturing 5% of the Central New York transfer of wealth could support nearly \$5 billion in local grantmaking and \$239 million in local gap financing to support critical community efforts over the next 20 years. A concerted effort to capture just a portion will mean that communities have the resources they need to make investments in their future.



TECHNICAL FINDINGS: Transfer of Wealth Scenario

What is the Transfer of Wealth?

For communities to thrive, they must thoughtfully invest in education, health care, economic development, and other community amenities. Traditional sources of funding (e.g., local taxes, federal and state funding, and support from local businesses) have come under increasing pressure in recent years and are not always there when communities need them the most. LOCUS Impact Investing’s experience working with communities across the U.S. shows that philanthropic giving represents the greatest underdeveloped financial resource a community can mobilize. Community-based philanthropy is a way for neighbors to invest and realize a shared vision for the future of their region. It is also a community engagement tool, providing opportunities for all community members of all means to give back to the place they call home.

Across the U.S., there are examples of the power of community-based philanthropy to drive community transformation. Young parents create an endowment to support quality pre-school education. Successful entrepreneurs endow programs to encourage and support their up-and-coming peers, including youth. To encourage community philanthropy, however, you need to begin by helping the community recognize that they have collective wealth to give and the capacity to dream about the community they could create by applying that philanthropic potential.

LOCUS’ Unlock Your Transfer of Wealth analysis provides a reasonable estimate of the total household wealth that will transfer from one generation to the next over a given period, 10 years or 50 years, in a defined geography – typically a city, county or state. While past research has found that most of this wealth will be passed on to heirs, recent evidence shows that individuals and families also give back to their communities, keeping some of that wealth in the places they call or have called home.

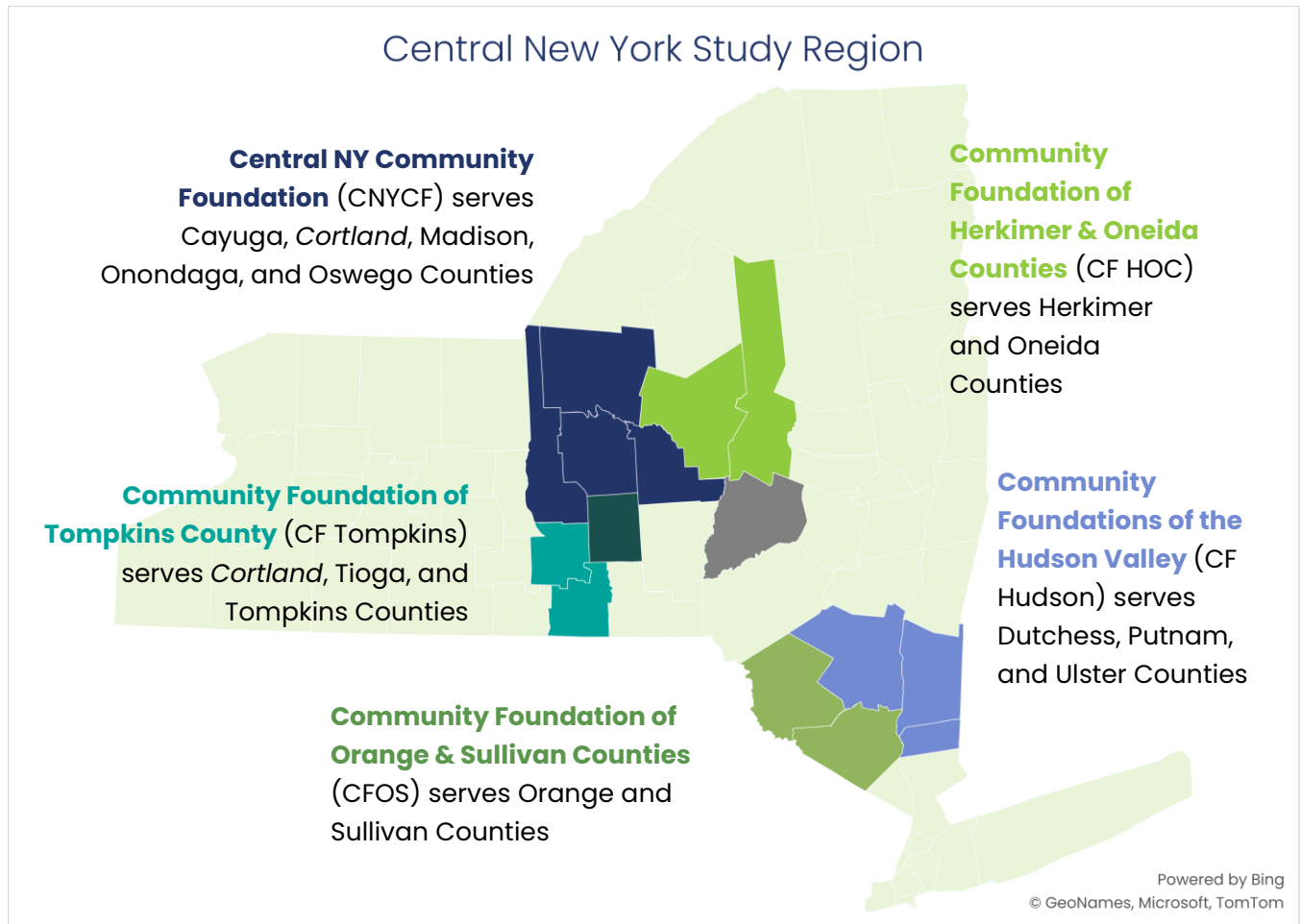
Terms and Regions

Transfer of Wealth (TOW) estimates are scenarios of a “most likely future” based on historical research and reasonable assumptions of the future. Longer range scenarios are subject to greater uncertainty. The 10-Year TOW scenarios include the cumulative intergenerational wealth being transferred by permanent resident households from 2020 through 2030. The 50-Year TOW scenarios include the cumulative intergenerational wealth being transferred from 2020 through 2070. These estimates exclude wealth held by corporations, governments, and nonprofit organizations. TOW scenarios are presented in



real, inflation-adjusted dollars meaning that a dollar in 2070 has the same purchasing power as a dollar in 2020.

This study was conducted for 15 counties in central New York. Primary data sources for this study include 2021 Esri, Woods & Poole, and 2020 Census & American Community Survey 5-Year estimates. Data was aggregated to regions for the service areas of the partnering foundations. For the purposes of this study, the regions are as follows:



The region also includes the Haudenosaunee, or Iroquois Confederacy, an alliance of Native Nations. The Nations that make up this confederacy are the Seneca, Cayuga, Onondaga, Oneida, Mohawk, and the Tuscarora. The authors of this report acknowledge and respect the sovereign status of these Nations.



Study Region

	Population 1970	Population 2020	Forecasted Population 2030	Current Number of Households	Current Median Age
New York State	18,271,605	38,923,786	39,705,244	7,482,342	39.6
15-County	1,981,235	2,304,255	2,336,418	903,701	41.5
CNYCF	761,065	772,087	778,551	315,666	40.7
Cayuga	77,648	76,506	77,189	31,847	43.7
Cortland*	45,877	47,560	47,345	18,788	37.6
Madison	63,001	70,921	72,010	27,867	41.6
Onondaga	473,093	460,153	464,720	190,707	40.1
Oswego	101,446	116,947	117,287	46,457	40.6
CF Tompkins	169,638	197,956	199,759	79,767	38.1
Cortland*	45,877	47,560	47,345	18,788	37.6
Tioga	46,753	48,130	47,409	20,200	44.6
Tompkins	77,008	102,266	105,005	40,779	32.1
CF HOC	341,324	289,489	289,708	118,981	43.6
Herkimer	67,738	61,147	60,533	25,661	44.7
Oneida	273,586	228,342	229,175	93,320	42.4
Otsego**	56,291	59,450	59,021	24,369	42.9
CF Hudson	422,790	570,853	578,332	218,793	43.6
Dutchess	223,524	294,695	299,507	111,122	42.0
Putnam	57,024	98,496	100,276	35,008	44.6
Ulster	142,242	177,662	178,549	72,663	44.2
CFOS	276,004	461,980	478,392	164,913	40.7
Orange	222,914	386,451	401,889	134,014	37.6
Sullivan	53,090	75,529	76,503	30,899	43.7

Notes: *Cortland is served by multiple foundations. ** Otsego is not included in totals for CF HOC.

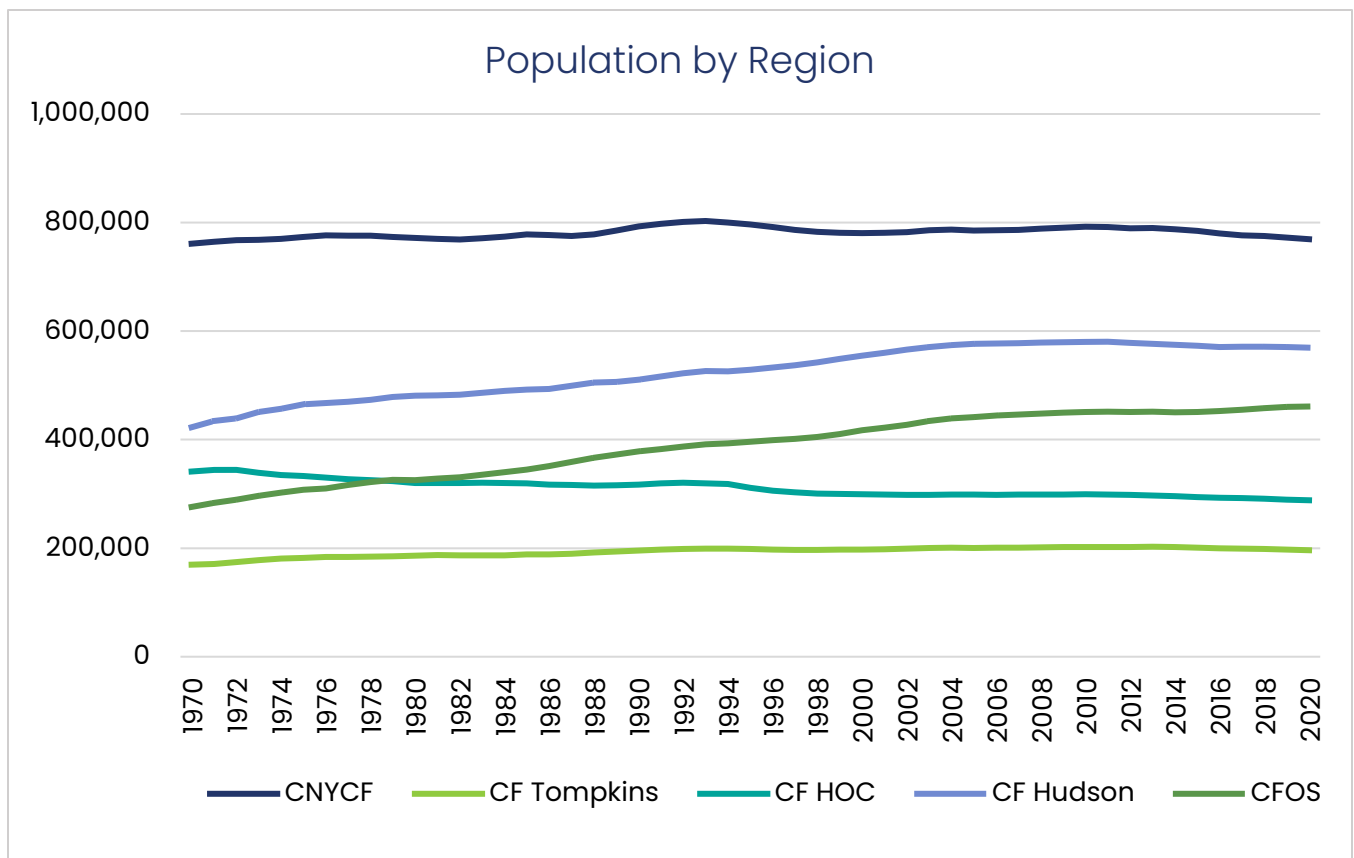
Sources: Bureau of Economic Analysis, Woods & Poole Economics, Esri Business Analyst



Population and Household Projections

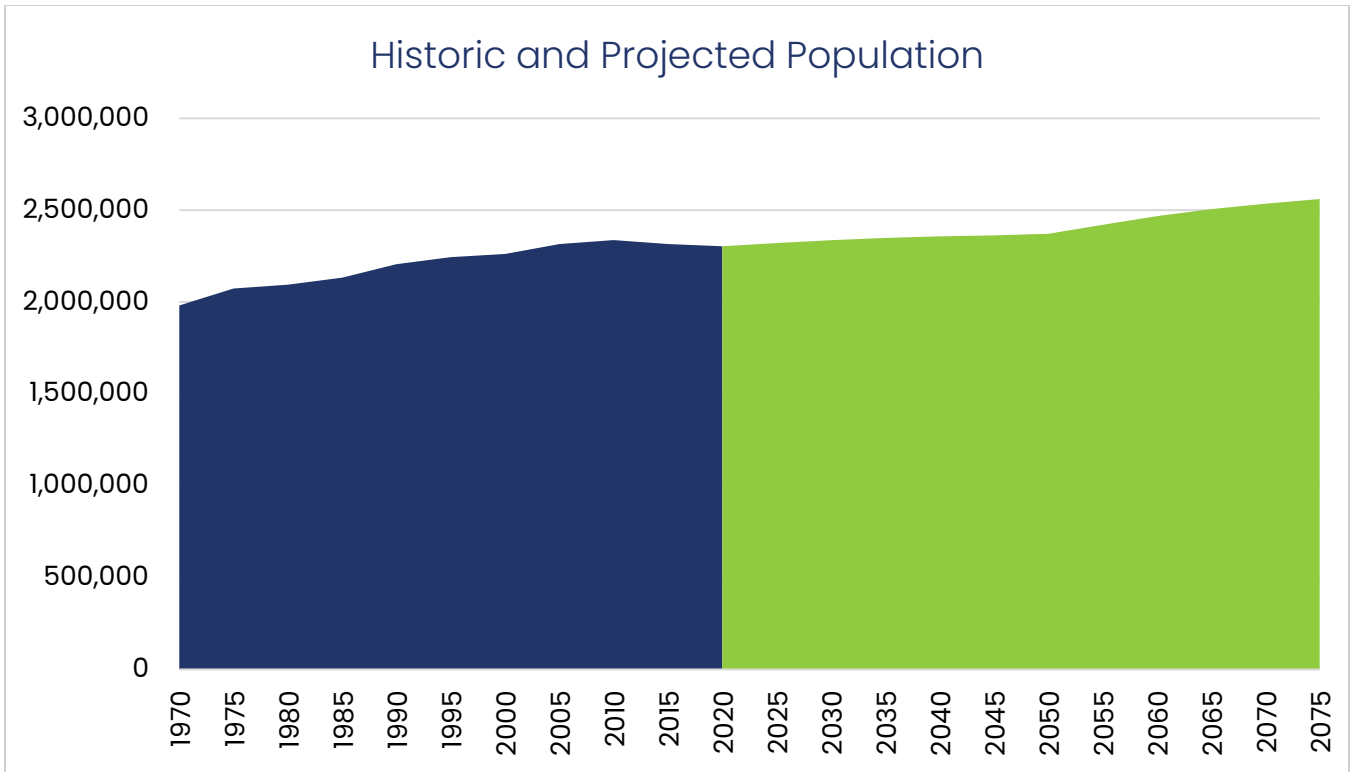
A key input required for modeling TOW scenarios is a region’s population forecast. State and local demographers regularly forecast local population trends by looking at historic population levels, local economic data, migration patterns, planned housing developments, and other factors that contribute to population growth or decline. Historically, Central New York has experienced steady population growth rising from just under 2 million residents in 1970 to 2.3 million residents in 2020. Over the last 50 years, population growth has been most notable in Dutchess, Orange, Putnam, Sullivan, and Tompkins counties.

Comparatively, Cayuga, Herkimer, Oneida, and Onondaga counties experienced population decline. To view detailed population graphs by county for each region, see Appendix A. Looking forward, Woods & Poole Economics forecasts a slight population increase for the region. The population estimates, extended by LOCUS, project the region may exceed 2.5 million residents within 50 years, or a generation.

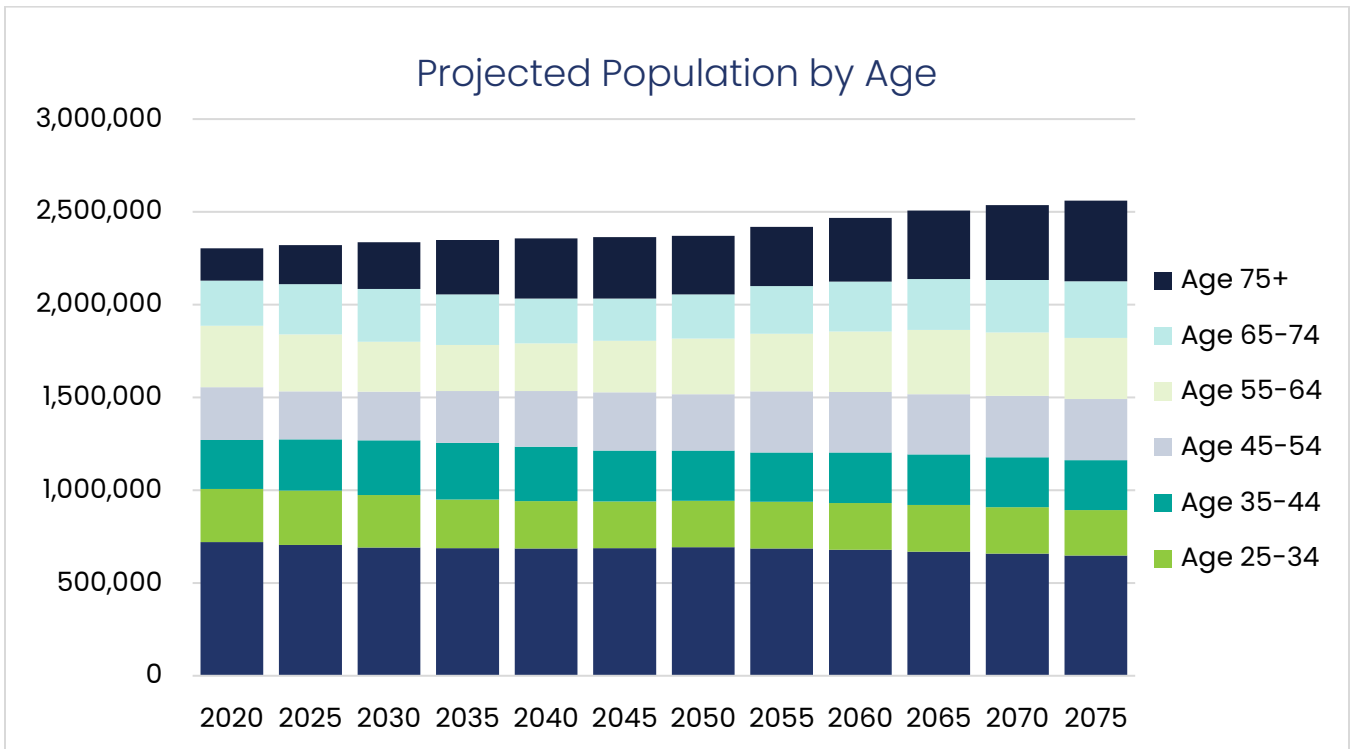


Source: Bureau of Economic Analysis





Source: Historical data - Bureau of Economic Analysis; Projected data - LOCUS Impact Investing



Source: LOCUS Impact Investing



Wealth transfer projections are built, in part, by using population forecasts for age-group cohorts. Note that the number of people over the age of 75 will rise from approximately 175,000 today to over 400,000 in 2075. This trend has big implications for wealth formation in the state because households with people in their 60s and 70s tend to have amassed more wealth and have fewer occupants.

Current Net Worth

Many communities and community residents see themselves as lacking the financial means to make the community they call home better. However, every community has local wealth that can be re-invested “back home.” Realizing this can shift attitudes from “the glass is half empty” to “the glass is half full” and motivate action. Taking stock of a region’s wealth and modeling TOW scenarios start with determining current net worth. 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. The current net worth of the 15-County Region is \$832 billion. The table below summarizes current net worth for the region and community foundation service areas benchmarked to state values.

What is a household?

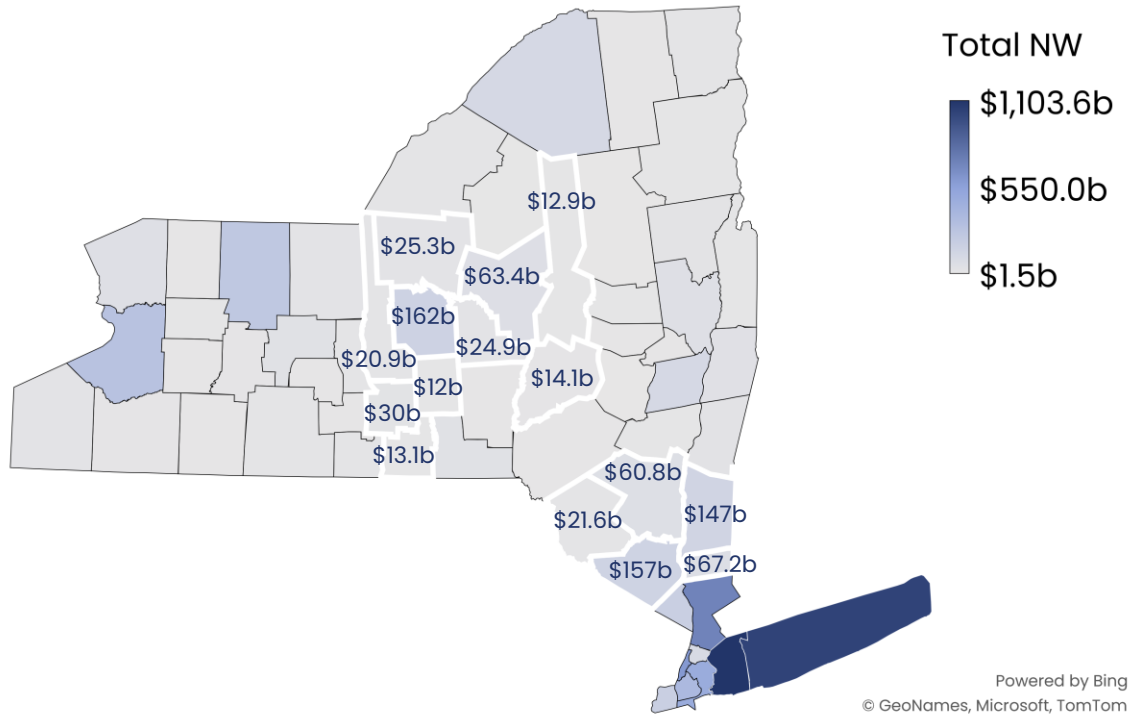
For the purposes of public surveys, a “household” is a group of people who occupy the same housing unit. This can mean a family, but it also includes unrelated people living together. All households have a “householder” or one person, or one of the people, in whose name the home is owned, being bought, or rented. When surveys report a household’s wealth, the wealth is the aggregate wealth of all the individuals living in the household.

2020 Current Net Worth			
	HOUSEHOLDS	CURRENT NET WORTH	PER HOUSEHOLD
New York State	7,482,342	\$7.0 tr	\$937,397
15-County Region	903,701	\$832.2 b	\$920,883
CNYCF	315,666	\$245.1 b	\$776,395
CF Tompkins	79,767	\$54.9 b	\$688,747
CF HOC	118,981	\$76.4 b	\$641,822
CF Hudson Valley	218,793	\$275.0 b	\$1,257,006
CFOS	164,913	\$179.0 b	\$1,085,173

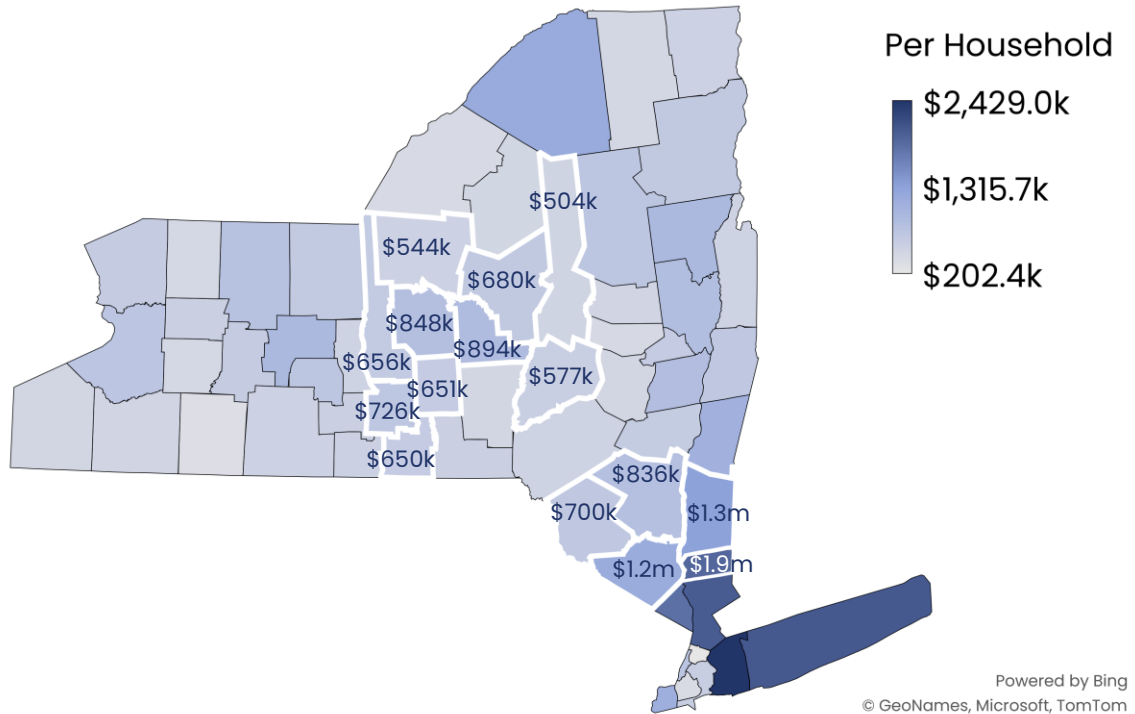
Source: Esri, with adjustments made by LOCUS Impact Investing.



2020 Total Current Net Worth by County



2020 Per Household Net Worth by County

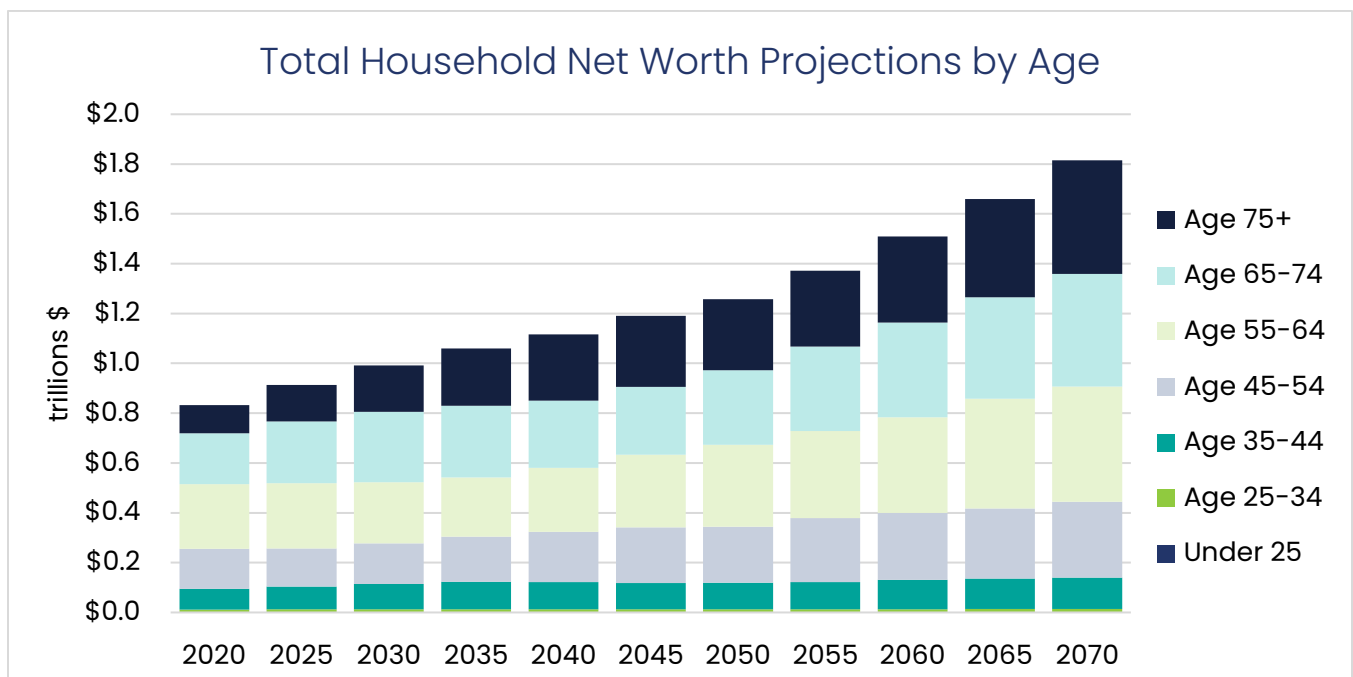


Source: Esri, with adjustments made by LOCUS Impact Investing.



Future Net Worth Estimates and Estates

Using current net worth data and the household population forecast, LOCUS estimates the 15-county region’s projected total household net worth. The region’s total current net worth will rise from \$832 billion in 2020 to over \$1.8 trillion by 2070. These are in inflation adjusted dollars, meaning that the purchasing power of a dollar in 2070 is the same as a 2020 dollar. While population growth patterns show a gradual increase over time, growth in total household net worth will increase significantly in the region. The figure below shows projected net worth by age group, with notable growth in household net worth for the older age cohorts and no measurable net worth for the youngest.



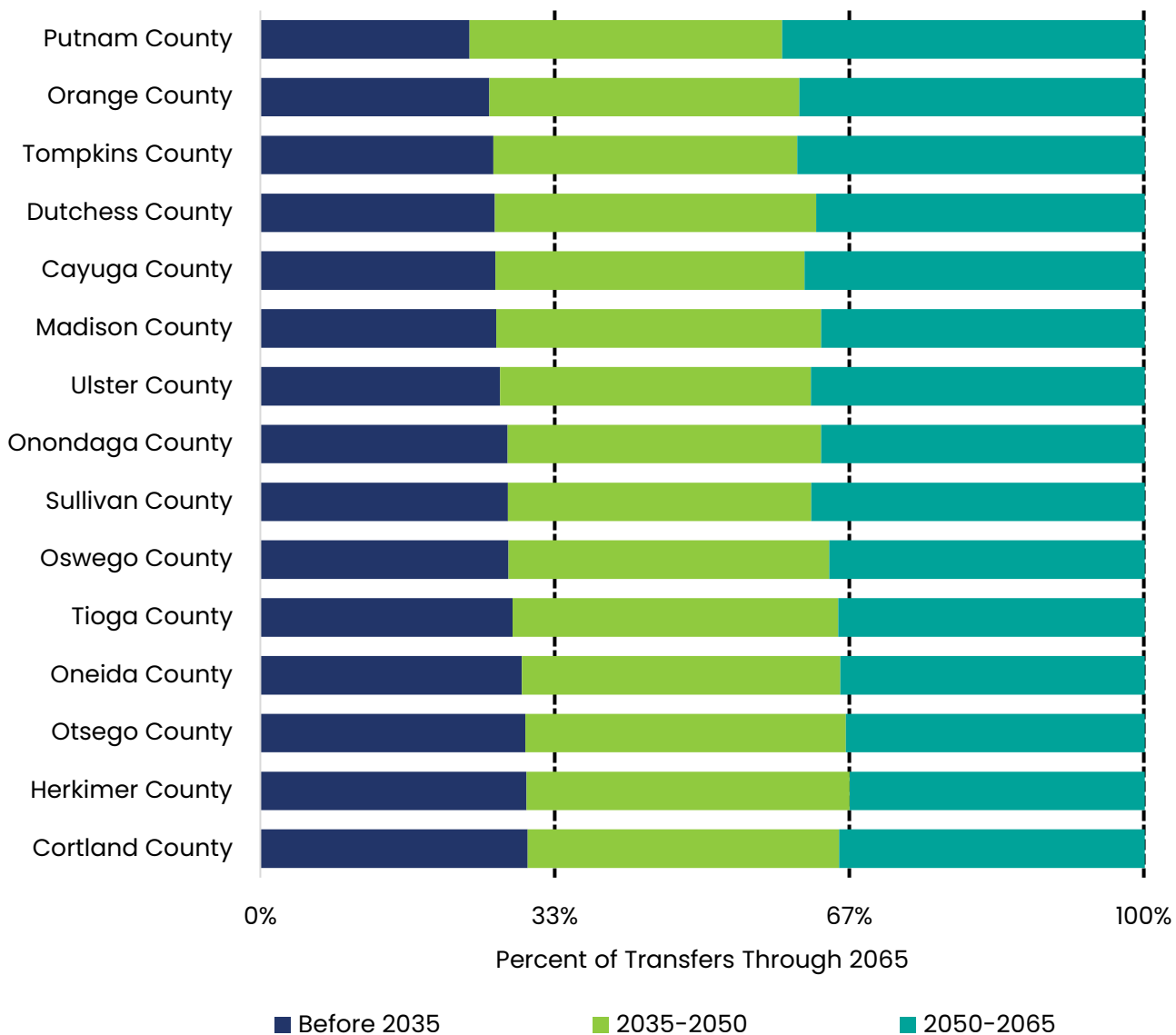
Source: Esri Business Analyst, 2021, Projected out by LOCUS Impact Investing

The final input required to model a region’s TOW scenarios is an estimate of the number of estates that will transfer from one generation to the next in any given year. Estate transfers are initiated with the passing of a householder. The next figure shows the timing of each county’s transfers in the next 45 years based on current death rates, births, and migration.

Counties that are growing and counties that have younger populations will have fewer transfers in the short term and more transfers in the long term. Counties that are declining in population and that are older will have more transfers in the short term and fewer transfers in the long term. For example, Putnam and Orange counties will have more transfer at the end of the scenario period when compared to Herkimer and Cortland counties.



Timing of Transfers as Percent of All Transfers



Source: Center for Disease Control and Prevention, National Center for Health Statistics. 2011-2020, Projected out by LOCUS Impact Investing.

Transfer of Wealth

Combining projected demographic, economic, and household wealth growth, the region's transfer of wealth in the next decade is expected to average \$8.4 billion annually.

Aggregated over the next 10 years, \$84.0 billion will transfer. Over the next 50 years, \$836



billion will transfer. The 10-year and 50-year TOW scenarios are detailed for the region and for each county in the following table.

Transfer of Wealth Opportunity					
	2020 NET WORTH	10-YEAR TRANSFER	PER HOUSEHOLD	50-YEAR TRANSFER	PER HOUSEHOLD
New York State	\$7.0 tr	\$666.4 b	\$89.1 k	\$6.7 tr	\$900.9 k
15-County	\$832.2 b	\$84.0 b	\$93.0 k	\$835.9 b	\$925.0 k
CNYCF	\$245.1 b	\$25.1 b	\$79.7 k	\$246.1 b	\$779.5 k
Cayuga	\$20.9 b	\$2.6 b	\$80.4 k	\$28.9 b	\$908.8 k
Cortland*	\$12.2 b	\$1.4 b	\$75.1 k	\$12.0 b	\$636.2 k
Madison	\$24.9 b	\$2.3 b	\$84.0 k	\$22.8 b	\$817.0 k
Onondaga	\$161.8 b	\$15.9 b	\$83.3 k	\$153.7 b	\$806.1 k
Oswego	\$25.3 b	\$2.9 b	\$63.3 k	\$28.7 b	\$617.0 k
CF Tompkins	\$54.9 b	\$5.6 b	\$70.8 k	\$54.9 b	\$688.8 k
Cortland*	\$12.2 b	\$1.4 b	\$75.1 k	\$12.0 b	\$636.2 k
Tioga	\$13.1 b	\$1.4 b	\$70.9 k	\$12.8 b	\$632.9 k
Tompkins	\$29.6 b	\$2.8 b	\$68.8 k	\$30.2 b	\$740.8 k
CF HOC	\$76.4 b	\$10.5 b	\$88.2 k	\$90.1 b	\$757.0 k
Herkimer	\$12.9 b	\$1.7 b	\$65.3 k	\$14.7 b	\$572.8 k
Oneida	\$63.4 b	\$8.8 b	\$94.5 k	\$75.4 b	\$807.6 k
Otsego**	\$14.1 b	\$1.9 b	\$77.0 k	\$16.7 b	\$687.3 k
CF Hudson	\$275.0 b	\$25.5 b	\$116.7 k	\$266.9 b	\$1.2 m
Dutchess	\$147.1 b	\$13.9 b	\$125.5 k	\$139.1 b	\$1,251.7 k
Putnam	\$67.2 b	\$5.1 b	\$146.1 k	\$59.9 b	\$1,711.9 k
Ulster	\$60.8 b	\$6.5 b	\$89.2 k	\$67.9 b	\$934.0 k
CFOS	\$179.0 b	\$16.7 b	\$101.4 k	\$173.2 b	\$1.1 m
Orange	\$157.3 b	\$13.8 b	\$103.1 k	\$143.3 b	\$1,069.5 k
Sullivan	\$21.6 b	\$2.9 b	\$94.0 k	\$29.8 b	\$965.5 k

Notes: *Cortland is served by multiple foundations. ** Otsego is not included in totals for CF HOC.

Source: LOCUS Impact Investing Transfer of Wealth Estimates, 2022.



Special Considerations

Future wealth estimates rely on previous development patterns, regionally generated population forecasts, and household current net worth estimates. Although reliable, these figures sometimes fail to capture unique community characteristics that may alter regional development or illiquid assets. To address these potential regional peculiarities, build a better model, and prepare strategies for sharing the findings, our partner community foundations identified advisors to serve on a Technical Advisory Committee. As part of their work, the committee discussed inputs that may impact the model including agriculture, forestry, and vacation communities.

One significant study challenge was the effects of the COVID-19 pandemic. The pandemic has had profound implications for life expectancy, household structure and composition, household finances, and local economic wellbeing. Some areas have experienced one-year death rate increases of 20%. Nationally, the U.S. economy contracted by 3.5% in 2020¹ – the worst year of growth in 75 years. From January 2020 to January 2021, service sector employment across the country declined by 8,725,000 jobs.² Communities are also experiencing a massive COVID-19 migration whose impacts will take years to understand. Some populations have been required and some are choosing to leave residential institutions – senior care facilities, colleges and universities, prisons – and moving to smaller households. To minimize the implications of COVID-19 on our analysis, the study team elected to use 2019 and 2021 data where possible for community analysis rather than using data collected in 2020. To calculate life expectancy, the study team used multi-year averages. In smaller communities, regional wealth and life expectancy numbers were substituted for local survey data.

Wealth Inequality Analysis

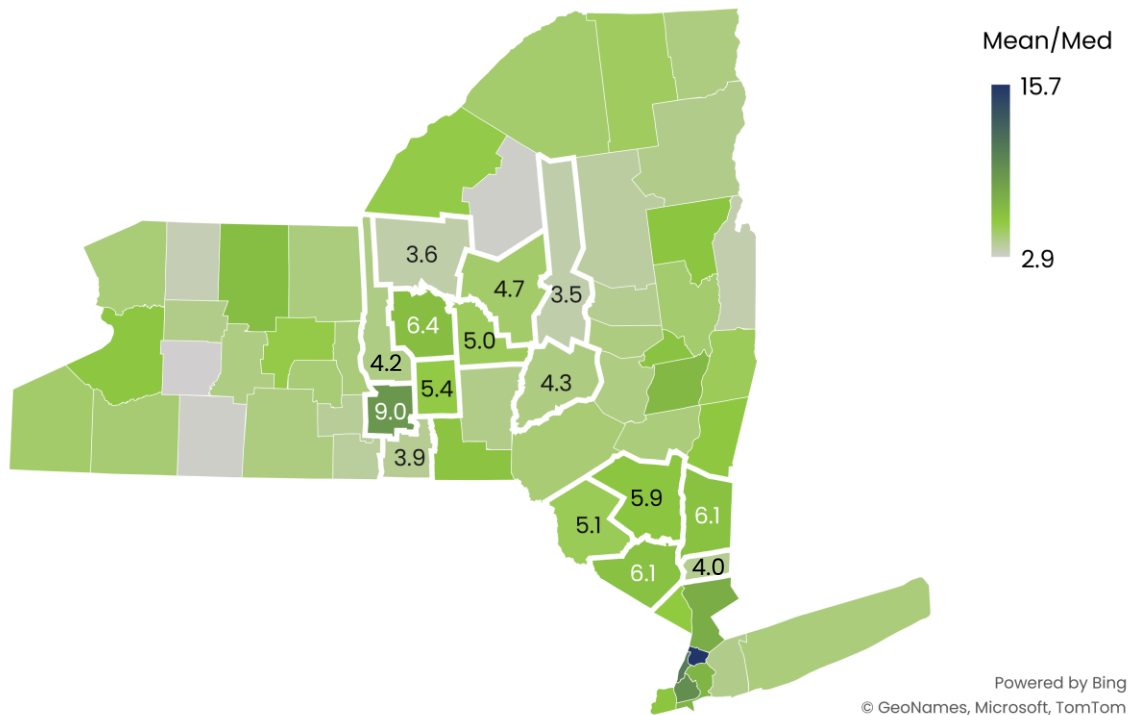
Central New York's Transfer of Wealth findings provide some insights into the household wealth gap that may help inform philanthropic and nonprofit-sector action. One way of assessing wealth inequality is to calculate the ratio of mean to median wealth. When mean and median wealth are close to one another, or their ratio is closer to 1:1, wealth tends to be more equitably distributed in a community. When mean wealth is much higher than median wealth, a small group of households likely have outsized fortunes. The following figure suggests higher levels of wealth inequality in Tompkins, Onondaga, Orange, and Dutchess Counties. Comparatively, wealth is more equitably distributed in Oswego, Herkimer, and Tioga Counties.

¹ U.S. Bureau of Economic Analysis

² U.S. Bureau of Labor Statistics



Mean to Median Current Net Worth Ratio



Source: Esri Business Analyst

To go deeper, LOCUS analyzed wealth by Census tract dividing the region’s more than 600 tracts into wealth quintiles – five equally sized groups – based on average household net worth. The least wealthy tracts based on average household net worth were assigned to the first quintile, the next wealthier group were assigned to the second, etc. A basic description of each of the quintiles appears below.

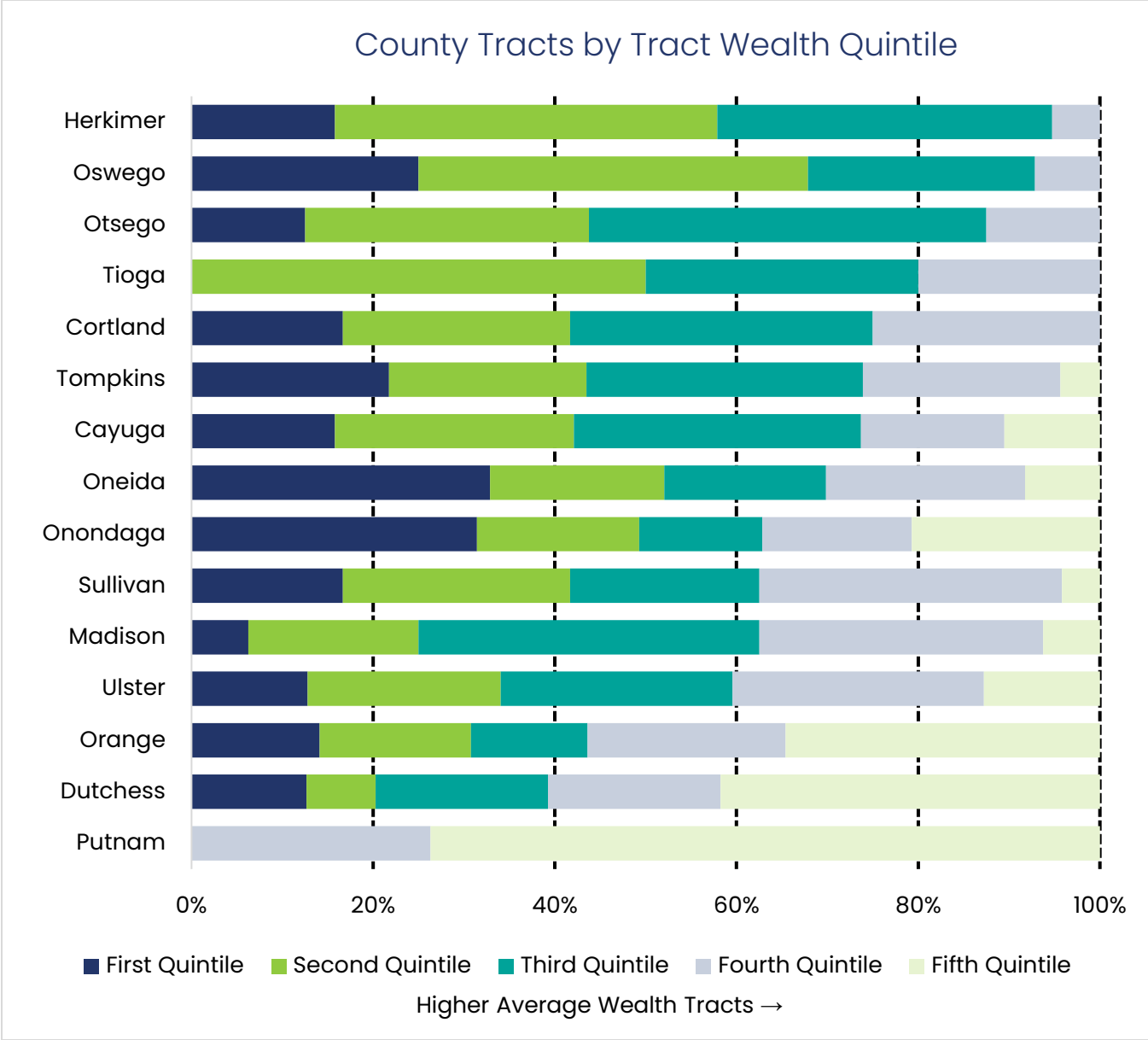
Census Tract Quintile Characteristics

Tract Group (Quintile)	Population	Households	Average Net Worth	Total Net Worth	10-Year Transfer of Wealth
First Quintile	354,272	141,253	\$110,000	\$16.2 b	\$2.2 b
Second Quintile	440,956	182,584	\$390,000	\$70.4 b	\$8.9 b
Third Quintile	501,885	204,391	\$680,000	\$139.2 b	\$15.9 b
Fourth Quintile	456,352	185,330	\$1,000,000	\$200.4 b	\$21.9 b
Fifth Quintile	523,491	198,870	\$2,000,000	\$406.0 b	\$35.2 b

Source: Esri Business Analyst, American Community Survey 5-Year Estimates, 2020.



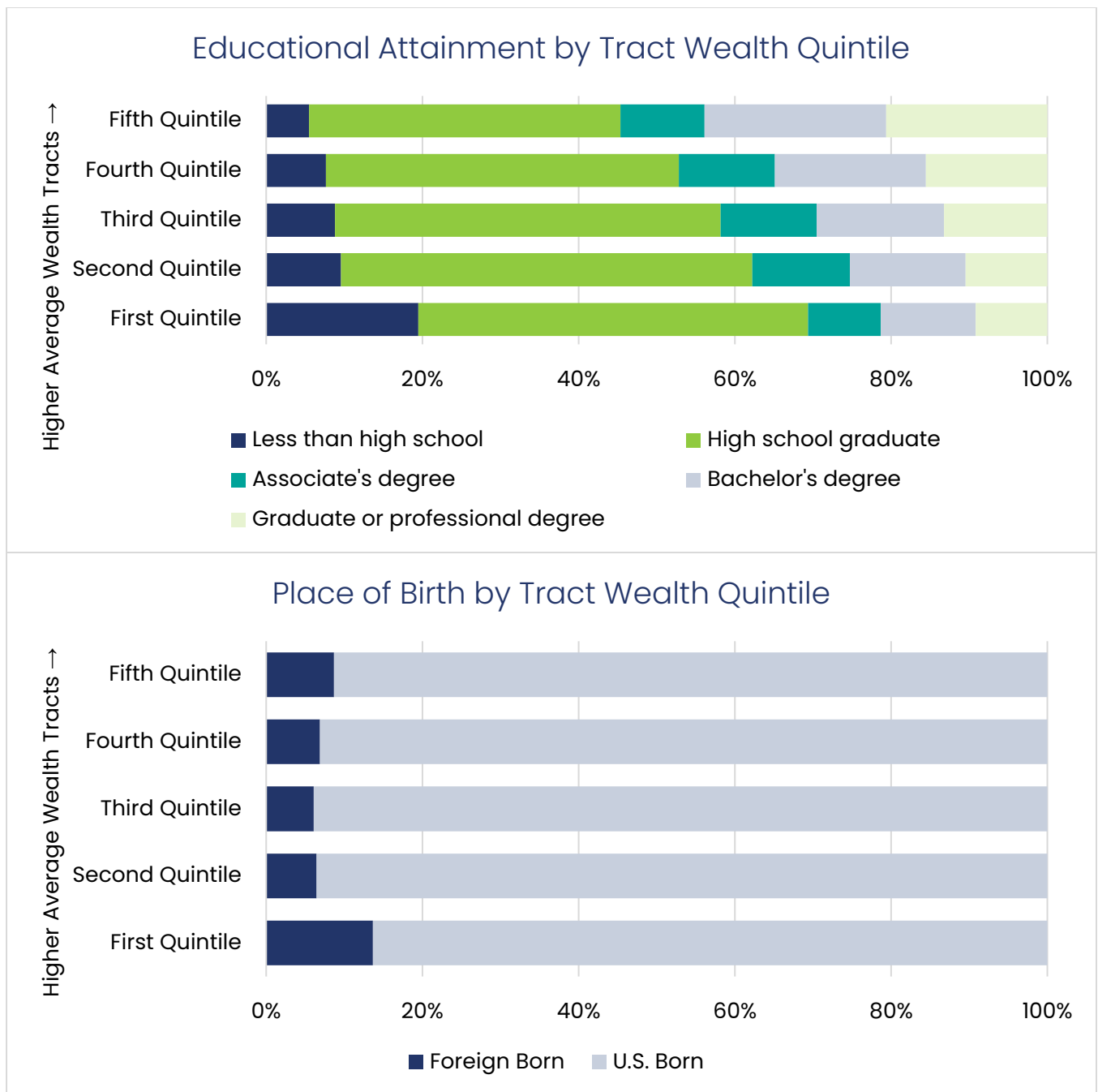
The household net worth of residents living in the wealthiest fifth quintile neighborhoods and towns averages \$2 million and collectively households in this quintile own \$406 billion of the region’s net worth. These 520,000 residents control almost half the region’s wealth. Comparatively, households in the least wealthy first quintile neighborhoods and towns average \$110,000 in net worth and collectively own \$16 billion, just 2% of the region’s wealth. These “wealthy places” make up more than 70% percent of the tracts in Putnam County, 40% of the tracts in Dutchess County, and 35% of Orange County. Lowest wealth tracts make up a disproportionate share of tracts in Oneida, Onondaga, Oswego, and Tompkins Counties.



Source: Esri Business Analyst, American Community Survey 5-Year Estimates, 2020.



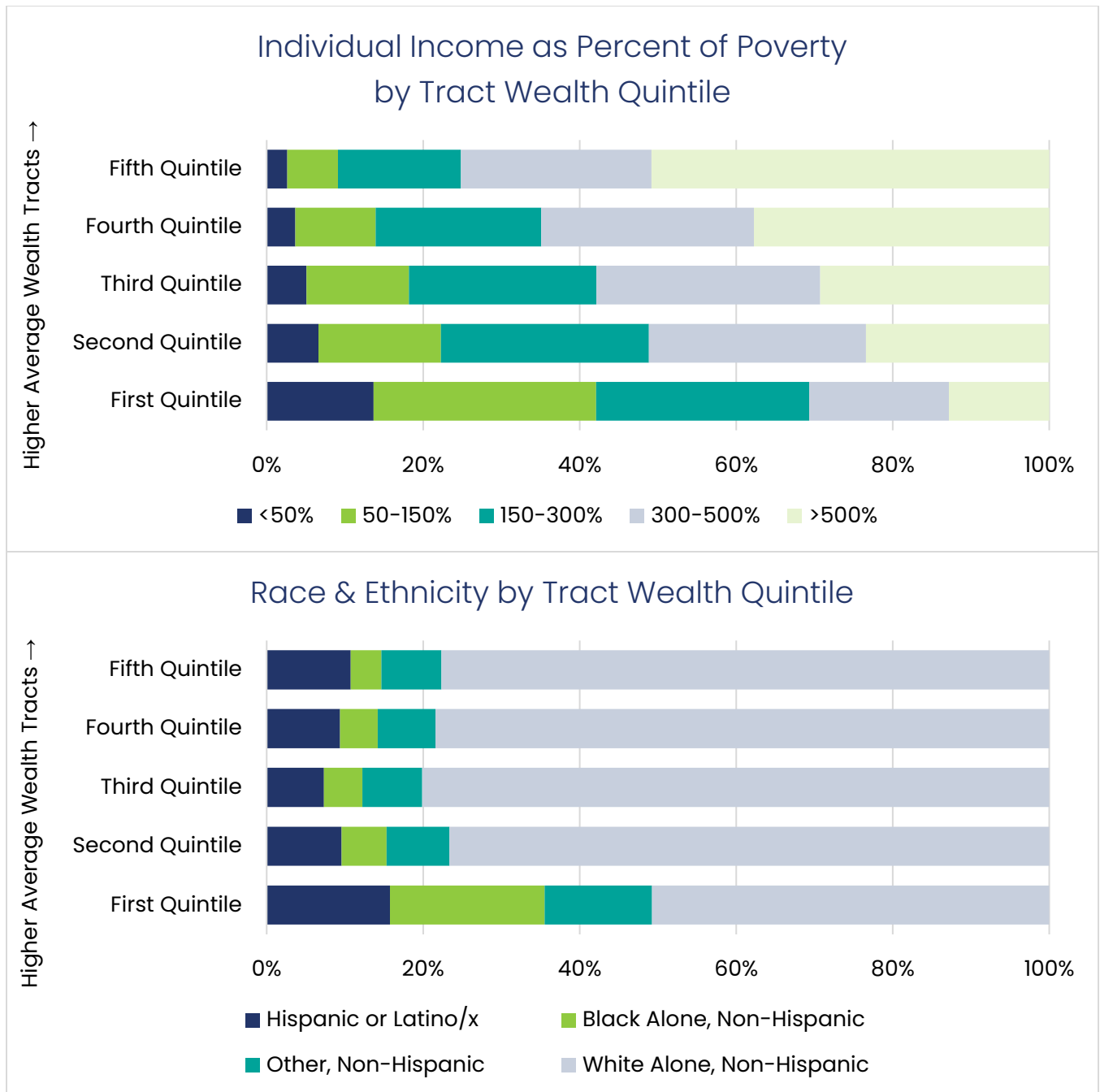
About 50% of the residents living in the wealthiest Census tracts in Central New York have a college degree. Only 30% of residents in the least wealthy census tracts have attained that level of education and one-in-five have not completed high school. About 14% of residents in those towns and neighborhoods are born outside the United States, while 9% of residents of the wealthiest areas are born outside the United States.



Source: Esri Business Analyst, American Community Survey 5-Year Estimates, 2020.



Two-in-five individuals living in the least wealthy Census tracts live below the 150% of poverty threshold, \$42,000 a year for a family of four or \$19,000 for a single adult over the age of 65 in 2021 dollars. Less than 1 in 10 individuals in the wealthiest Census tracts have comparable incomes. As for race and ethnicity, about half of the residents of the least wealthy neighborhoods and towns are People of Color. About one-in-four or one-in-five residents in all other kinds of neighborhoods and tracts are People of Color.



Source: Esri Business Analyst, American Community Survey 5-Year Estimates, 2020.



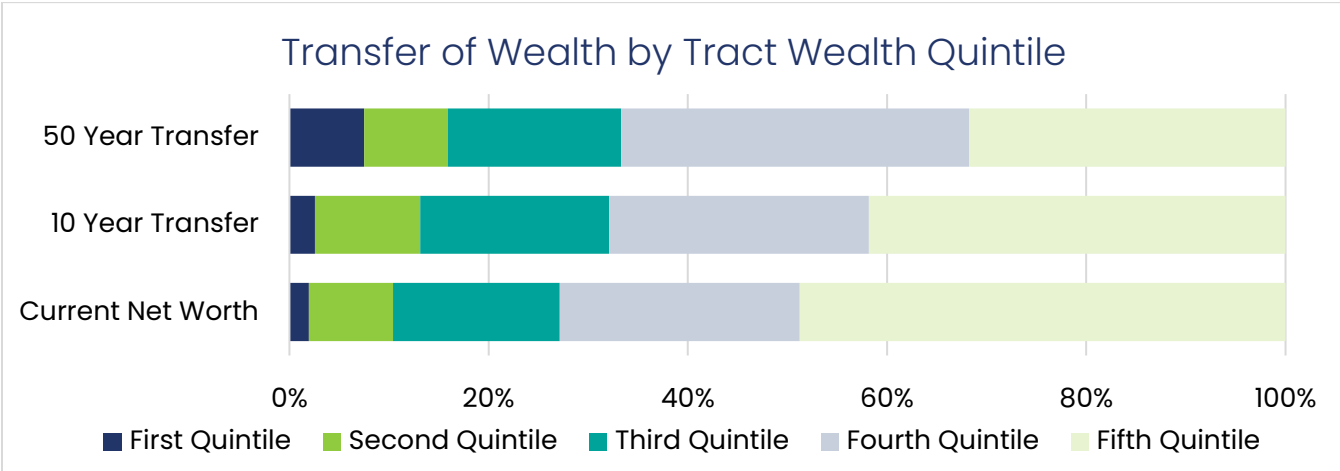
Although it may not be surprising, areas with concentrated poverty and low rates of educational attainment have the lowest household wealth, constraining philanthropic potential for these communities. These neighborhoods and towns also are home to more People of Color and immigrant households suggesting a relationship between the legacies of housing segregation. Harnessing the transfer of wealth opportunity is necessary but insufficient to address growing wealth inequality. Cross-community efforts by nonprofits, foundations, and others are required to match philanthropic assets with community need.

Census Tract Quintile Demographic Composition

Tract Group (Quintile)	Percent HS Grad	Percent College Grad	Percent <150% Poverty	% White, Non-Hispanic	% Foreign Born
First Quintile	80.5%	30.6%	42.1%	50.8%	13.7%
Second Quintile	90.4%	37.8%	22.2%	76.6%	6.4%
Third Quintile	91.2%	41.8%	18.2%	80.1%	6.1%
Fourth Quintile	92.4%	47.2%	13.9%	78.4%	6.9%
Fifth Quintile	94.5%	54.6%	9.1%	77.7%	8.7%

Source: Esri Business Analyst, American Community Survey 5-Year Estimates, 2020.

The one potentially positive finding from the scenarios looking out 10 or 50 years is that lower wealth Census tracts will contribute an increasing share of the Transfer of Wealth over time. A potential cause for this shift is population growth.



Source: LOCUS Impact Investing Transfer of Wealth Estimates, 2022.

Philanthropic Opportunity

Philanthropy is not an end, but a means to build a more prosperous community. Philanthropy can catalyze investment in more affordable housing. Philanthropy can endow programs that advance affordable, high-quality childcare for all families. Philanthropy can provide gap financing for small businesses that stimulate economic growth and reduce economic inequality. There are thousands of ways that philanthropy can help strengthen communities and economies.

The 10-year and 50-year Transfer of Wealth scenarios demonstrate that there is significant and growing philanthropic potential in the region. Focused development can help stimulate increased annual giving to local nonprofits and charitable activities, increased legacy giving that can capitalize existing and new endowments, and the use of some endowment funds to capitalize philanthropic impact investing funds. *What is possible if the region successfully tapped the coming transfer of wealth?*

Capture the transfer of wealth to support local charities and nonprofits. If the foundations captured even 1% of the transfer of wealth for one-time philanthropic purposes, an additional \$840 million annually would bolster local nonprofits and charities. That is a lot of money to support local arts, recreation, crisis centers and other critical community needs.

Capture the transfer of wealth to build endowments. If the foundations captured 5% of the region’s \$84 billion 10-year transfer of wealth, an estimated **\$4.2 billion**, those resources could capitalize an endowment. Assuming a rate of return of 7% and a payout of 4.3%, over 20 years the endowment would grow to **\$7.3 billion** and generate **\$5 billion** in grants.

5% Capture Endowment Building Example				
Year	Beginning Principal	Annual Earnings	Annual Grants	Ending Principal
Initial Endowment	\$4,200,000,000	\$294,000,000	\$180,600,000	\$4,313,400,000
Year 1	\$4,313,400,000	\$301,938,000	\$185,476,200	\$4,429,861,800
Year 5	\$4,798,455,907	\$335,891,913	\$206,333,604	\$4,928,014,216
Year 10	\$5,482,185,497	\$383,752,985	\$235,733,976	\$5,630,204,505
Year 15	\$6,263,339,376	\$438,433,756	\$269,323,593	\$6,432,449,539
Year 20	\$7,155,799,481	\$500,905,964	\$307,699,378	\$7,349,006,067
Total Grants			\$5,015,083,737	



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

Philanthropic endowments have the potential to generate two types of community impact. A portion of investment returns is granted out to the community to support charitable purposes, but foundations can also use a portion (or all) of the endowment's resources for local investments that generate community impact and financial returns. For example, say a foundation captured 5% of the region's 10-year transfer of wealth, an estimated \$4.2 billion, and invested 5% of that, or **\$200 million**, in local philanthropic investment funds. Assuming a 4 to 1 leverage ratio and 7-year loan period, that would create \$2.9 billion in new community betterment investments in 20 years. Assuming reasonable loan losses and management, these funds could continue to finance community investments year after year.

