

The Transfer of Wealth Opportunity

A RACE FOR THE FUTURE OF NORTHWEST KANSAS



If we think of life as a race, it's important to frame it not as a sprint, but as a relay. Each participant runs his or her leg of the race, then passes the baton to the next generation to continue making their way around the track.

When our leg of the race is complete and we pass our baton, who will be there to take it? And have we done our part to ensure their success as they continue the race?

Leaving a legacy to friends and family is a traditional part of life's relay, but it's not the only part. Including support for charitable interests or hometowns is a growing part of estate planning.

Successful relay teams are successful because they plan and practice. They work with their coaches, but mostly, they have a desire for the success of the team above that of the individual.

The same is true for the future of our communities. The inter-generational transfer of wealth (TOW) is happening right now. Estates of the Kansans who are leaving us today can pave the way not only for their children to take up the baton, but also for their communities to flourish.

Between 2023 and 2074, more than \$171 billion is estimated to transfer from one generation to the next in the 26 counties of Northwest Kansas. The opportunity to capture a portion of that wealth is a remarkable one, and the time is now.

To ensure a smooth race for Northwest Kansas communities, we must plan, practice, work with professional advisers, and believe in the value of our collective communities.

Leaving a Legacy

THE CASE FOR COMMUNITY FOUNDATIONS

Every county in Northwest Kansas is served by a local, countywide community foundation. These entities are uniquely suited to receive estate gifts, prudently invest them for the long term, and utilize the earnings to make grants to support local needs.

Truly, a local community foundation is the best way to leave a gift to benefit future, unknown needs in your hometown or county. And none of us can predict what those needs might be.

These same local foundations can also hold permanent funds that can award annual grants to other donor-directed charities, such as churches or alma-maters. The charities don't have to be in the local community, and multiple charities can benefit from a single family fund.

By using your local community foundation for your legacy giving, you can support your hometown and help pass the baton to the next generation.

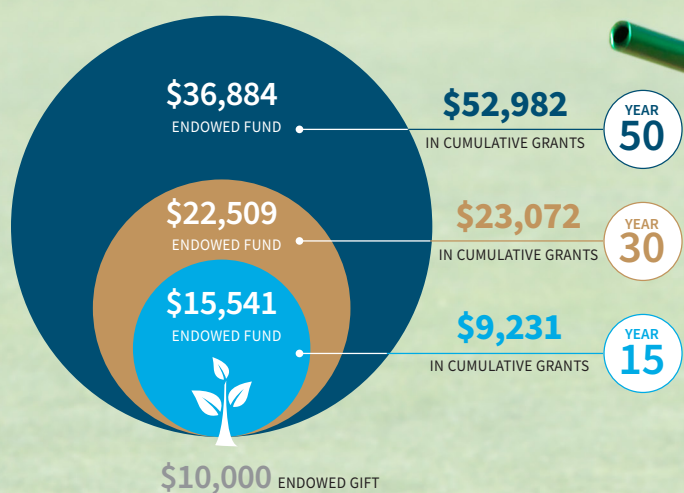
THE POWER OF ENDOWMENT

Estate gifts are the best opportunity for permanent, endowed funds that can bear the name of a family, business or other desire of the donor, forever.

Gifts are received by the community foundation, invested prudently, and the income is used for charitable purposes suggested by the donor.

The illustration below shows how powerful even a modest estate gift can be when invested in a permanently endowed fund.

THE POWER OF ENDOWMENT



Assumes 5% annual payout with a 1.5% administration fee and a 9% rate of return.





The time is *now*.

Relay races consist of two important elements: the running, and the passing of the baton. The best-run leg of the race can be negated if the hand-off is mishandled or missed altogether.

If we don't consider the future of our hometowns in our estate plans, we drop the baton for Northwest Kansas.

Most intergenerational wealth transfers will go to heirs, many of whom will take their inheritance with them to a home outside of Northwest Kansas. If 95% of estates in Northwest Kansas went to children or family, heirs would be well cared for.

If the remaining 5% went to our local communities, the future for Northwest Kansas would be forever changed. Collectively, the small, 5% gifts have the capacity to sustain and grow our rural communities.

From 2023 through 2032, more than \$30.2 billion will transfer in the 26 most Northwest counties in Kansas.

From 2033 through 2072, an estimated \$140.8 billion more will transfer. The peak years for the transfer in the Northwest Kansas region are 2033-2042 and 2063-2072.

The Baby Boomer generation has more personal wealth than any previous generation. As the oldest of this group begins to pass, and the youngest begins to retire, the time is now to start having conversations about legacy giving.

Jonathan Norris, a researcher who was part of the latest study refers to "echo-booms," a term that references years when the children and grandchildren of Baby Boomers will be reaching elderly ages in the coming decades. The patterns show that there will be waves of high wealth transfer due to these generational echoes. This supports the need to have ongoing conversations about how estate gifts can benefit both family and community.

KEEP 5 IN NORTHWEST KANSAS

We live in a time where advances in communications and technology make it possible to live in rural Kansas and remain closely connected to the world. Yet, we can log off and walk outside to experience the beauty and calm of the Kansas landscape. Future generations do not have to migrate out of Kansas to secure employment and retain a meaningful quality of life.

What if, in Northwest Kansas, 5% of the coming \$171 billion transfer of wealth was captured and invested for the next generation?

What would that do for our communities? That's the baton we want to pass.

The Kansas Transfer of Wealth Study

ABOUT THE STUDY

In 2007, the first study to estimate future intergenerational transfer of wealth (TOW) for each county in Kansas was commissioned by the Kansas Association of Community Foundations. The Center for Economic Development and Business Research at Wichita State University (CEDBR) did the work. The research was updated in 2012 and 2019. The first three iterations were funded by the Kansas Health Foundation.

New data based on 2023 estate values was funded by the Patterson Family Foundation.

Each time the study has been updated, the numbers show a greater opportunity for our rural communities based on larger estate values. Using current dollar values, the data shows a continuing increase in estate values.

"The study matters for a couple key reasons. For the community foundations, it offers a clear picture of the opportunity for growth and the resources that can help sustain their communities for the long term. For the broader public, it offers valuable insight into the trends unfolding around them—and a reminder that the choices we make now will shape whether we realize the full potential of this moment, or risk missing it."

CHRISTY TUSTIN
EXECUTIVE DIRECTOR
OF KACF

THE PROCESS

The study provided estimates for:

Estate Values: The total expected value of household estates to be bequeathed, estimated based on wealth projections and per-county death forecasts.

5% Target: Five percent of the total projected estate value, representing the target capture for community foundations.

5% payout: This represents a simple calculation of the potential in grants that could be awarded if we are successful at capturing and investing 5% of Northwest Kansas estates. With earnings calculated, the number could be much higher.

WHAT'S INCLUDED IN THE "WEALTH"

The Estimated Transfer of Wealth is the total value of all estates in a county in a given period of time, including financial assets, vehicles, residential property with and without a primary residence, net equity in non-residential real estate, businesses and other miscellaneous non-financial assets.

There is much to do to achieve the 5% goal. Using historical IRS data of charitable giving, the most recent study estimated projected foundation bequests at just 1% of the total value of Kansas estates at the death of the primary estate holder.

The following chart, broken down by decades, illustrates the transfer of wealth opportunity in Northwest Kansas.

COUNTY	2023-2032			2033-2042		
	ESTATE VALUE	5% TARGET	5% PAYOUT	ESTATE VALUE	5% TARGET	5% PAYOUT
CHEYENNE	\$621,565,880	\$31,078,294	\$1,553,915	\$728,606,819	\$36,430,341	\$1,821,517
CLOUD	\$1,018,110,969	\$50,905,548	\$2,545,277	\$1,265,688,566	\$63,284,428	\$3,164,221
DECATUR	\$526,330,950	\$26,316,547	\$1,315,827	\$635,975,503	\$31,798,775	\$1,589,939
ELLIS	\$3,835,957,858	\$191,797,893	\$9,589,895	\$5,363,680,133	\$268,184,007	\$13,409,200
ELLSWORTH	\$1,055,587,858	\$52,779,393	\$2,638,970	\$1,252,785,901	\$62,639,295	\$3,131,965
GOVE	\$502,203,871	\$25,110,194	\$1,255,510	\$599,667,885	\$29,983,394	\$1,499,170
GRAHAM	\$406,555,212	\$20,327,761	\$1,016,388	\$454,893,728	\$22,744,686	\$1,137,234
JEWELL	\$644,842,271	\$32,242,114	\$1,612,106	\$715,044,536	\$35,752,227	\$1,787,611
LINCOLN	\$535,593,540	\$26,779,677	\$1,338,984	\$660,595,728	\$33,029,786	\$1,651,489
LOGAN	\$906,967,578	\$45,348,379	\$2,267,419	\$1,199,909,486	\$59,995,474	\$2,999,774
MITCHELL	\$1,311,412,883	\$65,570,644	\$3,278,532	\$1,570,988,561	\$78,549,428	\$3,927,471
NORTON	\$684,242,726	\$34,212,136	\$1,710,607	\$827,899,730	\$41,394,987	\$2,069,749
OSBORNE	\$635,444,108	\$31,772,205	\$1,588,610	\$735,643,815	\$36,782,191	\$1,839,110
OTTAWA	\$1,082,926,573	\$54,146,329	\$2,707,316	\$1,432,575,742	\$71,628,787	\$3,581,439
PHILLIPS	\$658,276,598	\$32,913,830	\$1,645,691	\$776,016,531	\$38,800,827	\$1,940,041
RAWLINS	\$507,014,935	\$25,350,747	\$1,267,537	\$555,804,044	\$27,790,202	\$1,389,510
REPUBLIC	\$757,980,330	\$37,899,017	\$1,894,951	\$892,452,785	\$44,622,639	\$2,231,132
ROOKS	\$773,549,018	\$38,677,451	\$1,933,873	\$903,957,277	\$45,197,864	\$2,259,893
RUSSELL	\$1,177,964,013	\$58,898,201	\$2,944,910	\$1,442,917,276	\$72,145,864	\$3,607,293
SALINE	\$7,193,467,895	\$359,673,395	\$17,983,670	\$9,106,785,174	\$455,339,259	\$22,766,963
SHERIDAN	\$1,049,285,441	\$52,464,272	\$2,623,214	\$1,212,439,895	\$60,621,995	\$3,031,100
SHERMAN	\$1,379,714,700	\$68,985,735	\$3,449,287	\$1,675,691,314	\$83,784,566	\$4,189,228
SMITH	\$747,721,695	\$37,386,085	\$1,869,304	\$887,240,521	\$44,362,026	\$2,218,101
THOMAS	\$1,552,606,545	\$77,630,327	\$3,881,516	\$1,935,300,592	\$96,765,030	\$4,838,251
TREGO	\$574,398,163	\$28,719,908	\$1,435,995	\$786,196,554	\$39,309,828	\$1,965,491
WALLACE	\$199,645,250	\$9,982,262	\$499,113	\$233,833,808	\$11,691,690	\$584,585
TOTALS	\$30,339,366,860	\$1,516,968,343	\$75,848,417	\$37,852,591,903	\$1,892,629,595	\$94,631,480

Source: CEDBR Analysis. See Wealth Transfer Report for methodological details.

USING THE NUMBERS LOCALLY

Each community is unique. In some counties, many assets are held by out-of-state owners. Regionally, assets such as oil leaseholds and agriculture real estate, can fluctuate dramatically in value. The availability of water might become an economic factor. Federal estate tax laws can change.

Attitudes about saving and charitable giving can change within families or generationally. All of these could impact TOW estimates and collection goals within individual counties.

Utilizing the TOW information, community leaders can decide whether and how much to adjust their community or county capture goals based on their own knowledge of their home and its particular set of circumstances.

The county-specific estimates should be used as a starting point for community-based discussions in setting benchmarks or goals for planned giving efforts.

“The transfer of wealth study highlights an unprecedented generational opportunity for rural Kansas. Between now and 2032, \$466.6 billion will transfer from one generation to the next in Kansas – much of it quietly held in family farms, small businesses, homes, and personal savings. In rural communities, this transfer presents a powerful opportunity to strengthen local philanthropy and invest in thriving rural communities.”

JESSICA HUNT

VP OF PROGRAMS AND STRATEGY AT THE
PATTERSON FAMILY FOUNDATION

For additional information, visit the KACF website. (kansascfs.org; click on LEARN, then Transfer of Wealth.)

2043-2052			2053-2062			2063-2072			TOTAL 5% PAYOUT
ESTATE VALUE	5% TARGET	5% PAYOUT	ESTAE VALUE	5% TARGET	5% PAYOUT	ESTATE VALUE	5% TARGET	5% PAYOUT	
\$540,288,462	\$27,014,423	\$1,350,721	\$532,095,191	\$26,604,759	\$1,330,238	\$570,001,198	\$28,500,060	\$1,425,003	\$7,481,394
\$1,146,693,002	\$57,334,650	\$2,866,733	\$1,038,187,546	\$51,909,377	\$2,595,469	\$1,129,646,107	\$56,482,305	\$2,824,115	\$13,995,815
\$447,028,124	\$22,351,406	\$1,117,570	\$299,640,841	\$14,982,042	\$749,102	\$367,605,463	\$18,380,273	\$919,014	\$5,691,452
\$5,027,613,386	\$251,380,669	\$12,569,033	\$5,447,189,260	\$272,359,463	\$13,617,973	\$6,857,908,213	\$342,895,410	\$17,144,771	\$66,330,872
\$1,179,441,472	\$58,972,074	\$2,948,604	\$1,157,217,454	\$57,860,873	\$2,893,044	\$1,262,412,083	\$63,120,605	\$3,156,030	\$14,768,612
\$509,766,611	\$25,488,331	\$1,274,417	\$523,744,895	\$26,187,244	\$1,309,362	\$554,193,472	\$27,709,674	\$1,385,484	\$6,723,942
\$350,557,872	\$17,527,894	\$876,395	\$285,209,574	\$14,260,479	\$713,024	\$306,392,325	\$15,319,616	\$765,981	\$4,509,022
\$494,602,384	\$24,730,119	\$1,236,506	\$368,322,831	\$18,416,141	\$920,807	\$400,569,169	\$20,028,458	\$1,001,423	\$6,558,453
\$556,877,760	\$27,843,888	\$1,392,194	\$457,864,137	\$22,893,207	\$1,144,660	\$467,581,909	\$23,379,096	\$1,168,955	\$6,696,283
\$1,018,653,849	\$50,932,692	\$2,546,635	\$1,097,675,401	\$54,883,770	\$2,744,189	\$1,160,596,517	\$58,029,826	\$2,901,491	\$13,459,507
\$1,401,089,716	\$70,054,486	\$3,502,724	\$1,257,894,892	\$62,894,744	\$3,144,737	\$1,305,374,663	\$65,268,733	\$3,263,437	\$17,116,902
\$839,742,359	\$41,987,118	\$2,099,356	\$840,846,687	\$42,042,335	\$2,102,117	\$938,422,761	\$46,921,138	\$2,346,057	\$10,327,886
\$609,412,721	\$30,470,636	\$1,523,532	\$477,130,288	\$23,856,514	\$1,192,826	\$535,903,740	\$26,795,187	\$1,339,759	\$7,483,837
\$1,373,815,499	\$68,690,775	\$3,434,539	\$1,305,946,606	\$65,297,330	\$3,264,867	\$1,219,513,619	\$60,975,681	\$3,048,784	\$16,036,945
\$651,112,226	\$32,555,611	\$1,627,781	\$553,492,844	\$27,674,642	\$1,383,732	\$541,486,414	\$27,074,320	\$1,353,716	\$7,950,962
\$423,286,870	\$21,164,344	\$1,058,217	\$369,208,669	\$18,460,434	\$923,022	\$446,058,662	\$22,302,933	\$1,115,147	\$5,753,433
\$661,219,109	\$33,060,955	\$1,653,048	\$577,605,726	\$28,880,286	\$1,444,014	\$592,539,870	\$29,626,993	\$1,481,350	\$8,704,495
\$784,501,159	\$39,225,058	\$1,961,253	\$689,549,420	\$34,477,471	\$1,723,874	\$773,945,505	\$38,697,275	\$1,934,864	\$9,813,756
\$1,204,220,666	\$60,211,033	\$3,010,552	\$1,006,712,989	\$50,335,649	\$2,516,782	\$1,035,311,940	\$51,765,597	\$2,588,280	\$14,667,817
\$9,197,454,199	\$459,872,710	\$22,993,635	\$8,840,453,503	\$442,022,675	\$22,101,134	\$10,233,867,582	\$511,693,379	\$25,584,669	\$111,430,071
\$1,090,678,683	\$54,533,934	\$2,726,697	\$943,128,827	\$47,156,441	\$2,357,822	\$1,083,329,703	\$54,166,485	\$2,708,324	\$13,447,156
\$1,331,217,587	\$66,560,879	\$3,328,044	\$1,261,852,807	\$63,092,641	\$3,154,632	\$1,454,566,933	\$72,728,346	\$3,636,417	\$17,757,608
\$646,159,687	\$32,307,984	\$1,615,399	\$553,470,676	\$27,673,534	\$1,383,677	\$475,359,358	\$23,767,968	\$1,188,398	\$8,274,880
\$1,680,867,208	\$84,043,360	\$4,202,168	\$1,821,078,040	\$91,053,902	\$4,552,695	\$2,017,191,346	\$100,859,567	\$5,042,978	\$22,517,609
\$634,900,859	\$31,745,043	\$1,587,252	\$541,720,808	\$27,086,040	\$1,354,302	\$620,983,283	\$31,049,164	\$1,552,458	\$7,895,499
\$204,265,344	\$10,213,267	\$510,663	\$181,365,841	\$9,068,292	\$453,415	\$230,462,667	\$11,523,133	\$576,157	\$2,623,932
\$34,005,466,814	\$1,700,273,341	\$85,013,667	\$32,428,605,751	\$1,621,430,287	\$81,071,514	\$36,581,224,505	\$1,829,061,224	\$91,453,061	\$428,018,139



Dane G. Hansen and his great nephew, Dane G. "D" Bales.

Mr. Hansen showed us the way

When Logan resident Dane G. Hansen died in 1965, he created, through his estate, a trust to support his family, and a charitable foundation that is today the Dane G. Hansen Foundation.

His gift of around \$9.5 million to the charitable foundation was invested, and per his instructions, annual grants to benefit his home community and those around it in Northwest Kansas have been awarded using the income from an endowed investment.

Today, the Dane G. Hansen Foundation annually awards approximately \$20 to 25 million in grants to benefit 26 counties in Northwest Kansas — all from an original investment of approximately \$9.5 million.

The Hansen Trustees have supported the growth and development of Northwest Kansas community foundations, recognizing that each of them has the capacity to have its own local version of the Hansen Foundation.

Collectively, if 5% of the estates that transfer between now and 2072 in Northwest Kansas were captured and invested, the gifts would be in excess of \$8.6 billion, and the annual grants would be in excess of \$428 million.

WHAT CAN YOU DO?

- Establish an endowed fund at your local community foundation. Make charitable gifts from that fund during your lifetime and leave a legacy gift to flow into the fund upon death.
- Talk to your professional adviser about including your community foundation in your estate plan.
- Spread the word. Just 5% of your estate and that of your friends, family, and neighbors can be transformative to your hometown.

Imagine what we could do in Northwest Kansas with \$428 million in annual grants.

Donating to charity in our lifetime is important and helpful, but estate gifts represent a much more significant opportunity to effect change. In fact, collectively, if every estate left 95% to friends and family and 5% to community foundations for ongoing gifts to charities and hometowns, the future of rural Kansas could be stunningly different. The track would remain crowded; the relay would never end.



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Improving the quality of life and providing opportunities for the people of Northwest Kansas.