

TRANSFER OF WEALTH OPPORTUNITY IN MISSISSIPPI

Measuring Mississippi's Philanthropic Potential

Prepared for:

Mississippi Association of Grantmakers



MISSISSIPPI
Association of Grantmakers

investing to create a stronger Mississippi

October 2016

What is TOW?

America is in the midst of the greatest intergenerational transfer of wealth (TOW) in our history. Between 2010 and 2065, we estimate that \$90 trillion (in 2015 dollars) will transfer from one generation to another in the U.S. In the coming decade, 2016 through 2025, the TOW opportunity is over \$7.5 trillion.

TOW is an estimate of American household wealth from which charitable giving could be realized. Our analysis yields a conservative estimate of TOW, discounting wealth that is unlikely to be available for charitable giving.

Why TOW Matters?

America's communities are struggling to find the financial resources necessary to support community and economic development. Traditional sources such as government funding are stagnant or declining. In this environment, possibly the single largest underdeveloped resource is community-based philanthropy fueled by capturing some portion of the TOW opportunity. Considering only the 10-Year U.S. TOW estimates, approximately \$377 billion in new community endowments could be realized across America if just 5% of this opportunity were gifted back to communities. Assuming a conservative and sustainable 5% annual payout, these endowments would generate nearly \$19 billion to support new annual grant making. Over a generation (25 years), this would mean nearly one-half trillion dollars of new resources for America's communities. Community endowments, properly managed, are a renewable and sustainable financial resource for communities to invest in their development.

History with TOW

In 1999, Boston College released [Millionaires in the Millennium](#) (John Havens and Paul Schervish, October 1999). This study highlighted the remarkable intergenerational transfer of wealth opportunity in America and its implications for philanthropic giving. This report sparked a national discussion and introduced our Center into TOW analysis. Since our first TOW study in early 2000s for the Nebraska Community Foundation, we have completed over 70 studies covering nearly 65 percent of the communities in the continental United States. Our Center is the leader in Transfer of Wealth Opportunity analysis in America. For more information on the Center's TOW work, check out our [website](#). We produce scenarios of the likely TOW opportunity of a community or region typically for 10, 20 or 50 year periods into the future. For more information on how we estimate TOW opportunities, please refer to our [TOW Methodology Report](#).



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Special Thanks

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 - Community Foundation of Greater Jackson
 - Foundation for the Mid South
 - Community Foundation of Northwest Mississippi
 - CREATE Foundation
 - Community Foundation of Washington County
 - The Greater Pinebelt Community Foundation
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 - Mr. Tony Jeff, Innovate Mississippi
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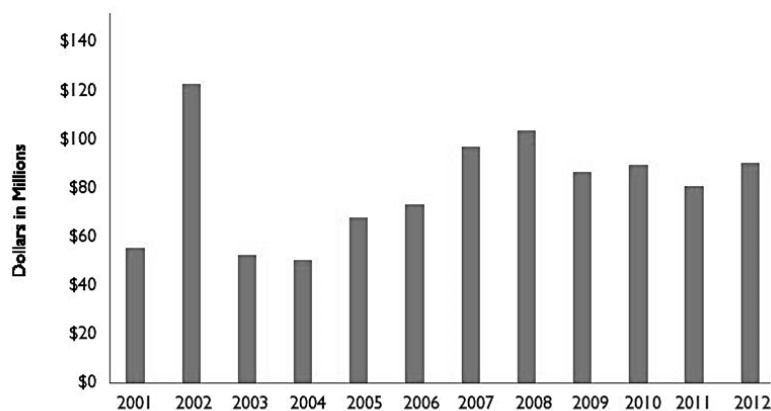
Philanthropic Giving in Mississippi

The Mississippi Association of Grantmakers has been at work advancing philanthropy in the Magnolia State for some time. In 2015, the Association released research commissioned on [Philanthropic Giving in Mississippi](#) providing an important overview of Mississippi's philanthropic infrastructure. On page six of this report, we have provided a summary of Mississippi's foundations with the following conclusions for 2012:

246 Foundations of All Types
Combined Assets of \$1.26 Billion
Total Giving of nearly \$91 Million

TYPE	NUMBER	%	ASSETS	%	TOTAL GIVING	%
Independent or Family	205	83.3%	\$849,547,054	67.7%	\$63,697,214	70.0%
Community	8	3.3%	\$157,211,364	12.5%	\$16,198,476	17.8%
Corporate	15	6.1%	\$148,474,130	11.8%	\$7,707,003	8.5%
Operating	18	7.3%	\$100,962,026	8.0%	\$3,383,512	3.7%
TOTAL	246	100%	\$1,256,194,574	100%	\$90,986,205	100%

Figure 1: Total Giving by Mississippi Foundations, 2001-2012



Source: Foundation Center, 2015. Figure based on unadjusted dollars.

Our transfer of wealth opportunity analysis concludes that achieving a goal of a 5% increased legacy giving based on just the 10-year (2016-2025) TOW opportunity could add nearly \$1.9 billions to the state's permanent endowments. Setting and achieving this goal could more than double the combined foundation assets as captured in the 2015 Association report. The potential for increasing Mississippi's philanthropic capacity is massive.

Executive Summary

The Center for Rural Entrepreneurship's **2015 Transfer of Wealth Opportunity Analysis** for the state of Mississippi has produced the following findings:

2015 Household Current Net Worth	– \$386.4 Billion
10-Year (2016 through 2025) TOW Opportunity	– \$37.7 Billion
50-Year (2016 through 2065) TOW Opportunity	– \$323.8 Billion

Our findings are based on scenarios specifically developed for the MS Association of Grantmakers and based on reasonable assumptions about the future. To illustrate the philanthropic potential associated with the state's 10-year and 50-year TOW opportunities, consider the following scenarios:

Over the Next Decade. Acting aggressively on the 10-year TOW opportunity and achieving a five percent giving goal, the State and its communities would realize the following:

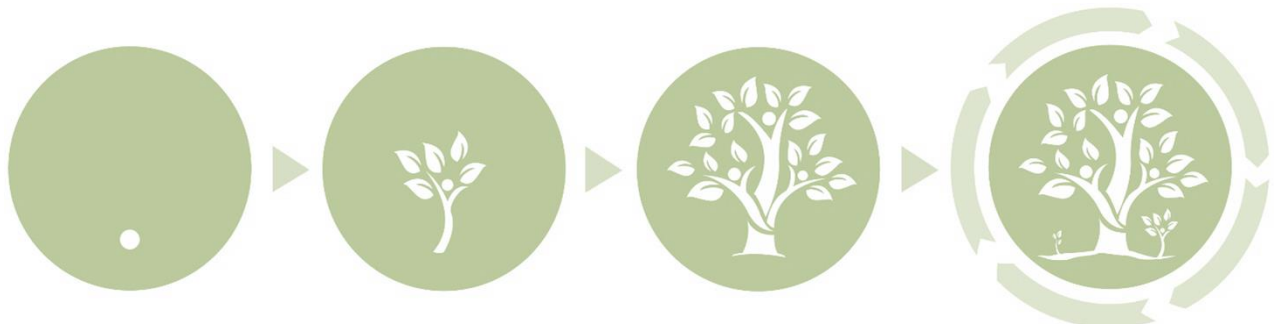
10-Year Opportunity	– \$37.7 Billion Transferring between 2016-2025
5% Giving Goal Realized	– \$1.9 Billion in New Community Endowments
5% Sustained Annual Payout	– \$94.1 Million a year in Perpetual Grant Making

This would be like creating a Gates Foundation focused solely on Mississippi.

The estimated assets of the Bill and Melinda Gates Foundation is \$41 billion at the end of 2013.

Over Two Generations. Acting aggressively on the 50-year TOW opportunity and achieving a five percent giving goal, the State and its communities would realize the following:

50-Year Opportunity	– \$323.8 Billion Transferring between 2016-2065
5% Giving Goal Realized	– \$16.2 Billion in New Community Endowments
5% Sustained Annual Payout	– \$809.5 Million a year in Perpetual Grant Making



Understanding the TOW Findings

In order to more fully understand our Transfer of Wealth scenarios for Mississippi and its counties we encourage the reader to review the following information.

Scenarios. Our Transfer of Wealth Opportunity estimates are scenarios of a “most likely future.” We cannot forecast TOW opportunities with precise confidence. This is particularly true with our 50-Year TOW estimates. However, based on our historical analysis, groundtruthing analysis and our reasonable assumptions of the future, we are able to generate plausible TOW opportunity scenarios.

Real or Inflation Adjusted Dollars. Our TOW scenarios are presented in “real” or “inflation-adjusted” dollars. All our dollar values are presented in “2015 dollars” meaning that a dollar in 2065 has the same purchasing power as a dollar in 2015. By using real dollars, we remove the effects of inflation from our findings.

Permanent Resident Household Values. Our analysis considers the current net worth and TOW opportunity for only permanent residents or households. By permanent residents, we are considering only those individuals or families (i.e., households) that claim Mississippi and a particular county as their permanent residence. We are not considering wealth held by corporations, governments or non-profit organizations. As noted later in this report, there are additional donor classes that could increase Mississippi’s Transfer of Wealth Opportunity including former residents and seasonal or temporary residents. **2015 Household Current Net Worth (CNW).** 2015 household current net worth (CNW) is estimated for Mississippi and each of its counties by [Esri](#). We employ these CNW values as our starting point for our TOW scenarios. For Mississippi and each of its counties, there is a summary *Esri Net Worth Profile* available through the Project’s [Electronic Library](#).

10-Year Transfer of Wealth (TOW) Opportunity. Our 10-Year Transfer of Wealth Opportunity scenarios include the cumulative intergenerational wealth being transferred over the period of 2016 through 2025. Our **50-Year Transfer of Wealth Opportunity** scenarios include the cumulative intergenerational wealth being transferred over the period of 2016 through 2065.

5% Capture. To illustrate the potential for growing additional permanent endowments, we employ a “5% capture” goal of the 10- or 50-Year TOW opportunity. The 5% goal is hypothetical. It was originally suggested as a reasonable goal by the [Nebraska Community Foundation](#) nearly 15 years ago. Since then, the 5% goal has seen growing evidence of communities realizing the 5% goal based on their 10-Year TOW opportunity.

5% Payout. We employ a “5% payout” value based on the 5% capture goal. This payout rate is historically reasonable for the philanthropic environment in the United States. However, with the financial challenges of the Great Recession and Recovery period many foundations are now using a 4.5% or 4.0% payout rate. The 5% payout rate can be equated to grantmaking capacity.

Per Household Values (PHH). To allow comparisons across geographies, we provide a “per household value” which is the Value (either Net Worth or TOW value) divided by the number of households in the geography.

Table 2. Summary Findings <small>Source: Esri 2015 Current Net Worth estimates & Center for Rural Entrepreneurship TOW analysis estimates</small>										
Key:	2015 Net Worth		10-Year (2016-2025) TOW				50-Year (2016-2065) TOW			
M = Millions of dollars T = Thousands of \$	Value (M)	PHH (T)	Value (M)	PHH (T)	5% Capture (M)	5% Payout (M)	Value (M)	PHH (T)	5% Capture (M)	5% Payout (M)
Mississippi	\$386,438	\$337	\$37,650	\$33	\$1,883	\$94.1	\$323,791	\$283	\$16,190	\$809
Adams County	\$3,079	\$244	\$302	\$24	\$15.11	\$0.756	\$2,397	\$190	\$119.84	\$5.992
Alcorn County	\$4,222	\$277	\$377	\$25	\$18.83	\$0.941	\$2,680	\$176	\$133.98	\$6.699
Amite County	\$1,578	\$297	\$122	\$23	\$6.08	\$0.304	\$1,037	\$195	\$51.86	\$2.593
Attala County	\$2,594	\$334	\$295	\$38	\$14.73	\$0.737	\$2,202	\$284	\$110.10	\$5.505
Benton County	\$673	\$195	\$52	\$15	\$2.58	\$0.129	\$453	\$131	\$22.65	\$1.132
Bolivar County	\$3,010	\$231	\$268	\$21	\$13.40	\$0.670	\$2,308	\$177	\$115.40	\$5.770
Calhoun County	\$1,299	\$213	\$91	\$15	\$4.53	\$0.226	\$672	\$110	\$33.58	\$1.679
Carroll County	\$1,336	\$308	\$136	\$31	\$6.78	\$0.339	\$1,073	\$247	\$53.66	\$2.683
Chickasaw County	\$1,460	\$221	\$108	\$16	\$5.42	\$0.271	\$796	\$121	\$39.82	\$1.991
Choctaw County	\$823	\$239	\$41	\$12	\$2.05	\$0.102	\$274	\$79	\$13.68	\$0.684
Claiborne County	\$604	\$178	\$50	\$15	\$2.48	\$0.124	\$405	\$119	\$20.23	\$1.011
Clarke County	\$1,763	\$261	\$188	\$28	\$9.41	\$0.470	\$1,659	\$246	\$82.94	\$4.147
Clay County	\$2,205	\$276	\$202	\$25	\$10.12	\$0.506	\$1,528	\$191	\$76.39	\$3.819
Coahoma County	\$1,583	\$168	\$102	\$11	\$5.12	\$0.256	\$915	\$97	\$45.73	\$2.287
Copiah County	\$2,834	\$262	\$288	\$27	\$14.41	\$0.720	\$2,609	\$241	\$130.43	\$6.522
Covington County	\$2,395	\$313	\$223	\$29	\$11.15	\$0.557	\$1,903	\$249	\$95.14	\$4.757
DeSoto County	\$30,234	\$496	\$3,771	\$62	\$188.57	\$9.428	\$37,219	\$610	\$1,860.93	\$93.046
Forrest County	\$8,106	\$273	\$853	\$29	\$42.65	\$2.133	\$7,461	\$252	\$373.06	\$18.653
Franklin County	\$917	\$281	\$120	\$37	\$6.00	\$0.300	\$1,110	\$340	\$55.48	\$2.774
George County	\$2,811	\$335	\$294	\$35	\$14.68	\$0.734	\$2,500	\$298	\$125.01	\$6.250
Greene County	\$1,100	\$250	\$69	\$16	\$3.43	\$0.171	\$519	\$118	\$25.93	\$1.297
Grenada County	\$2,230	\$252	\$222	\$25	\$11.11	\$0.555	\$1,677	\$189	\$83.85	\$4.192
Hancock County	\$9,962	\$521	\$1,305	\$68	\$65.23	\$3.262	\$10,269	\$537	\$513.44	\$25.672
Harrison County	\$27,855	\$359	\$3,087	\$40	\$154.37	\$7.719	\$23,853	\$307	\$1,192.67	\$59.633
Hinds County	\$31,731	\$346	\$2,766	\$30	\$138.32	\$6.916	\$22,508	\$246	\$1,125.41	\$56.271
Holmes County	\$959	\$139	\$46	\$7	\$2.30	\$0.115	\$422	\$61	\$21.12	\$1.056
Humphreys County	\$550	\$166	\$29	\$9	\$1.46	\$0.073	\$264	\$80	\$13.18	\$0.659
Issaquena County	\$151	\$328	\$7	\$16	\$0.37	\$0.019	\$47	\$102	\$2.35	\$0.117
Itawamba County	\$2,781	\$303	\$277	\$30	\$13.87	\$0.693	\$2,182	\$237	\$109.12	\$5.456
Jackson County	\$23,981	\$445	\$2,971	\$55	\$148.54	\$7.427	\$25,116	\$466	\$1,255.78	\$62.789
Jasper County	\$1,766	\$256	\$131	\$19	\$6.54	\$0.327	\$1,211	\$176	\$60.53	\$3.027
Jefferson County	\$525	\$180	\$42	\$14	\$2.09	\$0.105	\$471	\$161	\$23.53	\$1.177
Jefferson Davis Co.	\$1,104	\$223	\$83	\$17	\$4.17	\$0.208	\$666	\$134	\$33.28	\$1.664
Jones County	\$7,649	\$299	\$827	\$32	\$41.35	\$2.067	\$5,229	\$204	\$261.46	\$13.073
Kemper County	\$925	\$231	\$76	\$19	\$3.81	\$0.191	\$713	\$178	\$35.64	\$1.782
Lafayette County	\$5,636	\$277	\$538	\$26	\$26.89	\$1.344	\$5,701	\$280	\$285.06	\$14.253
Lamar County	\$10,655	\$473	\$933	\$41	\$46.64	\$2.332	\$9,972	\$442	\$498.59	\$24.929
Lauderdale County	\$11,070	\$352	\$1,008	\$32	\$50.38	\$2.519	\$6,959	\$221	\$347.94	\$17.397
Lawrence County	\$1,749	\$333	\$150	\$29	\$7.49	\$0.374	\$1,337	\$255	\$66.83	\$3.342
Leake County	\$2,228	\$269	\$196	\$24	\$9.79	\$0.489	\$1,735	\$210	\$86.73	\$4.336

Center for Rural Entrepreneurship

Key:	2015 Net Worth		10-Year (2016-2025) TOW				50-Year (2016-2065) TOW			
M = Millions of dollars T = Thousands of \$	Value (M)	PHH (T)	Value (M)	PHH (T)	5% Capture (M)	5% Payout (M)	Value (M)	PHH (T)	5% Capture (M)	5% Payout (M)
Lee County	\$12,806	\$380	\$1,313	\$39	\$65.65	\$3.283	\$10,258	\$305	\$512.89	\$25.644
Leflore County	\$2,420	\$210	\$197	\$17	\$9.87	\$0.494	\$1,718	\$149	\$85.89	\$4.295
Lincoln County	\$4,741	\$351	\$455	\$34	\$22.73	\$1.136	\$4,077	\$302	\$203.87	\$10.194
Lowndes County	\$8,425	\$357	\$808	\$34	\$40.39	\$2.020	\$6,250	\$265	\$312.49	\$15.625
Madison County	\$26,326	\$675	\$3,391	\$87	\$169.57	\$8.479	\$79,060	\$2,027	\$3,953.02	\$197.651
Marion County	\$3,335	\$334	\$270	\$27	\$13.51	\$0.675	\$2,247	\$225	\$112.36	\$5.618
Marshall County	\$3,722	\$277	\$357	\$27	\$17.87	\$0.894	\$3,252	\$242	\$162.61	\$8.131
Monroe County	\$4,327	\$303	\$429	\$30	\$21.45	\$1.072	\$2,947	\$206	\$147.37	\$7.369
Montgomery County	\$901	\$205	\$51	\$11	\$2.53	\$0.126	\$367	\$83	\$18.33	\$0.916
Neshoba County	\$3,684	\$336	\$366	\$33	\$18.29	\$0.914	\$3,678	\$336	\$183.92	\$9.196
Newton County	\$2,068	\$248	\$190	\$23	\$9.52	\$0.476	\$1,519	\$182	\$75.93	\$3.797
Noxubee County	\$767	\$179	\$40	\$9	\$2.01	\$0.100	\$399	\$93	\$19.95	\$0.998
Oktibbeha County	\$3,160	\$161	\$304	\$16	\$15.20	\$0.760	\$2,738	\$140	\$136.89	\$6.845
Panola County	\$3,630	\$276	\$399	\$30	\$19.94	\$0.997	\$3,407	\$259	\$170.37	\$8.519
Pearl River County	\$7,985	\$379	\$924	\$44	\$46.18	\$2.309	\$8,232	\$391	\$411.58	\$20.579
Perry County	\$1,238	\$261	\$103	\$22	\$5.17	\$0.258	\$887	\$187	\$44.33	\$2.217
Pike County	\$3,562	\$230	\$338	\$22	\$16.89	\$0.844	\$2,700	\$175	\$135.01	\$6.750
Pontotoc County	\$2,905	\$248	\$271	\$23	\$13.57	\$0.679	\$2,593	\$221	\$129.63	\$6.482
Prentiss County	\$2,375	\$239	\$183	\$18	\$9.15	\$0.457	\$1,368	\$137	\$68.38	\$3.419
Quitman County	\$578	\$192	\$35	\$12	\$1.77	\$0.089	\$281	\$93	\$14.05	\$0.702
Rankin County	\$30,391	\$550	\$3,279	\$59	\$163.95	\$8.198	\$35,548	\$644	\$1,777.40	\$88.870
Scott County	\$2,281	\$215	\$157	\$15	\$7.87	\$0.394	\$1,267	\$120	\$63.34	\$3.167
Sharkey County	\$370	\$207	\$23	\$13	\$1.15	\$0.058	\$186	\$104	\$9.29	\$0.465
Simpson County	\$2,944	\$282	\$254	\$24	\$12.68	\$0.634	\$1,816	\$174	\$90.79	\$4.540
Smith County	\$2,366	\$365	\$266	\$41	\$13.32	\$0.666	\$2,390	\$369	\$119.49	\$5.974
Stone County	\$2,007	\$321	\$200	\$32	\$10.02	\$0.501	\$1,938	\$310	\$96.88	\$4.844
Sunflower County	\$1,472	\$172	\$123	\$14	\$6.14	\$0.307	\$1,041	\$121	\$52.06	\$2.603
Tallahatchie County	\$966	\$201	\$71	\$15	\$3.57	\$0.178	\$885	\$184	\$44.23	\$2.212
Tate County	\$3,424	\$337	\$419	\$41	\$20.96	\$1.048	\$3,873	\$381	\$193.65	\$9.683
Tippah County	\$1,989	\$223	\$167	\$19	\$8.33	\$0.417	\$1,357	\$152	\$67.84	\$3.392
Tishomingo County	\$2,282	\$270	\$248	\$29	\$12.41	\$0.620	\$1,684	\$200	\$84.20	\$4.210
Tunica County	\$493	\$123	\$31	\$8	\$1.53	\$0.077	\$405	\$101	\$20.27	\$1.014
Union County	\$2,992	\$280	\$343	\$32	\$17.13	\$0.856	\$2,670	\$250	\$133.48	\$6.674
Walthall County	\$1,483	\$255	\$105	\$18	\$5.23	\$0.262	\$742	\$127	\$37.12	\$1.856
Warren County	\$7,121	\$378	\$721	\$38	\$36.05	\$1.803	\$5,127	\$272	\$256.33	\$12.816
Washington County	\$3,842	\$209	\$367	\$20	\$18.34	\$0.917	\$2,831	\$154	\$141.54	\$7.077
Wayne County	\$2,220	\$271	\$160	\$20	\$7.98	\$0.399	\$1,594	\$195	\$79.68	\$3.984
Webster County	\$932	\$228	\$69	\$17	\$3.47	\$0.173	\$584	\$143	\$29.21	\$1.461
Wilkinson County	\$756	\$221	\$53	\$15	\$2.65	\$0.133	\$434	\$127	\$21.72	\$1.086
Winston County	\$2,119	\$289	\$210	\$29	\$10.50	\$0.525	\$1,566	\$214	\$78.32	\$3.916
Yalobusha County	\$1,379	\$266	\$123	\$24	\$6.17	\$0.308	\$843	\$162	\$42.14	\$2.107
Yazoo County	\$2,281	\$262	\$229	\$26	\$11.45	\$0.573	\$1,854	\$213	\$92.68	\$4.634

Detailed Findings

In addition to summary findings shared in Table 2, the detailed household current net worth and transfer of wealth opportunity findings are presented through the following maps and interpretive narrative:

- Map of Mississippi's 2015 Current Net Worth, total and per household values by county
- Map of Mississippi's 10-Year TOW Opportunity, total and per household values by county
- Map of Mississippi's 50-Year TOW Opportunity, total and per household values by county

Our findings maps provide both "total" and "per household" values.

Total Values. Values, as one might expect, are highest in the more urbanized counties within Mississippi with strong concentrations in the three larger metropolitan areas including the counties that are part of: the Memphis, Tennessee region in the north; the Jackson region in the center of the state; and the Gulf of Mexico counties extending from New Orleans. More rural counties and those with smaller populations tend to have less wealth as we are measuring household wealth and philanthropic potential.

Per Household Values. Population or household differences provide one lens on Mississippi's philanthropic potential, but the "total value" lens tends to minimize potential in more rural or smaller population counties. By employing a "per household" approach (total value / 2015 households), we can gain a different insight on wealth holding and philanthropic potential across Mississippi. Comparing the two findings maps for either current net worth, 10-Year TOW or 50-Year TOW we begin to notice the differences. On a per household basis, more rural counties begin to show greater potential. Wealth related to higher concentrations of agricultural lands, private forests, mineral and energy royalties and closely-held family businesses increases relative philanthropic opportunity in the state's more rural counties.

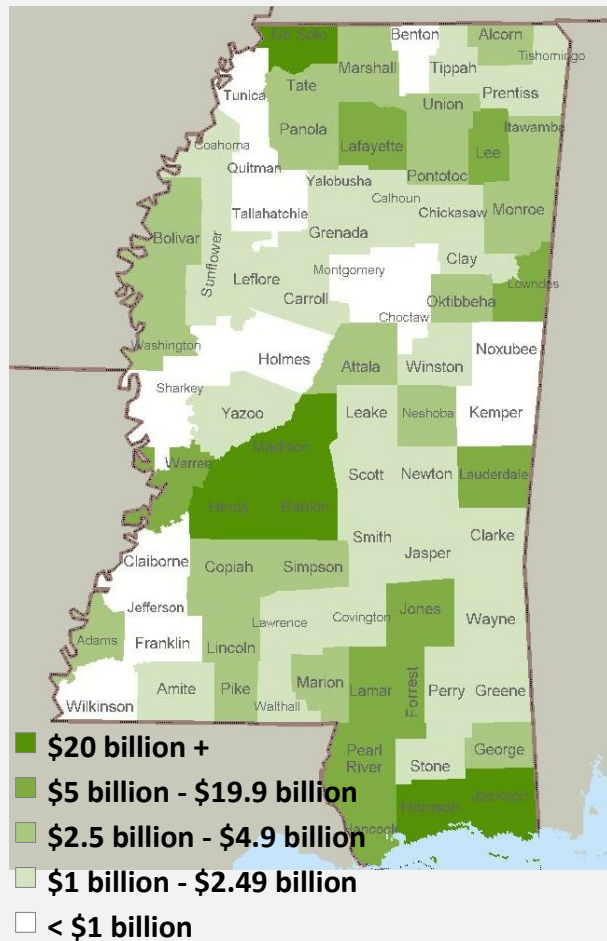
Bottom line: every county and community has philanthropic potential. Some communities have more potential because they have more households and other counties have more potential because of wealth associated with agricultural lands or other assets. While there are significant potential differences, each community should focus on the philanthropic potential it has and pursue their own strategies for growing community benefiting endowments.

Understanding Mississippi's Philanthropic Potential. By design, the Center's Transfer of Wealth Opportunity estimates are very conservative in the following ways: We are only considering permanent resident household wealth (first generation former residents could add to this potential); We eliminate personal property assets like cars, boats, art, and jewelry from our estimates; We discount other forms of wealth based on our experience as to the share of assets likely to become available for philanthropic giving.

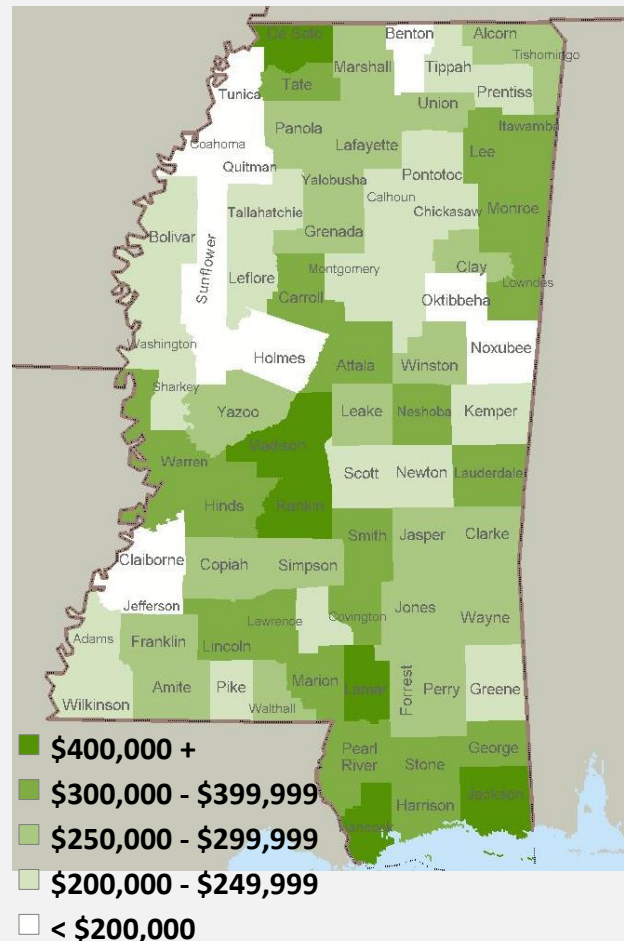
2015 Current Net Worth

Total 2015 current net worth (CNW) is shown on Map 1 below. Darker shades of green represent greater CNW and white illustrates the lowest CNW. Household wealth is greatest in population centers where we have the largest number of households. More affluent and growing suburban counties have the highest household current net worth values in Mississippi. There is also considerable wealth concentrated in the Gulf of Mexico counties and communities.

Map 1. 2015 Total Current Net Worth



Map 2. Per Household 2015 Current Net Worth



Source: Esri 2015 Current Net Worth estimates & Center for Rural Entrepreneurship TOW analysis estimates

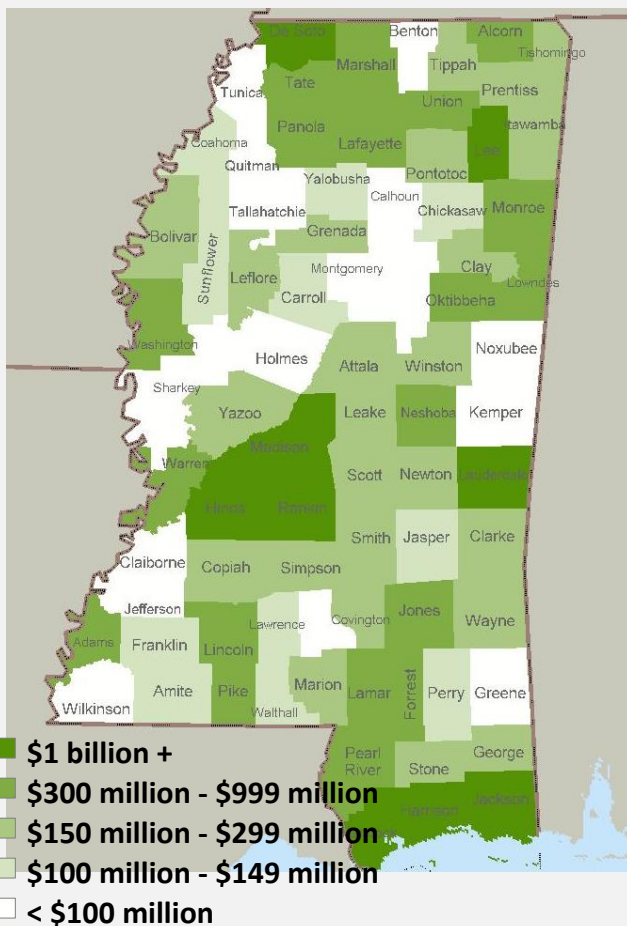
Map 2 illustrates 2015 household CNW *per household*. These values eliminate the influence of population size and yield some different insights into wealth in Mississippi. The concentration of wealth changes when we account for population differences. Some urban counties display relatively lower wealth concentration and many more rural and smaller counties fall higher in our scale (darker green). These changes are due to rural counties where we have wealth concentrated in agricultural land, timber holders, royalties associated with mineral and energy production, and the presence of vacation homes. Despite smaller household numbers these more rural counties have significant relative philanthropic potential.

10-Year (2016-2025) TOW Opportunity

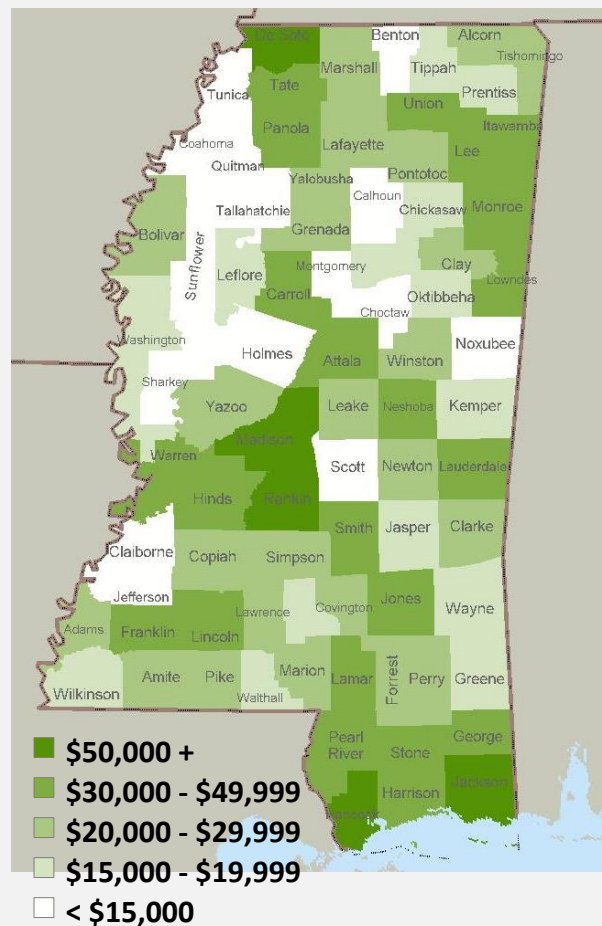
The Mississippi Transfer of Wealth Opportunity analysis presents two future scenarios. The first is the **10-Year TOW Scenario** covering the period of 2016 through 2025. The second is the **50-Year TOW Scenario** covering five decades from 2016 through 2065. Much has changed over the last 50 years, and it is challenging to fully capture how Mississippi's TOW opportunity will change over this extended period. However, it is helpful to look longer term and consider the full impact of two generations on the future TOW opportunity.

It is easier to consider changes that might occur over the next decade and, as a result, most communities use the 10-Year TOW Scenario for planning and goal setting purposes. Map 3 illustrates the 10-Year TOW Scenario and Map 4 illustrates the 10-Year TOW Scenario on a per household basis, showing total wealth that is likely to transfer over the next decade and be available for charitable giving. Again, darker shades of green indicated a higher TOW opportunity value. To a large extent, population shapes the TOW opportunity across counties. As with household current net worth, there are differences between "total" and "per household" values for the reasons mentioned previously. The rate at which a county's population is aging can also impact these values, with higher levels of estate transfers during the coming 10-year period.

Map 3. 10-Year (2016-2025) TOW Opportunity



Map 4. Per Household 10-Year TOW Opportunity

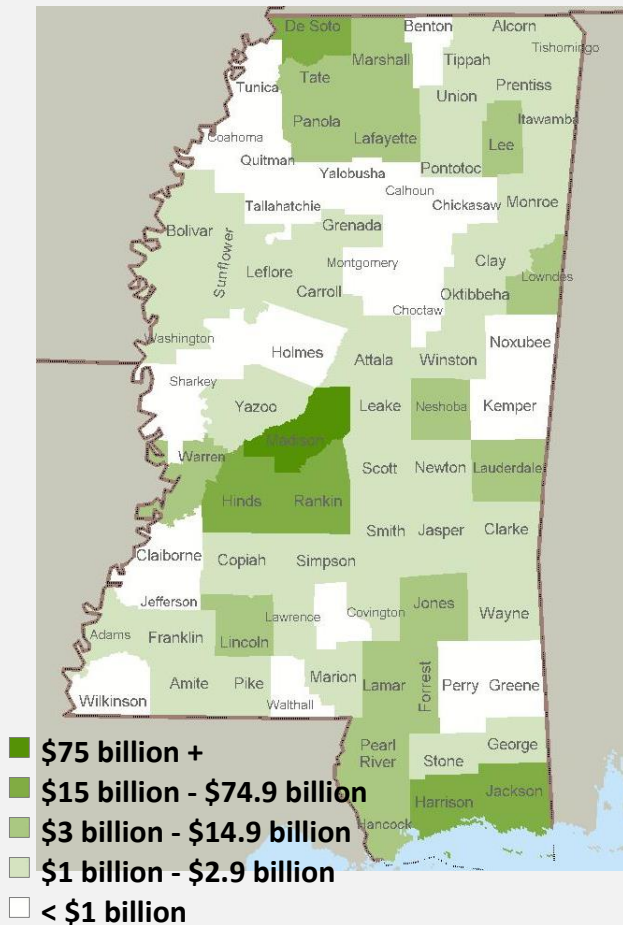


Source: Center for Rural Entrepreneurship, August 2016. TM

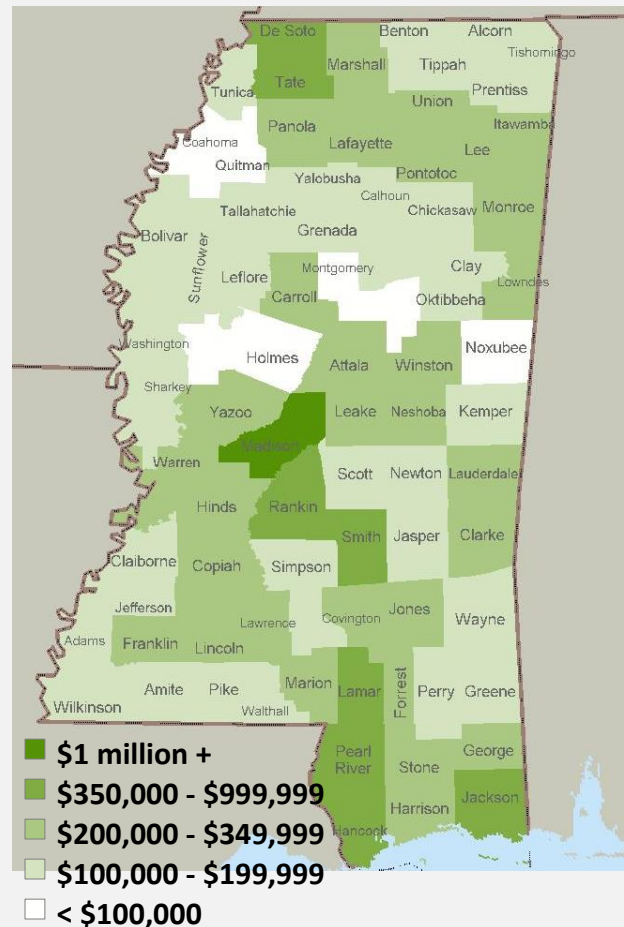
While the magnitude of the TOW opportunity varies across the State, *charitable giving potential* is found in every county and community in Mississippi.

Map 5 shows the 50-Year TOW Scenario and Map 6 shows the 50-Year TOW Scenario on a per household basis, eliminating the influence of population size. Faster growing and more urban and suburban areas display greater absolute 50-Year philanthropic potential. The coloring on the map illustrating relative 50-Year philanthropic potential changes modestly where the interplay of population change, different rates of aging population (concentration of estate transfers) and the release of natural resource related wealth like agricultural lands impact our per household findings.

Map 5. 50-Year (2016-2065) TOW Opportunity



Map 6. Per Household 50-Year TOW Opportunity



Source: Center for Rural Entrepreneurship, August 2016. TM

Two Considerations. A 50-year projection is rather heroic when we reflect on all the dramatic changes that have occurred over the previous 50 years. However, these longer-term TOW projections allow us to better understand Mississippi's philanthropic opportunity over two generations of time. All our monetary values are in "real" or "inflation adjusted" dollars meaning that a \$1 in 2060 has the same likely purchasing power as does a \$1 in 2015 (our base year for this analysis).

Other Considerations

Our book, *[Transfer of Wealth in Rural America – Understanding the Potential, Realizing the Opportunity and Creating Wealth for the Future](#)*, addresses household wealth formation over decades (Chapter 2) of American history in detail. One of the remarkable historical realities of the American experience is our ability to grow economies that create wealth for residents. In order to more fully understand Mississippi's philanthropic opportunity, it is important to appreciate those **special considerations** that impact wealth formation and transfer now and over time. We organize these influencers of wealth formation and philanthropic opportunity into basic and special considerations.

Basic Considerations

Basic considerations are those wealth formation and philanthropic influencers that are fairly universal from one community to the next all across America. These basic considerations include:

- Historic wealth formation rates
- Current household current net worth
- Current cultural patterns of philanthropic giving

Our previously mentioned book provides more detailed analysis, explanation and illustration of these basic considerations. For every transfer of wealth opportunity study, these basic considerations form the foundation of our TOW scenarios. Special considerations can and do impact our TOW opportunity analysis in subtle and significant ways. Next, we will explore those special considerations we have found to be significant for Mississippi and its counties.

Special Considerations

Special considerations addressed in our Mississippi TOW study include the following:

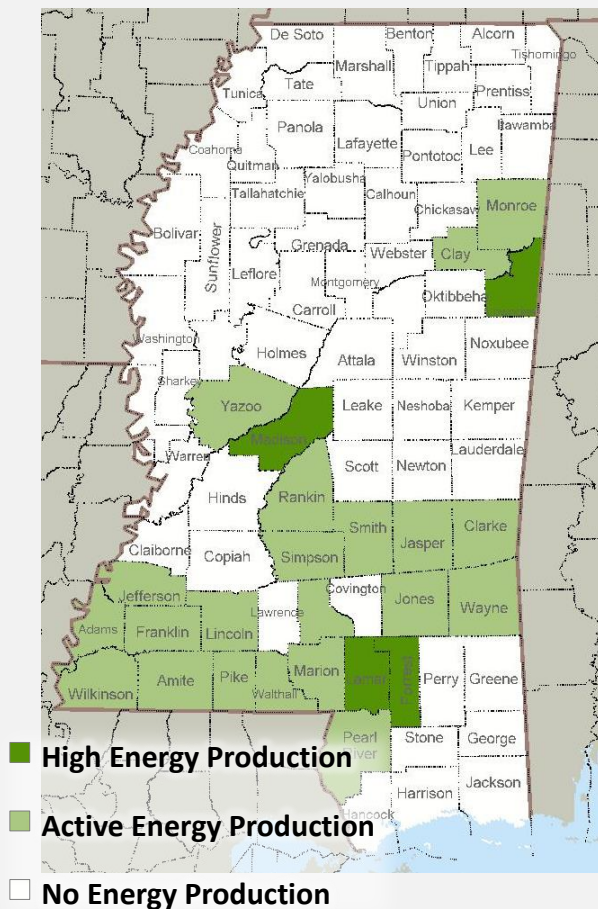
- Energy Production
- Agriculture
- Business Ownership
- Entrepreneurship and Innovation
- Metropolitan Growth Centers
- Seasonal Residents and Vacation Homes
- Housing Ownership and Values
- Disposable Income
- Educational Attainment
- Dividends, Interest and Rent Income

In the following sections of this **Technical Findings Report**, we explore each of these special considerations and how they impact our assumptions shaping our TOW scenarios. More detailed research and analysis can be found in the **Mississippi TOW Study [Electronic Library](#)**.

Impact of Energy Production

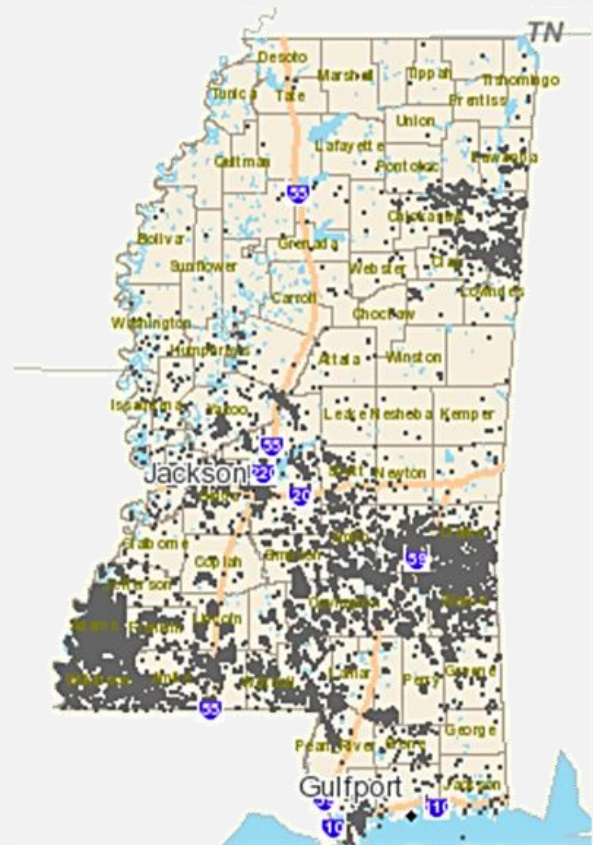
Energy production is important to certain areas in Mississippi. Based on available research, the mineral rights and surface rights are still largely locally-owned. Consequently, there is income and wealth flowing to households in those current and future energy production sites (primarily oil and gas extraction). We have made adjustments to TOW potential based on likely future energy production and royalty generation to households. The first map illustrates active oil and gas producing areas in Mississippi based on data from the U.S. Energy Information Administration. The second map provides similar data from the Mississippi Oil and Gas Production Board supplemented with insights from Patrick Sullivan, President of the Mississippi Energy Institute.

Map 7. Energy Production



Source: U.S. Energy Information Administration and the Mississippi Oil and Gas Board.

Map 8. Mississippi State Oil & Gas Board

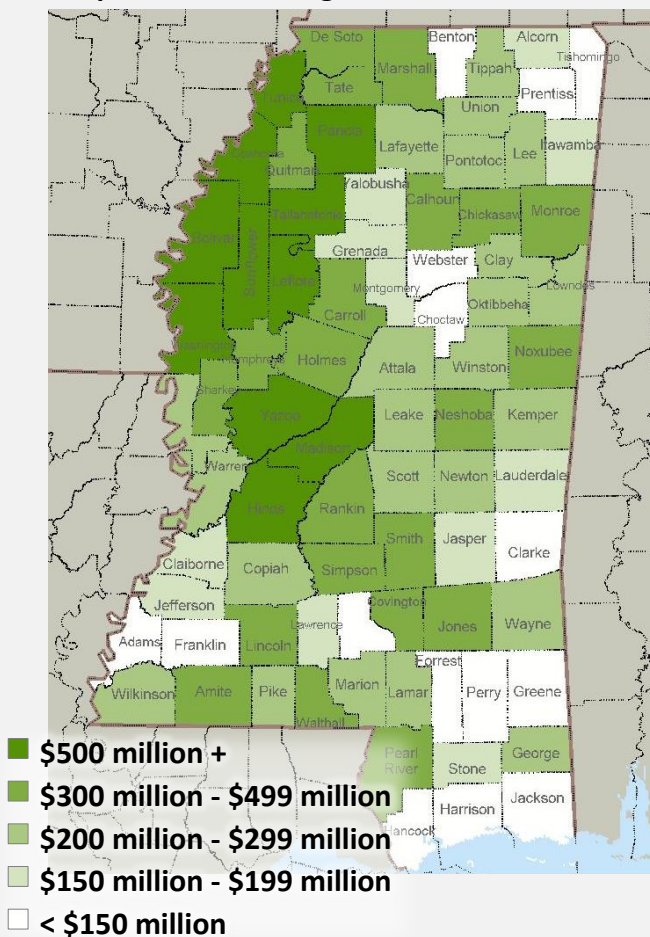


The dots on this map represent all wells in MS – both active & inactive.

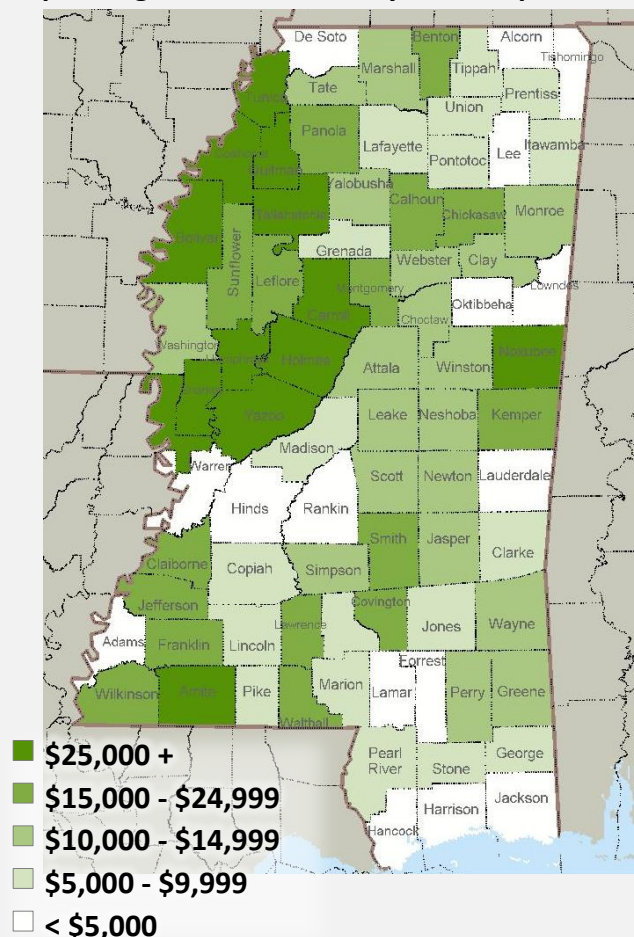
Impact of Agriculture

Every five years, the Federal Government completes a Census of Agriculture. This census includes estimates of the “value of land and buildings” associated with production agriculture (e.g., farms and ranches). Estimates are generated for the U.S., states, and every county within the U.S. For 2012 (lastest available Census), the projected value of agricultural related land and buildings in Mississippi is \$24.8 billion. Due to a decade of relatively strong commodity prices and profitability in production agriculture, net current wealth is relatively high. Agricultural-related wealth could represent between five and ten percent of all household wealth in Mississippi. For agriculturally dependent counties, agricultural wealth is concentrated and represents a significant philanthropic opportunity. For these counties, we have made upward adjustments in our TOW projections. A key rationale for these adjustments is rooted in our conclusion that our base estimated household current net worth from Esri does not adequately capture agricultural-related wealth. Additionally, our assumption is that the real value of agricultural land will rise faster than other categories of wealth over time.

Map 9. Total 2012 Agricultural Asset Value



Map 10. Agricultural Assets by Total Population

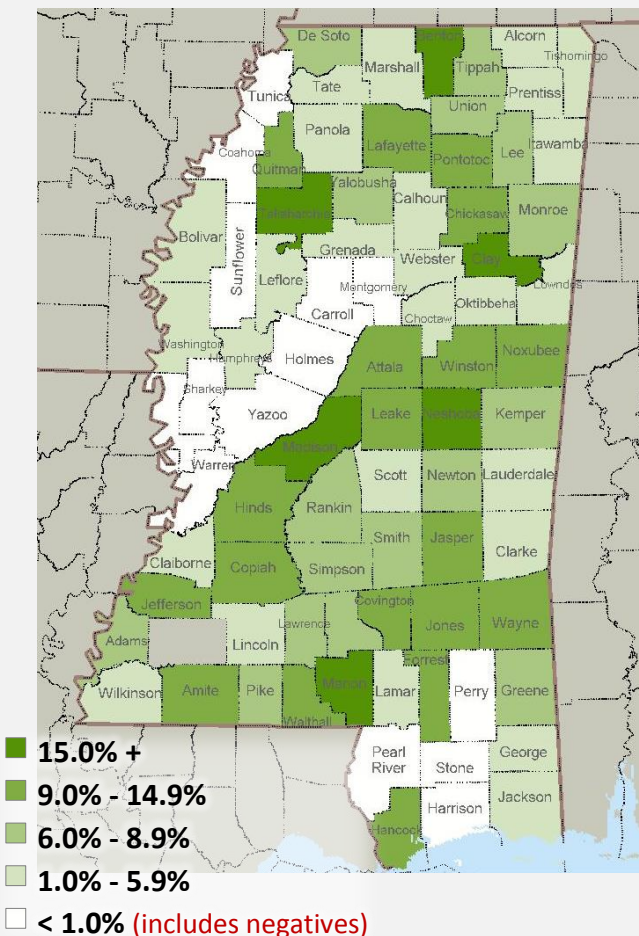


Source: USDA National Agricultural Statistics Service – Quick Stats

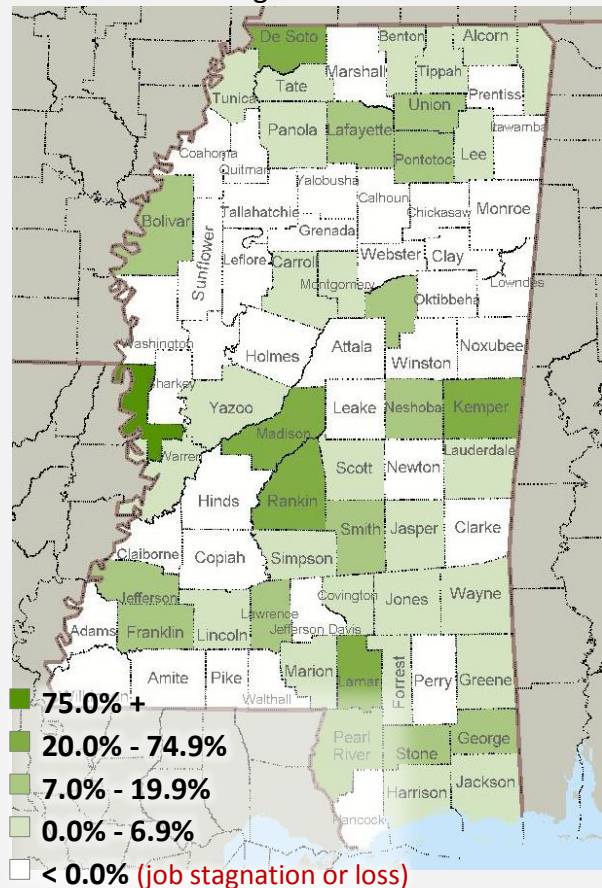
Impact of Business Ownership

Today in America, the most important pathway to household wealth formation is entrepreneurship and business ownership. Map 11 summarizes the change in nonfarm business proprietorship personal income (income realized to the owners from the business) for the period of 2000-2015. Map 12 measures the net growth in employment by **Stage 2 ventures (10-99 employees)** between 2001 and 2015. These are indicators of higher concentrations of closely-held (largely owned by families) businesses that are generating income and wealth. For those counties with significantly higher concentrations of successful business ownership, we have made positive TOW adjustments. Growing community rooted and closely held successful business ventures is one of the most powerful development strategies that in turn generates higher levels of rooted community wealth and philanthropic opportunity.

Map 11. Proprietors' Income Change 2000-2014



Map 12. Employment in Stage 2 Ventures Change 2001-2015



Source: Headwaters Economics – Economic Profile System & YourEconomy.org from UW Extension

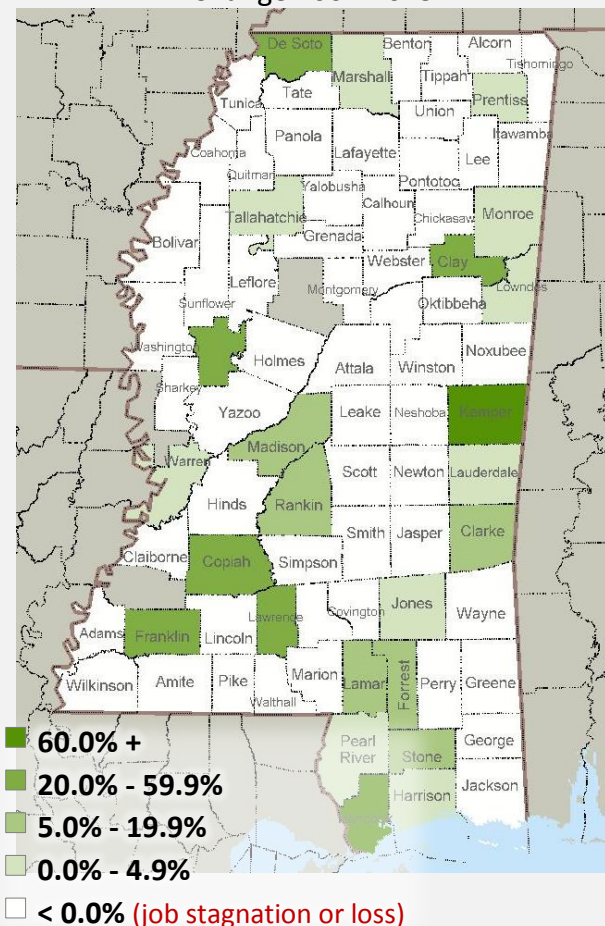
Impact of Entrepreneurship and Innovation

Most family-owned or closely-held businesses generate a living and even estate wealth. Mississippi's communities are filled with this kind of success. However, most of these family-owned businesses do not generate significant wealth except for their owners. Relatively few reach breakout success and move to public corporate status where significant wealth is often created for the owners, some employees, and investors (who often are located in the area where the venture was founded and grown). As part of this project, we have completed a general review of higher level entrepreneurship activity and innovation. Innovation is often the enabler for higher business growth. Innovation in a product or service, or even in business operation, can create niche market and market breakout potential. In this scenario, significant new wealth is often generated. The following summarizes our findings as relates to Mississippi's transfer of wealth opportunity.

Innovation. We did not find compelling evidence of new or likely future innovation in Mississippi when compared to levels of innovation during the historical period (i.e., 1970 through 2014). We explored this topic with Tony Jeff of Innovate Mississippi to give our findings some grounding. While he pointed out that Mississippi (as is the case with most states) is exploring innovation-related development efforts such as Innovate Mississippi, we are assuming that these innovation rates will remain consistent with historical patterns that shaped our base TOW scenarios.

Growth Entrepreneurship. The map on this page summarizes the employment growth for **Stage 3 ventures (100-499 employees)** for the period of 2001 through 2015. Significant growth among Stage 3 ventures is a relatively strong indicator of higher level entrepreneurial growth. These values are muted because of the Great Recession (2007-2010) and the following slower economic recovery. During the Great Recession, there was considerable contraction of established Stage 3 ventures. Our analysis concludes that there is insufficient evidence to suggest that growth entrepreneurship is likely to be stronger when compared to the historical period (1970-2014). Consequently, we have not made any adjustments in our TOW scenario to suggest higher wealth formation and transfer rates over the next 50 years because of rising growth entrepreneurship.

**Map 13. Employment in Stage 3 Ventures
Change 2001-2015**



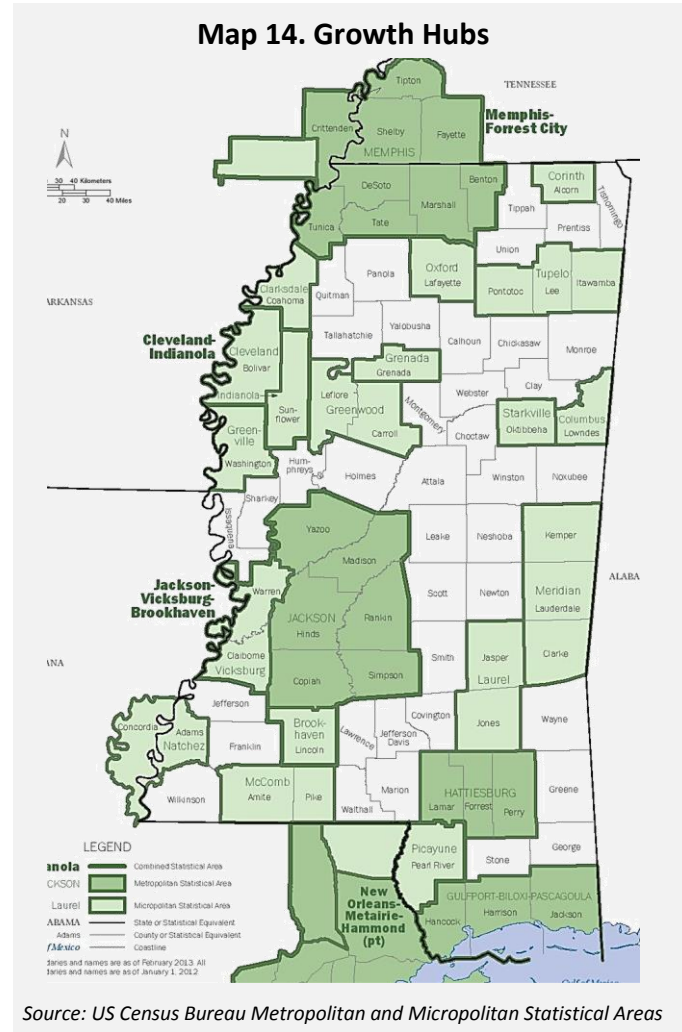
Note: Carroll, Issaquena & Jefferson Counties either had no stage 3 businesses to begin with or ended up with none in 2015. Therefore, the percent change for those counties could not be calculated.

Source: YourEconomy.org from UW Extension

Impact of Growth Hubs

Since the first industrial revolution (i.e., 1760-1840), Americans and our economy have been shifting from rural-based activities (e.g., production agriculture, forestry, etc.) to urban-based activities (e.g., finance, business services, manufacturing). With relatively few exceptions, above average economic growth, personal income growth and household wealth formation has been concentrated *first* in America's cities and now in renewed core city and high growth suburban areas.

Four Growth Centers. Mississippi has four **Metropolitan Growth Centers** including the Memphis, Jackson, Gulf, and Hattiesburg regions. We have reviewed each of these regions more closely and evaluated which counties are experiencing and will likely experience above average growth. All four of these metropolitan areas are likely to experience growth over the next 50 years. We are accepting the State Demographer's population forecasts and these provide us a sound basis for projecting most likely TOW opportunity over the scenario periods. At this time, we are making not additional adjustments based on the likely expansion of these four growth centers in Mississippi.

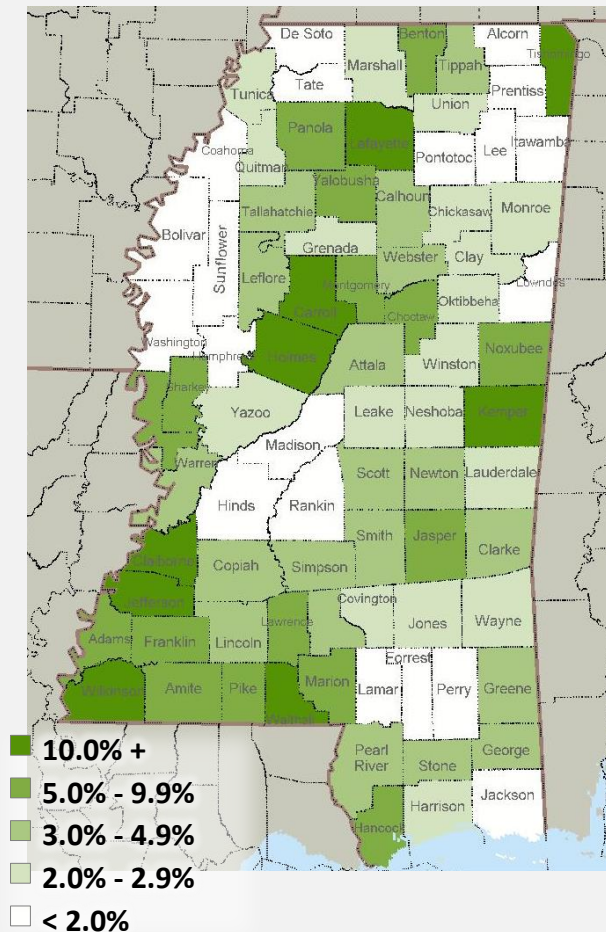


Wildcards. The southern third or so of Mississippi geographically both benefits from and is challenged by its association with the Gulf of Mexico. On the positive side, access to water amenities like the Gulf creates growth potential and the ability to generate new household wealth. There is a clear pattern in this regard based on our historical analysis. On the negative side, this region is prone to hurricanes and major rain/flooding events. Hurricane Katrina and the more recent massive flooding in parts of Louisiana are illustrations. The potential for major weather events has affected and will likely continue to adversely impact growth in those parts of Mississippi at higher risk of these kinds of major and damaging weather events. With each event, household wealth is destroyed, and there is a recovery period before such wealth is re-established. Other major weather events can have similar impacts on the wealth destruction and formation process impacting our TOW estimates and philanthropic opportunity. Our scenarios assume a similar frequency of these events based on the past 50 years as the pattern for the next 50 years due to the historical reference period including significant events as well. Finally, Mississippi has been moderately slower when compared to the rest of the country with respect to recovery from the Great Recession. Post-Great Recession income and wealth formation rates are significantly lower in the 2010 to 2015 period than the historical period of 1970 through 2007. We have lowered our projections accommodating for this trend.

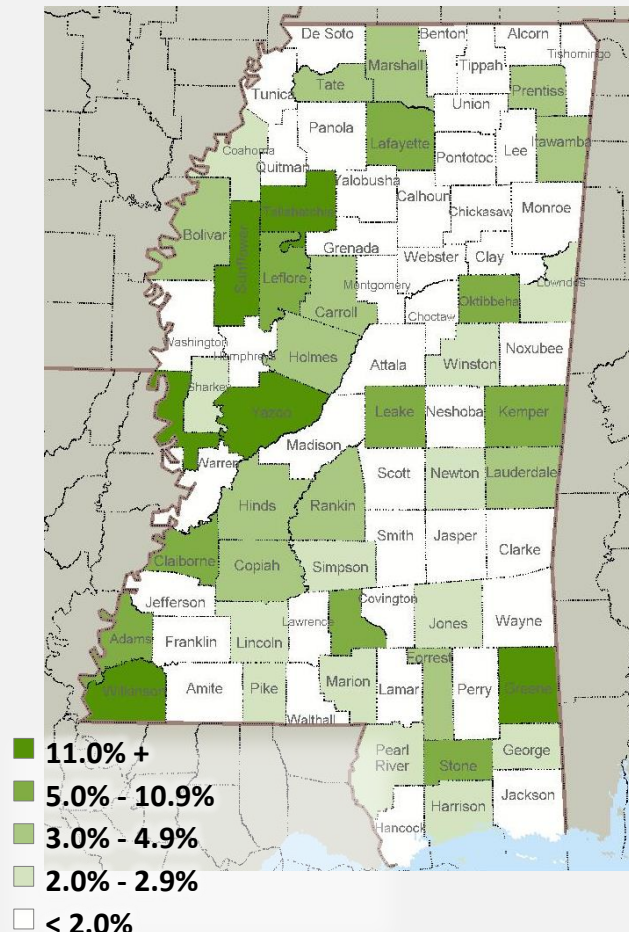
Impact of Seasonal Residents and Vacation Homes

Map 15 below highlights the total seasonal or vacation housing units by county using the American Community Survey rolling average for the period of 2010-2014. The second map relates to the presence of group quarters (e.g., prisons, retirement homes, student dorms, etc.) and is addressed below. Seasonal or vacation homes range from rustic hunting and fishing cabins along Mississippi's waterways to multi-million dollar homes associated with the Gulf of Mexico. Seasonal homes are important in that they are typically owned by non-residents and therefore are not included in our base TOW estimates. However, regular and longer-term seasonal residents do have affinity for the communities where their vacation homes are located. These seasonal residents can be part of the donor development opportunities for communities where they are located. We have not made any adjustments to our base TOW scenarios because of seasonal or vacation homes. However, for those communities with concentrations of high-end seasonal homes, the owners of these properties do represent a philanthropic opportunity.

Map 15. Percent of Total Housing - Seasonal



Map 16. Percent of Total Housing - Group Quarters



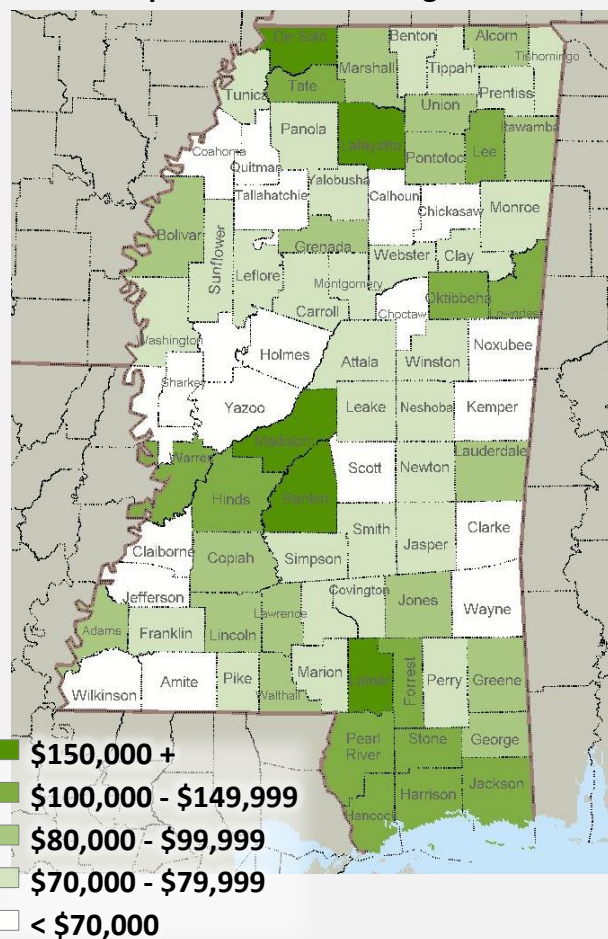
Source: US Census Bureau – American Community Survey 2010-2014 5-Year Estimates

Group quarter residents have been excluded from the State Demographer's population forecasts and consequently we have not made any adjustments to our scenarios because of group quarters.

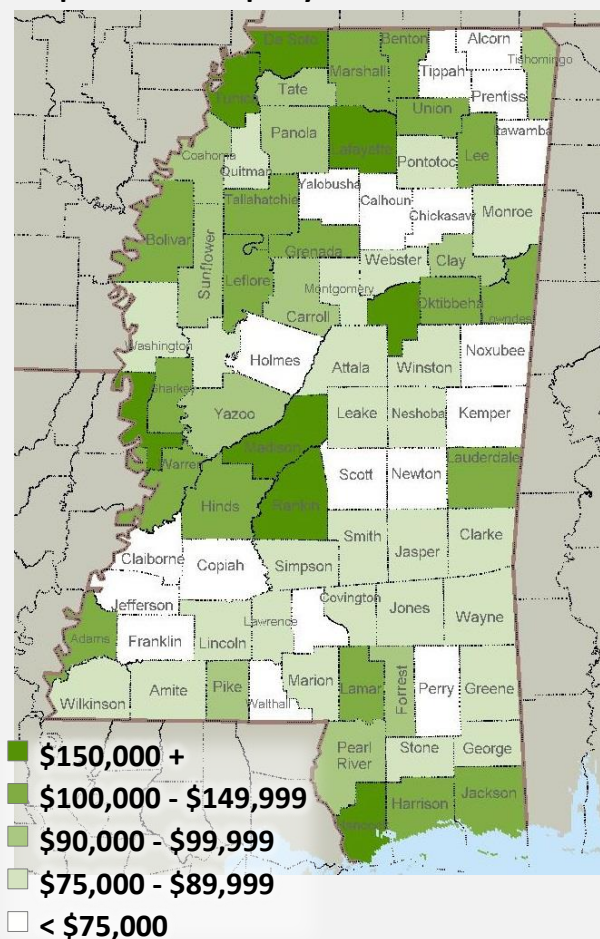
Impact of Housing Ownership and Home Values

Map 17 below summarizes median housing values from the Census for all Mississippi's counties. The second map represents true property value on a per household basis based on published data from the Mississippi Department of Revenue. Home ownership and real estate ownership are major asset components in household estates. We have accounted for agricultural property through a series of adjustments in our base TOW scenarios. Otherwise, we have not made any other adjustments based on home ownership and total property valuations. We did explore the private ownership of timber stands and this asset's potential impact on wealth holding in Mississippi. We have concluded that our current base methodology is picking up this asset through "dividends, interest, and rent" income payments and that there is no need for additional adjustments. However, for those communities where there is significant private household timber holdings we would encourage serious exploration of this as a potential charitable giving opportunity.

Map 17. Median Housing Value



Map 18. True Property Value Per Household

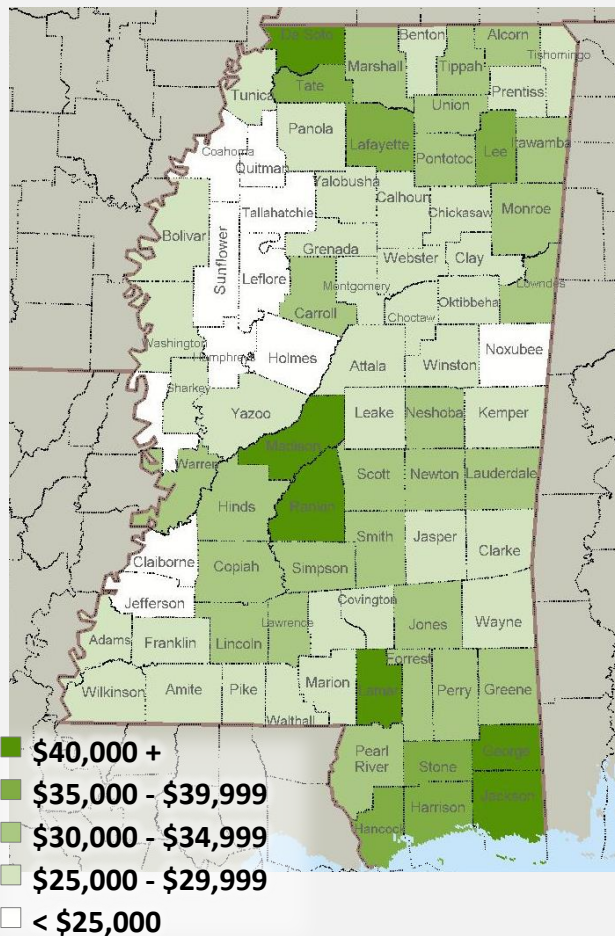


Source: US Census Bureau – American Community Survey 2010-2014 5-Year Estimates & Mississippi Dept. of Revenue 2014 Annual Fiscal Report

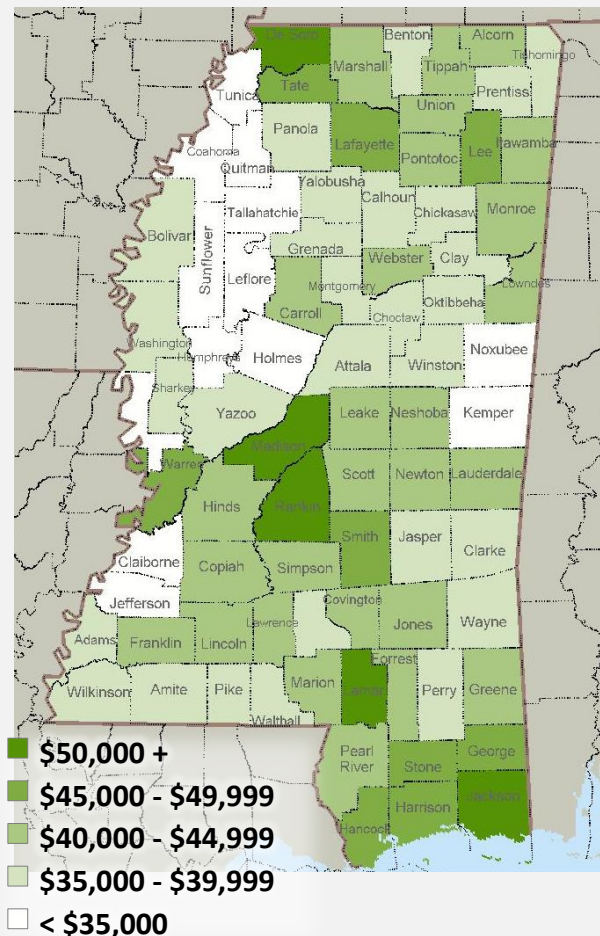
Impact of Disposable Income

Household wealth or estate formation is driven by a fairly simple formula where individuals and families generate income through various activities including work, business ownership, and transfer payments (e.g., Social Security, retirement, farm payments, etc.). A major portion of total household income is consumed annually through spending on housing, gasoline, health care, groceries and the entire list of normal household expenditures. The difference between total household earnings and these normal expenditures is “disposable personal income.” The first map provides median household disposable income from Esri. The median is the mid-point for a population where half of the households have less than this value and half have more than this value. The second map provides average disposable household income. The average is derived by taking total household personal income and dividing it by the total number of households in a county or community. Overall in Mississippi, household disposable income is lower when compared to the U.S. and most other states, but Mississippi also has a somewhat lower cost of living which offsets some of this difference. We have not made any adjustments to our base TOW scenarios related to disposable income because we feel our base scenarios are adequately picking up this TOW influence factor.

Map 19. Median Disposable Income



Map 20. Average Disposable Income

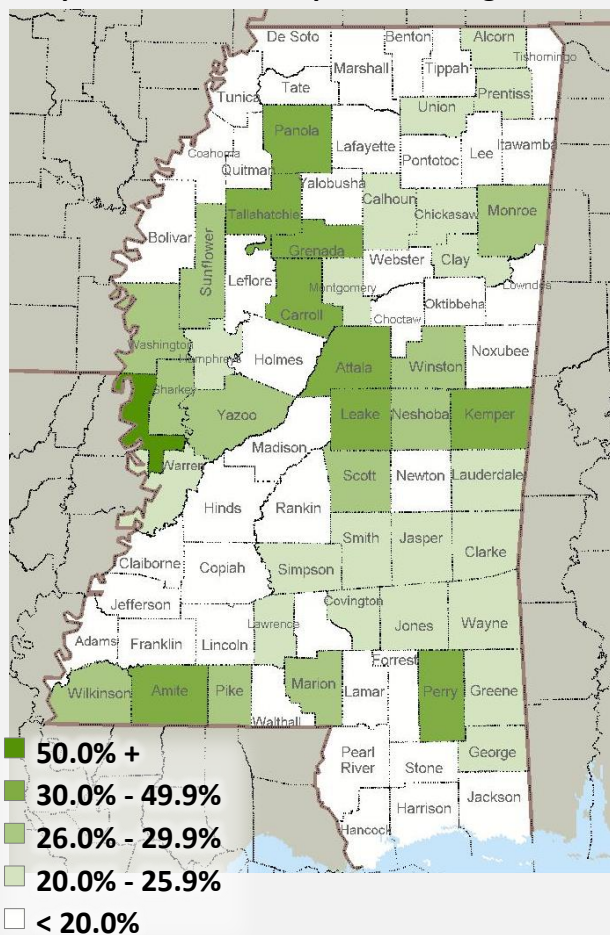


Source: Esri Business Analyst – ArcGIS Report Profiling

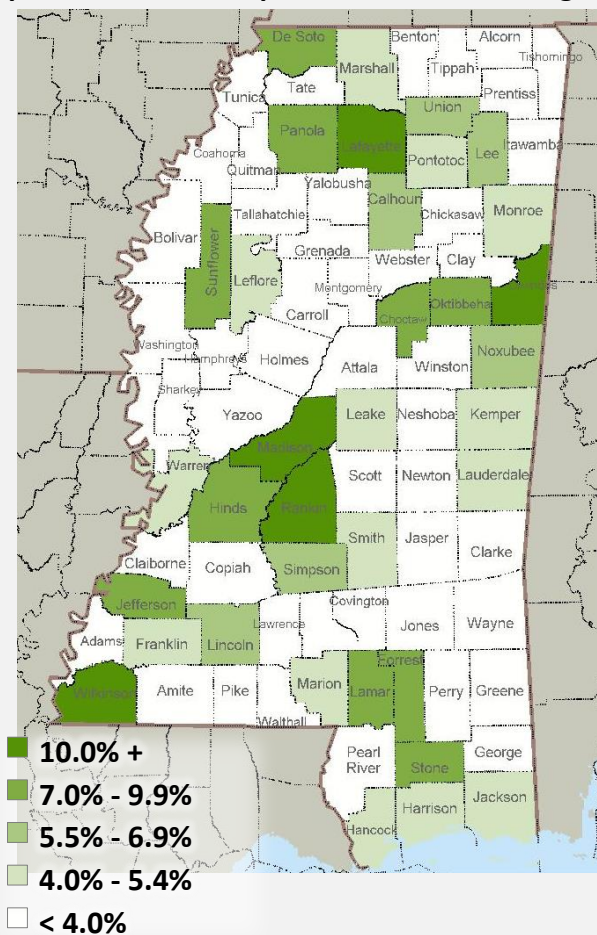
Impact of Educational Attainment

Historically and presently, there is a strong correlation between educational attainment (particularly with advanced and specialized degrees and experience) and household wealth formation. Simply put, a medical specialist will generate more income and grow a larger estate than someone with limited education working at a minimum wage job. Map 21 below illustrates the percent of the current population with less than a high school degree, and Map 22 illustrates the percent of population with a bachelor's or greater degree. Because these indicators mirror each other rather than parallel, the lighter green and white counties with less than high school degree are the counties that are performing better, while the light and white counties with a bachelor's degree or better are underperforming. Increasing educational attainment, particularly in those fields in-demand in the emerging knowledge economy, is an important strategy for growing household income and wealth over time. We believe our current baseline TOW scenarios adequately capture educational attainment, and we have not made any additional changes. Our assumption is that educational attainment trends in Mississippi will mirror historical trends with a pattern of slow improvements in overall educational attainment over the next 50 years.

Map 21. Percent of Population < High School



Map 22. Percent of Population Bachelor's Degree +

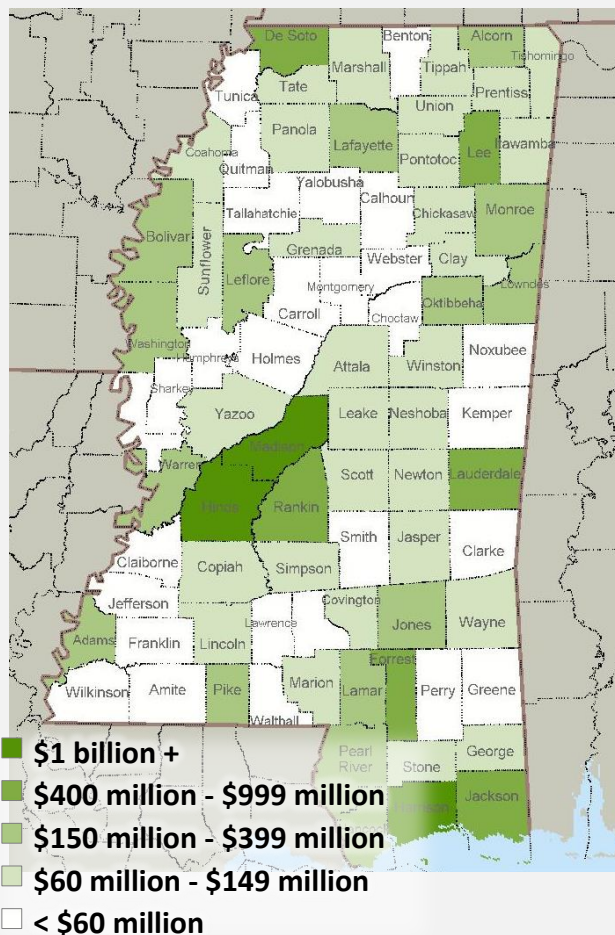


Source: US Census Bureau – American Community Survey 2010-2014 5-Year Estimates

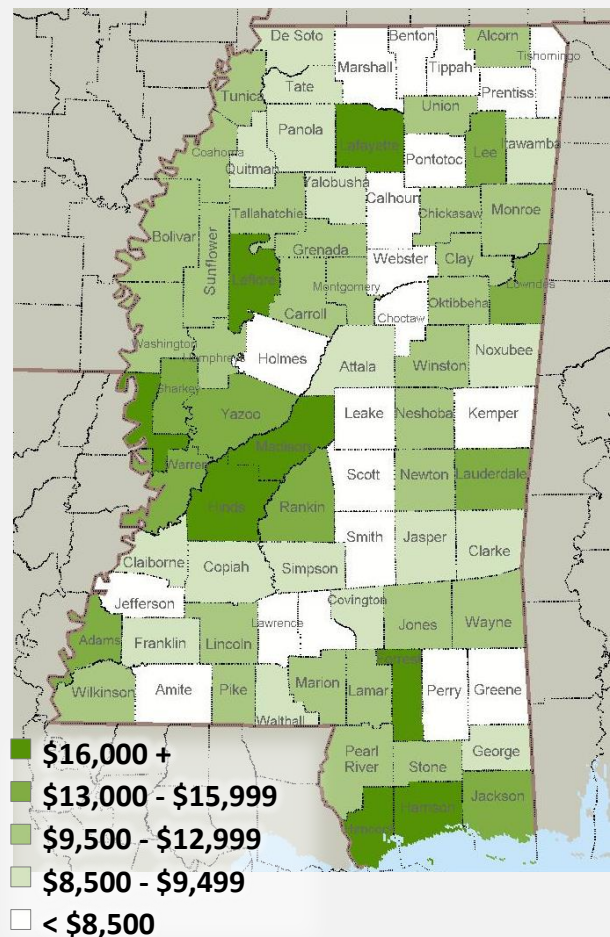
Impact of Dividends, Interest & Rent

National, state, and local personal income accounts include categories for wage and salary income, transfer payments (e.g., Social Security, etc.), and a category called “DIR” or “dividends, interest and rent” income. DIR related income is important in our TOW analysis. Behind each DIR income dollar is an asset that is generating income (not through labor or sales) including the retiree who once farmed and is now renting their farm to an operator generating rent income or a person who has saved and invested and is realizing income from a stock portfolio. In 2014 according to the U.S. Bureau of Economic Analysis, residents of Mississippi realized \$15.2 billion in DIR representing nearly 15% of all personal income. Assuming that the assets generating this DIR income averaged a 6.5% return on investment, the resulting asset value is estimated at nearly a quarter of a trillion or \$234 billion. If just five percent of this wealth was gifted, nearly \$12 billion in new endowments could be realized. The two maps below illustrate 2015 total DIR and per household DIR by county. We are using Mississippi’s above average DIR to modestly increase our estimates of TOW opportunity.

Map 23. 2014 Dividends, Interest & Rent



Map 24. Per Household DIR



Source: Bureau of Economic Analysis, US Dept. of Commerce – Local Area Personal Income & Employment

Resources

The following resources have been developed as part of our Transfer of Wealth Opportunity Analysis for Mississippi. These resources can be accessed by going to our resource page [here](http://goo.gl/hrgGxh) (goo.gl/hrgGxh).

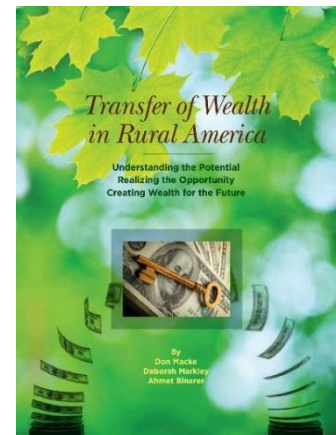


Technical Findings Report. This report or our Technical Findings Report provides a scientific presentation of our findings and methodology. This report is available through the Mississippi Association of Grantmakers at [LINK](#). Our Technical Findings Report contains a number of website links that can enable the reader to access other resources and work associated with our **Mississippi Transfer of Wealth Opportunity** project.

Transfer of Wealth in America Book. The Center for Rural Entrepreneurship has produce a book titled *Transfer of Wealth in Rural America – Understanding the Potential, Realizing the Opportunity and Creating Wealth in the Future*. This book has been used

widely in the U.S. and internationally to gain a deeper understanding of TOW and its relationship to philanthropic opportunity and giving. Access a free electronic copy of our book [here](#).

TOW Reports. The Mississippi Association of Grantmakers in cooperation with the Social Science Research Center at Mississippi State University have produced both state and county level TOW Reports suitable for community use. These reports can be accessed at [LINK](#). For more information on SSRC, check out www.ssrc.msstate.edu.



Methodology Paper. For those interested in learning more about how the Center for Rural Entrepreneurship generates the Transfer of Wealth Opportunity scenarios, the methodology paper provides this background. To access a copy, follow this link to our [TOW Methodology Paper](#).

About the Mississippi Association of Grantmakers

The Mississippi Association of Grantmakers (MAG) is a membership organization for philanthropic entities that make investments in the state of Mississippi. It includes public, private, and corporate philanthropy with the primary criteria for membership being that the organization have as part of its purpose the granting of resources to support efforts aimed at achieving positive results for children, families and/or communities in the state. Priority areas of interest for MAG members include: education, health, economic/community development, and arts/culture.

MAG works with philanthropists in Mississippi by focusing on the following five areas:

- Member Learning/Sharing – create opportunities for MAG members to learn and share with each other and develop opportunities for members to interact with state, regional, national and international experts, particularly around their areas of interest.
- Data/Research/Evaluation – sponsor the development of resources that contribute to member and general public knowledge about issues important to philanthropy.
- Networking/Relationship Building – provide opportunities for members to develop both formal and informal networks/relationships that build trust and cooperation.
- Building Public Will/Influence – developing relationships with community stakeholders at all levels to leverage resource alignment and policy efforts.
- Co-Investment and Partnership Opportunities – identify, promote and support opportunities for co-investments for MAG members in common issues of concern and identify/promote partnerships that increase philanthropic and non-profit providers' capacity and influence in the state.

www.msgrantmakers.com

About the Center for Rural Entrepreneurship

The Center's mission is to help community leaders build a prosperous future by supporting and empowering business, social and civic entrepreneurs. With our roots and hearts in rural America, we help communities of all sizes and interests by bringing empowering research together with effective community engagement to advance community-driven strategies for prosperity.

Our **Solution Area Teams** empower community leaders to find their own answers to the economic development challenges and opportunities they face:

- *Community Development Philanthropy* provides effective strategies to build local philanthropic capacity and generate development resources.
- *New Generation Partnerships* provides a framework for engaging young people now and attracting them in the future.
- *Entrepreneurial Communities* provides a roadmap for designing and delivering entrepreneurship strategies that work.

www.energizingentrepreneurs.org

About Our Team

Don Macke is Co-Founder and Director of the Entrepreneurial Communities solution area. Through this work, Don helps communities and regions throughout North America grow entrepreneur-focused economic development strategies.



Cathy Kottwitz is a Senior Research Associate with the Center. Cathy serves as the scenario modeler in our Transfer of Wealth™ projects.



Deb Markley is Co-Founder and Managing Director of the Center for Rural Entrepreneurship. She collaborates with colleagues across the Center to capture and communicate the impact of the Center's work.



Dana Williams is Project Associate with the Center. Dana provides management assistance and operational support across the Center and has been actively engaged in product development, supporting the creation of a number of online toolkits and resources.



Questions & More Information

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