

Transfer of Wealth in Indian River County: An Opportunity to Sustain Local Charities

Indian River Community Foundation and the United Way Foundation of Indian River County believe that a healthy nonprofit sector is essential to the overall quality of life in our Indian River County community. Together, our organizations are proud to share the enclosed report on the coming intergenerational transfer of wealth in Indian River County. This report was made possible as a result of a pioneering statewide study, *Transfer of Wealth Opportunity in Florida*, which was conducted by the Center for Rural Entrepreneurship, led by the Florida Philanthropic Network, funded by 11 Florida foundations and Cap Trust Financial Advisors and coordinated by 28 community foundations in the state of Florida.

Over the next 50 years, the residents of Indian River County will transfer billions of dollars to the next generation. This Transfer of Wealth (“TOW”) – the process whereby one generation transfers their assets to the next – represents the single largest under-developed financial resource available to Indian River County communities to support their development. The findings presented in this report demonstrate an unprecedented opportunity for Indian River County residents to create a charitable legacy now, and make a difference that lasts forever.

Indian River Community Foundation and the United Way Foundation of Indian River County issue this report as a call to action. By doing so, our organizations hope to inspire endowment-building throughout Indian River County, and to empower local citizens to make outright and planned gifts to build endowments that can sustain local charities for years to come.

Transfer of Wealth in Indian River County proves that capital is available to grow philanthropy here and sustain our charitable institutions. If you love this community, we hope that you will take this report seriously and do your part for the good of Indian River County.

Jeffrey R. Pickering
Chief Executive Officer

Michelle Malyn
Executive Director



Wealth in Indian River County, Florida

Background & Introduction

In our county or community¹ analysis we address four key awareness areas:

- The Transfer of Wealth (TOW) Opportunity Findings
- Indicators of Wealth or Rationale for the TOW Findings
- Scenario Changers
- Donor Opportunity Areas

The following illustrates the kind of information covered in each of these four areas for Indian River County, Florida. We have not prepared narrative for this illustration.

Transfer of Wealth (TOW) Opportunity Findings

Figure 1. Findings			
	Indian River County	Florida	U.S.
2010 Current Net Worth (CNW) Findings			
Value (billions)	\$15.72	\$1,439.95	\$28,000
Per Household CNW	\$261,200	\$194,000	\$234,700
10-Year (2011-2020) Transfer of Wealth (TOW) Opportunity			
Value of Opportunity (billions)	\$4.81	\$322.35	\$6,200
Per Household TOW	\$79,900	\$43,400	\$51,500
5% Capture (millions)	\$240.45	\$16,117.27	\$310.00
5% Payout (millions)	\$12.02	\$805.86	\$15.50
50-Year (2011-2060) Transfer of Wealth (TOW) Opportunity			
Value of Opportunity (billions)	\$47.69	\$3,152.17	\$75,000
Per Household Value	\$792,500	\$424,800	\$628,100
5% Capture (millions)	\$2,384.48	\$157,608.31	\$3,750.00
5% Payout (millions)	\$119.22	\$7,880.42	\$187.50
<i>Per Household Values – These values are computed by taking the CNW or TOW total values divided by the number of households in the geography in 2010. These values are provided to enable cross-geography comparisons.</i>			

¹ We are now able to generate CNW and TOW estimates at sub-county levels using zip code or municipal boundaries.

Figure 1A. Findings: Region Comparisons

	Indian River County	Central East	Florida	U.S.
2010 Current Net Worth (CNW) Findings				
Value (billions)	\$15.72	\$119.47	\$1,439.95	\$28,000
Per Household CNW	\$261,200	\$192,500	\$194,000	\$234,700
10-Year (2011-2020) Transfer of Wealth (TOW) Opportunity				
Value of Opportunity (billions)	\$4.81	\$28.96	\$322.35	\$6,200
Per Household TOW	\$79,900	\$46,700	\$43,400	\$51,500
5% Capture (millions)	\$240.45	\$1,447.76	\$16,117.27	\$310.00
5% Payout (millions)	\$12.02	\$72.39	\$805.86	\$15.50
50-Year (2011-2060) Transfer of Wealth (TOW) Opportunity				
Value of Opportunity (billions)	\$47.69	\$277.02	\$3,152.17	\$75,000
Per Household Value	\$792,500	\$446,300	\$424,800	\$628,100
5% Capture (millions)	\$2,384.48	\$13,850.87	\$157,608.31	\$3,750.00
5% Payout (millions)	\$119.22	\$692.54	\$7,880.42	\$187.50
<i>Per Household Values – These values are computed by taking the CNW or TOW total values divided by the number of households in the geography in 2010. These values are provided to enable cross-geography comparisons.</i>				

Figure 1B. Findings: Urbanization Comparisons

	Indian River County	Small Metro	Florida	U.S.
2010 Current Net Worth (CNW) Findings				
Value (billions)	\$15.72	\$70.46	\$1,439.95	\$28,000
Per Household CNW	\$261,200	\$184,900	\$194,000	\$234,700
10-Year (2011-2020) Transfer of Wealth (TOW) Opportunity				
Value of Opportunity (billions)	\$4.81	\$18.11	\$322.35	\$6,200
Per Household TOW	\$79,900	\$47,500	\$43,400	\$51,500
5% Capture (millions)	\$240.45	\$905.74	\$16,117.27	\$310.00
5% Payout (millions)	\$12.02	\$45.29	\$805.86	\$15.50
50-Year (2011-2060) Transfer of Wealth (TOW) Opportunity				
Value of Opportunity (billions)	\$47.69	\$177.13	\$3,152.17	\$75,000
Per Household Value	\$792,500	\$464,900	\$424,800	\$628,100
5% Capture (millions)	\$2,384.48	\$8,856.56	\$157,608.31	\$3,750.00
5% Payout (millions)	\$119.22	\$442.83	\$7,880.42	\$187.50
<i>Per Household Values – These values are computed by taking the CNW or TOW total values divided by the number of households in the geography in 2010. These values are provided to enable cross-geography comparisons.</i>				

Understanding the County's TOW

Figure. 2 Wealth Indicators			
Indicators	Indian River County	Florida	U.S.
Long-Term Growth Indicators, Annualized Rates of Change, 1970-2010			
Population	7.05%	4.38%	1.29%
Employment	8.17%	5.82%	2.26%
Personal Income	18.60%	9.20%	4.10%
Age Structure, 2010 (Census)			
Under 18	18.80%	21.30%	24.00%
18-64	54.00%	61.40%	62.90%
65+	27.20%	17.30%	13.00%
Housing Wealth Indicators, 2010 (Census)			
Median Home Value	\$139,900	\$130,344	\$154,900
% Owner-Occupied	59.77%	57.00%	59.00%
% Owner-Occupied w/o Mortgages	43.70%	34.60%	31.90%
Business Wealth Indicators, 2010 (BEA, Census & ESRI)			
Labor to Non-Labor Earnings Ratio	32 to 68%	55 to 45%	65 to 35%
Businesses Per 1,000 Residents	53	43	39
% of Creative Class Workers	6.30%	8.50%	8.50%
Housing Unit Growth, 2000-2010	2.80%	2.10%	1.29%
Transfer Payment Dependence	18.97%	20.70%	18.50%
Household Wealth Indicators, 2010 (ESRI)			
Mean CNW	\$559,000	\$408,000	\$419,000
Median CNW	\$133,000	\$89,000	\$93,000
Mean to Median CNW Ratio	4.2	4.6	4.5
Low Wealth	31.20%	39.50%	39.50%
Middle Wealth	35.40%	33.30%	31.10%
High Wealth	33.40%	27.10%	29.60%
Low Wealth = \$0 to \$49,999 CNW – Middle Wealth = \$50,000 to \$249,000 CNW – High Wealth - \$250,000 & Up			
% Millionaires	11.00%	7.20%	7.60%
Dividends, Interest & Rent Income	49.29%	21.30%	13.80%

Figure 3. Annual Percent Growth Rate of Population: Indian River, Florida

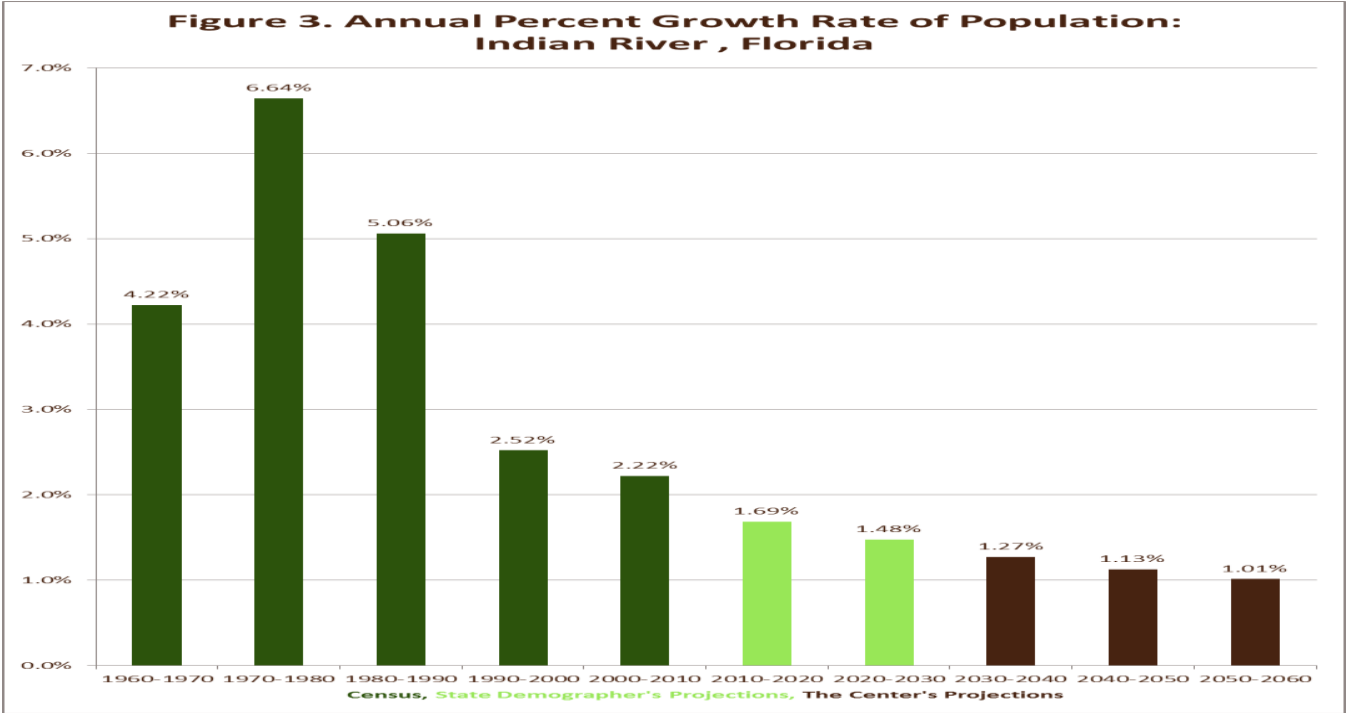
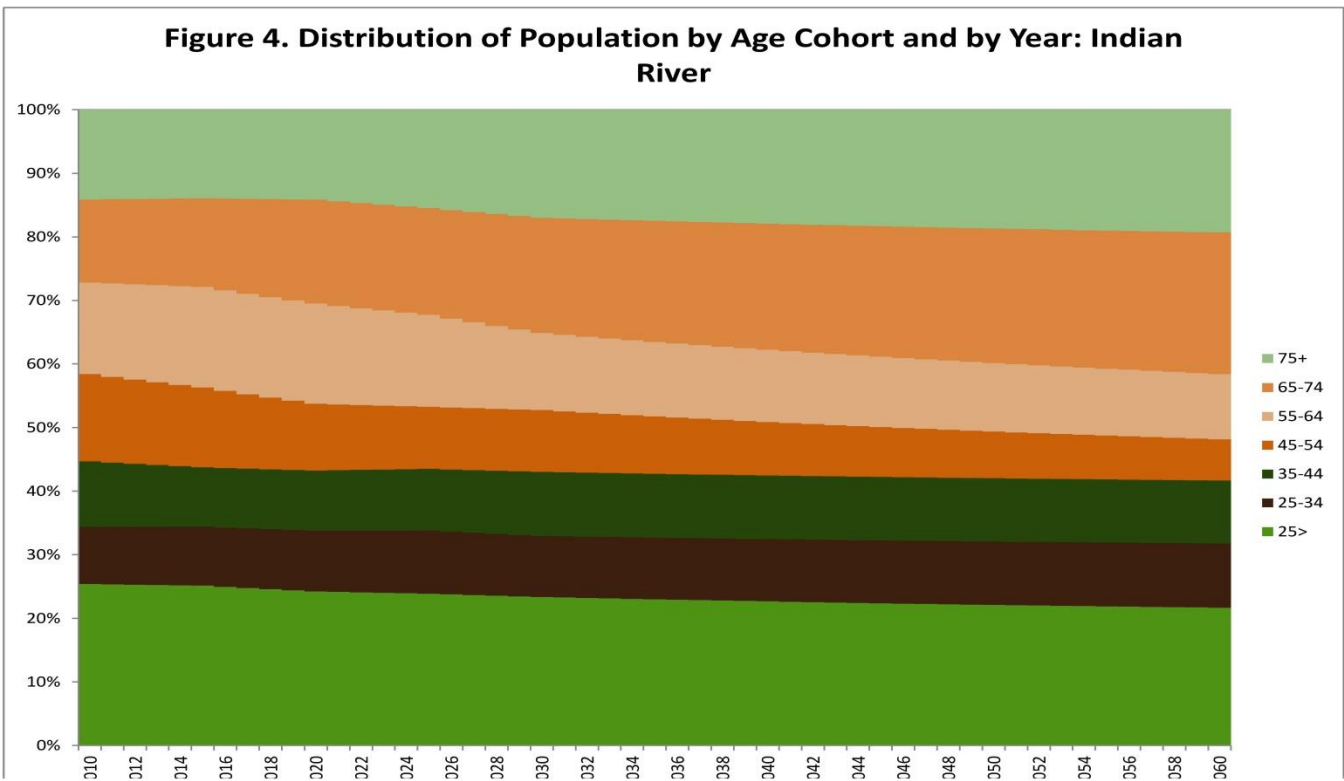
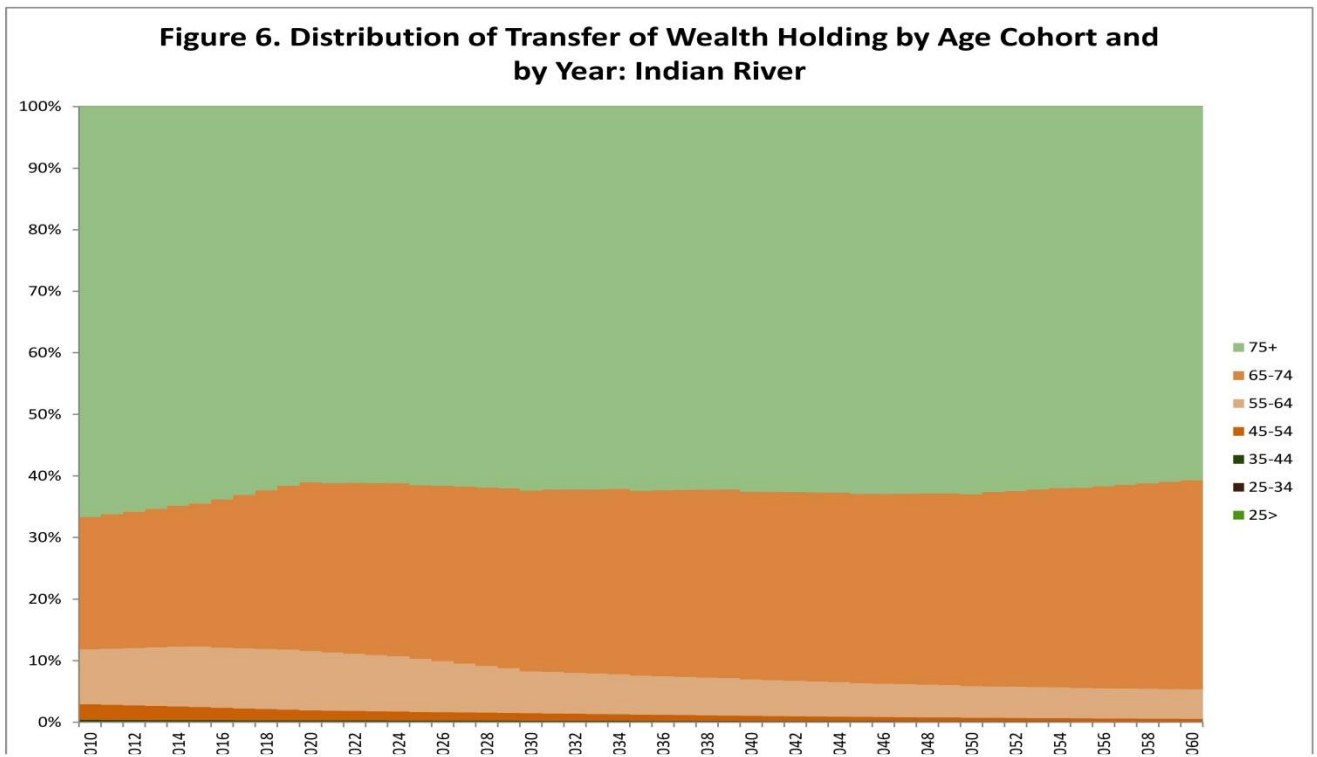
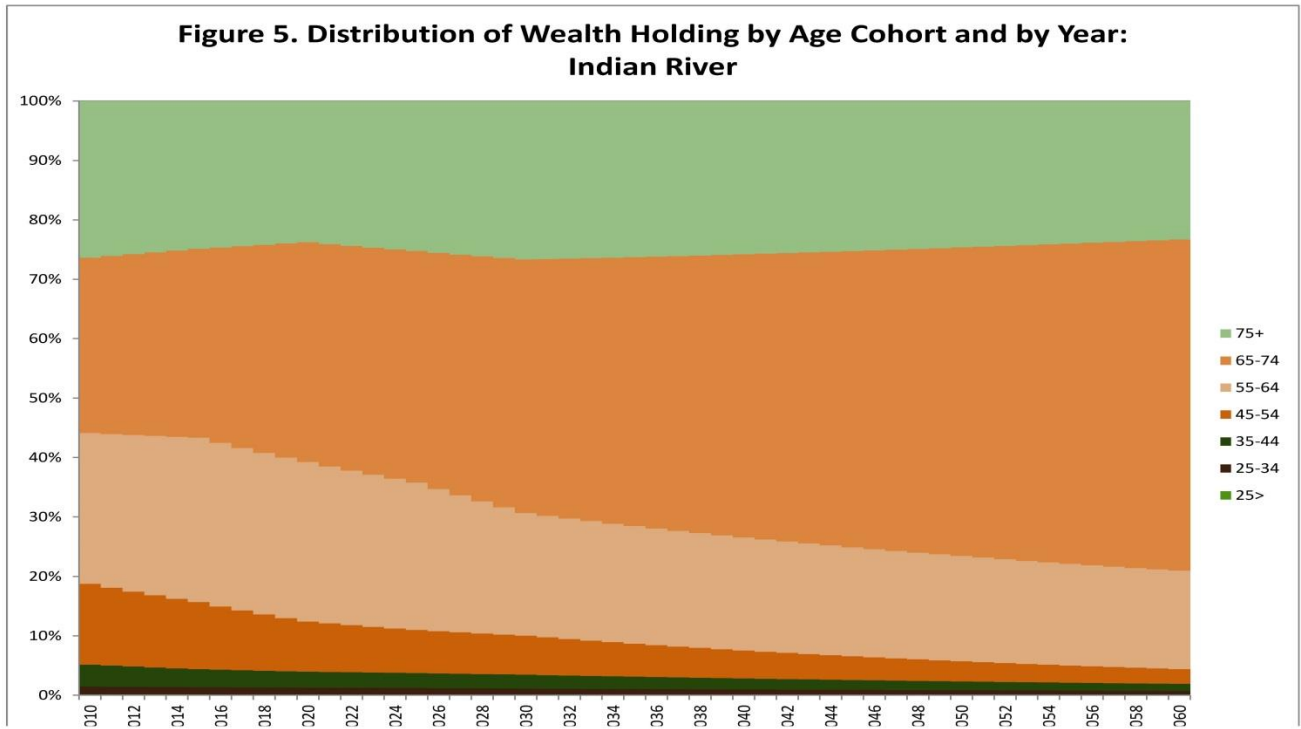


Figure 4. Distribution of Population by Age Cohort and by Year: Indian River





Scenario Changers

We generate **scenarios** of a likely future based on historical trends, current developments and conservative assumptions of the future. These are not predictive forecasts. Forecasting 50 years into the future is challenging and that is why we do scenarios versus predictive forecasts. Reflecting on the dramatic changes that have occurred over the past 50 years – we assume great change in the coming 50 years. For this reason, our scenarios are prepared in a transparent manner so that users of this research can appreciate how and when changes might alter their TOW opportunities. With this in mind we offer the following **scenario changers** or issues or trends that could dramatically increase or decrease this community’s TOW opportunity.

Figure 7: Scenario Changers	
Nuclear Power Plant Closing	Government
#N/A	Government supported activities including military and contracting are important to this community. Significant changes in government funding and activity will likely have an impact.
Climate Change	National Economy
Because of your community’s situation it is particularly impacted by both immediate (storms, drought, fire, etc.) and longer-term (sea levels) impacts associated with climate change.	How the national economy recovers and performs will directly shape how quickly this community’s economy will recover and move back to traditional rates of household wealth creation.
Migration	
In the past your community has been significantly shaped by migration (particularly from retirees) from other parts of the country. Changes in migration levels and patterns will alter your TOW potential.	

A Note on Demographics. The decade of the 2000s provides a potentially important insight into the future of this community and its potential for wealth creation and its TOW opportunity. The county has a net zero natural population change where births and deaths nearly equal. Demographic growth was realized through immigration – both domestic and international. This has and is skewed to older demographics (therefore relatively high death and low birth rates in a growing community). Immigration accounted for about 92% of all demographic growth in the 2000s! This growth was nearly divided between domestic immigration (+79,000) and international immigration (+72,000).

Donor Opportunity Areas

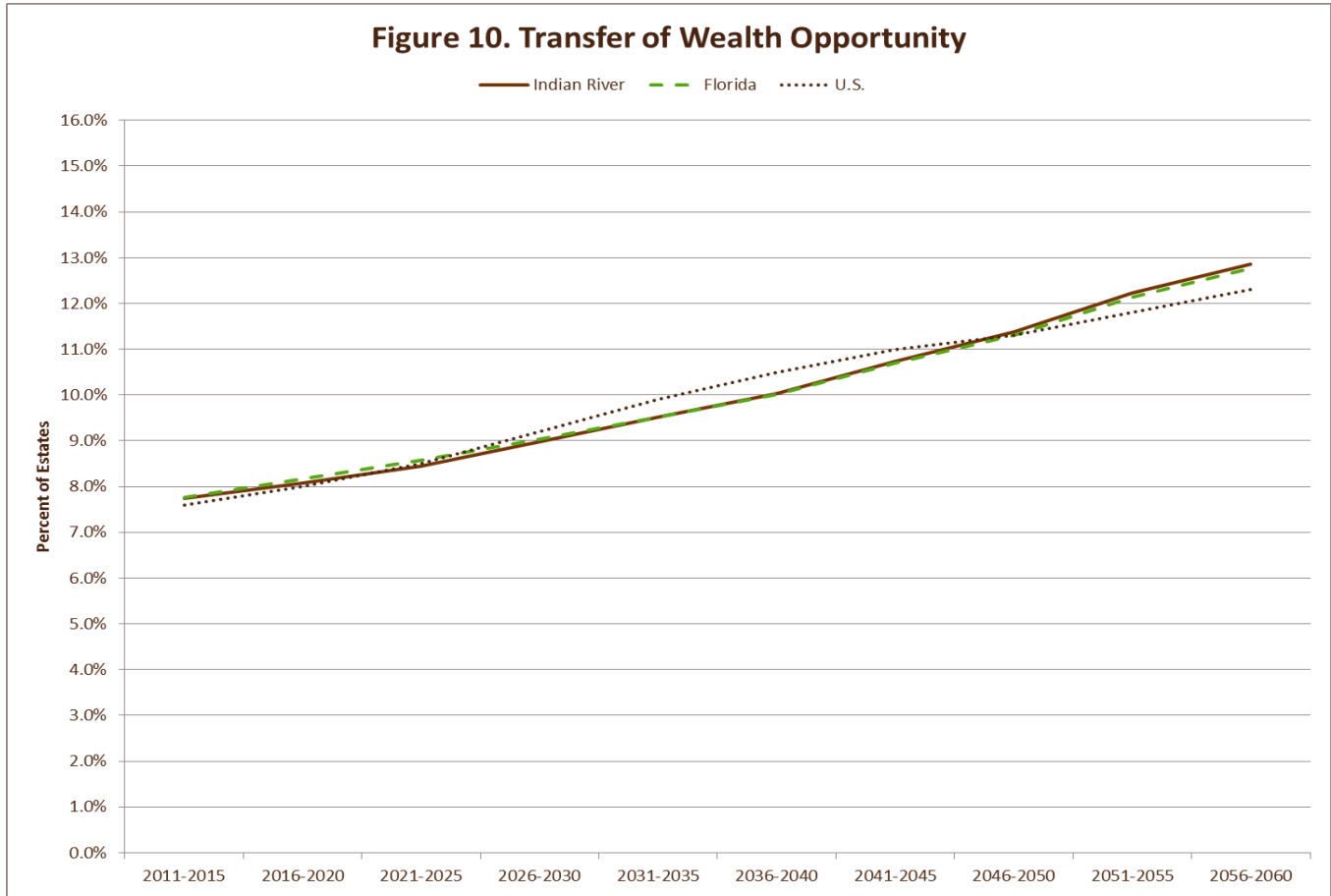
ESRI is one of America’s leading market research firms. We have purchased from ESRI this research for every county in Florida for use in this project. It organizes all American households into 1 of 66 household types (Tapestry Segments) based on household life stage, consumer habits and wealth. These 66 household types are also organized by LifeMode Groups or groups of household type that are similar such as retirees. Finally, ESRI profiles all households by degree of urbanization from remote rural to central city. These profiles can help foundations engage in more strategic donor understanding, identification and development. *These reports are in the Electronic Library along with a description of ESRI’s LifeMode Groups and Tapestry household types.*

Figure 8: Tapestry Segmentation Profile Summary		
Indian River County		
LifeMode Groups	Percent of Households	Cumulative Percent
L5. Senior Styles	57.70%	57.70%
L2. Upscale Avenue	11.00%	68.70%
L10. Traditional Living	8.50%	77.20%
L12. American Quilt	6.90%	84.10%
L1. High Society	5.10%	89.20%
Balance – 7 Other Groups	10.80%	100%

Based on this analysis and other research we conducted as part of this project, we have identified the following Donor Opportunity Areas for this county. A complete directory of Donor Opportunity Areas for the United States can be found in the Electronic Library.

Figure 9: Donor Opportunity Areas	
<p>Closely Held Family Businesses</p> <p>This is “main street” America. While this part of America has changed and even declined in some communities, closely-held family businesses are found in most communities. The families who own them and invest in them represent a potential donor group with both capacity and motivation for giving.</p>	<p>Thrifty Retirees</p> <p>Thrifty retirees are part of the social fabric of most communities, from urban neighborhoods to rural villages. These are folks who worked hard, spent less than they made, saved and invested well, and built modest estates over their lives. Often they have deep roots in their community and are inclined to give back.</p>
<p>Specialized Professionals</p> <p>Specialized professionals are highly educated and have developed a set of unique and in-demand skills. Even during the Great Recession there were jobs for many of them. Whether an oil driller or a surgeon, they are often well paid and have the potential to grow estates.</p>	<p>Cash Poor & Asset Rich</p> <p>Farmers, ranchers and family business owners are often examples of cash poor and asset rich households. Their wealth is embedded in their land or in their business. However, when their estates are settled, some of this wealth becomes available for community giveback. Their deep community ties often mean they want to give back.</p>
<p>Transplants</p> <p>People moving into the U.S. and from community to community – transplants – can be a source of wealth creation by bringing entrepreneurial skills and new attitudes toward saving. They may come with little and work hard to build their wealth; they may move specifically to capture new opportunities, creating wealth in the process.</p>	

Transfer of Wealth (TOW) Timing



Questions & More Information:

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The Center for Rural Entrepreneurship's vision for rural America is one of vibrant communities and regions that embrace entrepreneurship, that find new sources of competitive advantage in their inherent assets, and that invest in a new more sustainable future for both present and future generations. The Center's mission is to help our local, regional and state partners achieve this future by connecting economic development practitioners and policy makers to the resources needed to energize entrepreneurs and implement entrepreneurship as a core economic development strategy.

These development efforts require financial resources. Most traditional sources of funding are challenged as governments, businesses and foundations struggle to meet rising community needs. A core program area for the Center is Community Development Philanthropy, where our team helps your community, region or state build a community wealth road map. Our Transfer of Wealth (TOW) research offers insight into possibly the greatest opportunity to tap new, significant and sustainable funding streams in support of growing better and stronger communities. For many communities and regions, TOW research can help jump start important conversations leading to greater community giveback.

The Center has conducted TOW studies for clients around the nation for more than 10 years, and has published a book titled, *Transfer of Wealth in Rural America: Understanding the Potential, Realizing the Opportunity, Creating Wealth for the Future*. More product offerings are planned under our Community Development Philanthropy area.

To learn more about the Center's history and program areas, go to www.energizingentrepreneurs.org.

The Rural Policy Research Institute (RUPRI) provided founding support to create the Center for Rural Entrepreneurship in 2001. RUPRI's mission is to provide independent analysis and information on the challenges, needs, and opportunities facing rural people and places. The work of the Center for Rural Entrepreneurship, along with other centers and collaborations, helps RUPRI achieve this mission. To learn more about RUPRI, visit www.rupri.org.