

W. Frank Barton School of Business

# Center for Economic Development and Business Research

## Transfer of Wealth 2010-2064

Summary of Findings



WICHITA STATE  
UNIVERSITY

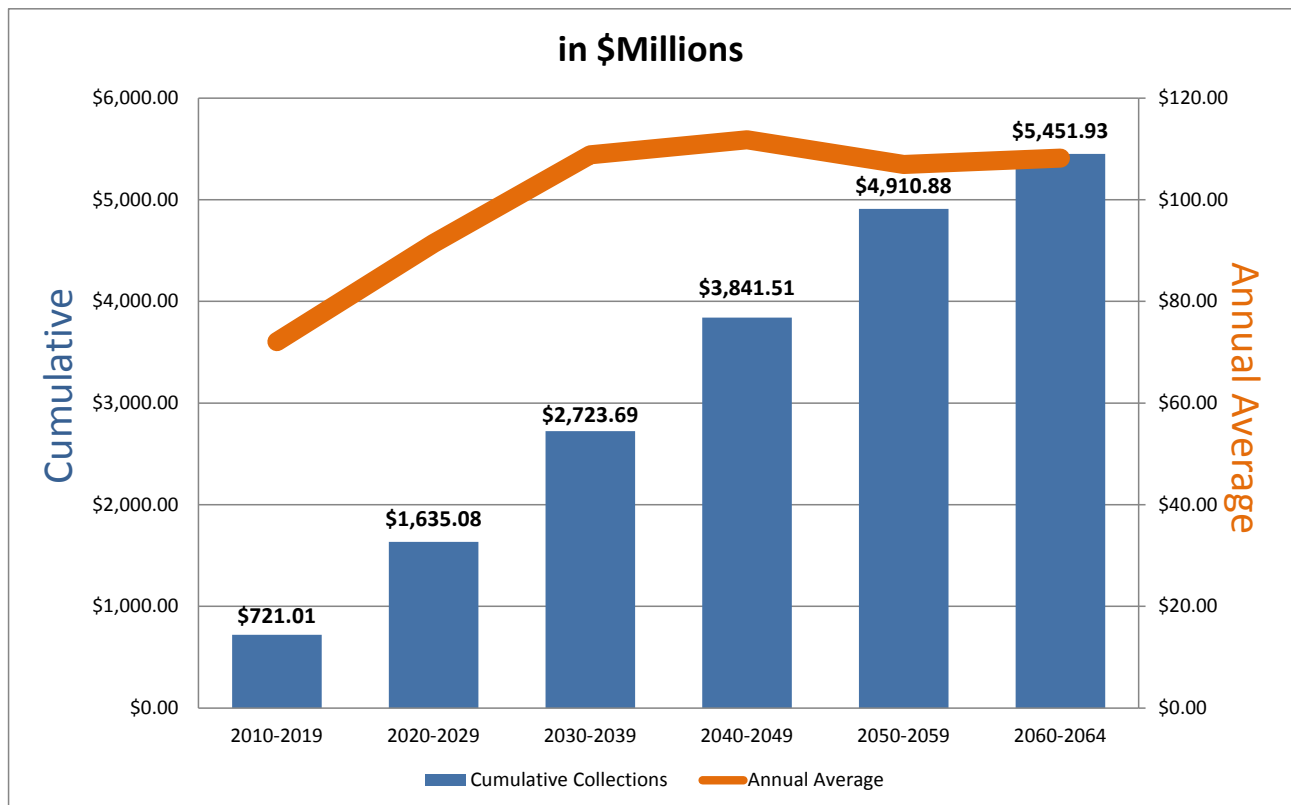
1845 Fairmount St.  
Wichita KS 67260-0121  
316-978-3225  
[www.CEDBR.org](http://www.CEDBR.org)  
[cedbr@wichita.edu](mailto:cedbr@wichita.edu)

## Introduction

The Center for Economic Development and Business Research at Wichita State University (CEDBR) was commissioned by the Kansas Health Foundation (KHF) to estimate future intergenerational wealth transfer (TOW) for each county in Kansas. The goal is to provide data at the county level to support strategies that would help address the flow of wealth within communities as estates are distributed to heirs. The estimation of TOW is a conservative estimate based on information available as of December 1, 2011, and should be used as a possible future scenario for communities to set capture goals.

Between 2010 and 2019, approximately 177,000 people will die in Kansas. From these deaths, approximately 71,350 estates valued at \$79.2 billion will be created. The question becomes, “What happens to the money?” Some of the funds go to family, some leaves the state but an estimated \$721.01 million will go to charity.

### Transfer of Wealth – Charitable Contributions



## Process

The basic steps to this process were to determine current wealth by county, to estimate population changes for the future, and to calculate the impact that these changes might have on potential estate creation. Next, the total estate estimates were adjusted for the mix of properties and assets typical of each county to determine estate values that are readily transferable. Finally, a percentage of these values were proposed as a possible capture goal for the TOW within a county. For additional methodology information, please consult the **TOW Technical Report**.

The "Estimated Transfer of Wealth" is the total value of all estates in a county in a given period of time. This figure is based on the total net worth that exists within individual counties and the death rates by age group within these counties. Therefore, the total estate value includes financial assets, vehicles, primary residences, residential property excluding primary residences, net equity in non-residential real estate, businesses and other miscellaneous nonfinancial assets.

Even if the estimates for the estimated transfer of wealth are correct, it is still not likely that a community foundation will be the "sole beneficiary" of all readily giftable wealth. Because of this CEDBR created two capture goals, the "5% Capture Goal" and the "0.9% IRS Capture Goal". These are estimates and should be used as a starting point for community based discussions in setting benchmarks or goals for planned giving efforts.

- The first is based on a "5% Capture Goal" requested by the KHF.
- The second is a "0.9% IRS Capture Goal" based on IRS data, which analyzes bequests by estate size. Using the IRS data and net worth data for Kansas, CEDBR estimated that approximately 1 percent of each estate is transferred to charitable organizations at the death of the primary estate holder.

### *Customization and Follow-up*

Each community is more than a set of numbers, no matter how accurate. Many wealth holdings are held by out-of-state owners. Other holdings, such as oil leaseholds and agriculture real estate values, have increased dramatically in value since the base year. Federal estate tax law could change in the near future. Water supply issues are expected, especially in the rural parts of the state. Differences in generational saving and giving are expected to be apparent as the Baby Boomer generation ages. Each of the aforementioned is considered a realistic and significant issue that could impact TOW estimates and collection goals within individual counties. Additional impacts may exist within individual communities. Utilizing the TOW information, community leaders can decide whether and how much to adjust their community's goals based on more detailed knowledge of the community and its particular set of circumstances.