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## 2021 NEBRASKA TRANSFER OF WEALTH STUDY

### Frequently Asked Questions

#### **What is the transfer of wealth?**

Simply put, the transfer of wealth represents Nebraska's potential. It's the entirety of assets expected to transfer from one generation to the next in the coming 50 years – mostly from parents to their children. There is always a transfer from generation to generation, as parents pass away and leave their estates to their heirs. But if those successors no longer live where they grew up, that wealth may leave as well.

The 2021 study documents more than \$100 billion in Nebraska wealth changing hands in the next 10 years. Over 50 years, the figure swells to \$950 billion. The wealth may be held in real estate, securities, retirement accounts, and other assets. TOW scenarios are presented in real, inflation-adjusted dollars meaning a dollar in 2071 has the same purchasing power as a dollar in 2021.

#### **Why is Nebraska Community Foundation studying it?**

Because the future of our communities depends on it! There is so much abundance – enough to change the future of our places. We study the transfer of wealth to help the Nebraska Community Foundation network of affiliated funds harness some of that abundance before it can leave the state to heirs living outside Nebraska. We want donors to know they can both secure their family's future wellbeing while enriching the community they call home.

#### **How did you come up with these numbers?**

Nebraska Community Foundation worked closely with Locus Impact Investing to develop the 2021 Nebraska Transfer of Wealth Study. LOCUS is a national nonprofit consultancy that has worked with dozens of states to study the transfer of wealth in their own places.

Nebraska Community Foundation is known nationally as one of the first organizations to study and evangelize the transfer of wealth and the unprecedented potential available to our communities. Since our original study in 2002, 32 states have conducted their own transfer of wealth studies to uncover the abundance in their own places. Our 2021 study uses the most recent data and an improved methodology to reveal the incredible resources that have the potential to be a gamechanger for our state.

Numerous factors were considered in our analysis, including census data, agricultural land values, household net worth, and much more. The scenario numbers generated are conservative and not predictive – but rather demonstrate potential or a “likely future” given past and current trends. They are not designed to dictate policy but rather to inspire strategic discussions driven by a simple question – what if 5% of this wealth were given to help build and sustain the community where it was made and accumulated?

### **Why 5%?**

We believe our Nebraska hometowns can thrive if only 5% of the transfer of wealth is contributed to community endowments through charitable giving. Over the next 10 years, that's \$5 billion – in the next half-century the figure balloons to \$47.5 billion. Think of what our communities could achieve with that amount of money!

In no way are we suggesting parents not leave money to their heirs, however we are firm in our belief that giving back does not need to be a choice between family and charity. When you leave just 5% to a community's endowment, you can secure your family's legacy AND help your hometown thrive. There are many options available in charitable estate planning to allow you to benefit your family and your hometown.

### **Why did the numbers increase from the 2010 Transfer of Wealth Study?**

The skyrocketing value of agricultural land and commodities is having a tremendous impact on our state's economy. Experts believe that this upward trend for the ag industry will continue even if prices fluctuate through the years. Highly productive regions like Nebraska in the Central Great Plains have and will play a prominent role in meeting growing demand. Productive agricultural lands are largely fixed and in many cases are lost to urbanization or degraded over time. This dynamic has and will drive up the real value of high quality and productive agricultural land increasing land wealth in Nebraska and associated philanthropic giving opportunities.

### **What is meant by "peak years"?**

When the most wealth is transferring – in other words, a prediction of when the largest number of people will be passing away and leaving assets to their heirs. Many Nebraska counties are approaching or are already experiencing their peak transfer years. In other words, there is real urgency to act now. The opportunity will never be greater.

### **Are other states thinking about the transfer of wealth?**

Yes, but Nebraska is a pioneer in the field. Dozens of places are now thinking about the transfer of wealth and all states have unique circumstances that effect their transfer of wealth data. In Nebraska for instance, agricultural wealth has had a profound impact on the numbers presented in our 2021 study.

### **What can I do personally to harness the transfer of wealth in my community?**

There are five simple things you can do to ensure some of these critical resources remain in Nebraska:

- Visit [www.fivetothrive.org](http://www.fivetothrive.org) and learn more about the transfer of wealth in your county.
- Explore NCF's planned giving resources at [www.nebcommfound.giftlegacy.com](http://www.nebcommfound.giftlegacy.com).
- Talk to your professional advisor about including your community in your estate plans.
- Give to the endowment of your local community fund, Nebraska Community Foundation, or another favorite charity.
- Spread the word! When we all leave five, our hometowns thrive!

#### **Remember:**

**Once our wealth leaves the community, it is gone forever.**

**Once our wealth is endowed in our community, it is here forever.**

**The time to act is now—the opportunity will never be greater!**