

TRANSFER OF WEALTH OPPORTUNITY IN CHATTANOOGA, TN

Measuring Hamilton County's Philanthropic Potential

Prepared for:



**COMMUNITY FOUNDATION OF
GREATER CHATTANOOGA**

October 13, 2017

What is TOW?

TOW stands for **Transfer of Wealth** opportunity. TOW only addresses wealth held by permanent residents of United States and your community.

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. As we search for the dollars we desire for community betterment, your community's TOW opportunity represents a significant potential answer.

The United States is in the midst of its greatest household intergenerational transfer of wealth (TOW) in our history. The Center has completed new TOW scenarios for the United States (May 2017) that predict between 2017 and 2066 \$72 trillion (in 2016 dollars) will transfer from the current generation to the next. In the coming decade (2017-2026) alone we estimate that \$7.7 trillion of intergenerational household wealth will transfer.

Considering only the 10-year TOW opportunity of \$7.7 trillion, if just an additional 5% of this potential was gifted to community and organizational endowments an additional \$384 billion could be capitalized. This represents creating across America the equivalent of four new Gates Foundations solely focused on community betterment. Endowments of this size, properly managed, could generate over \$19 billion in strategic grant making annually. Over a generation (25 years), nearly one-half billion in new charitable funding would be possible.

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

Our **Transfer of Wealth Opportunity in Chattanooga and Hamilton County, TN** project and report would not have been possible without the assistance of the following organizations and persons:

- The Community Foundation of Greater Chattanooga for sponsoring this research. We are particularly appreciative for the assistance of Marisa Ogles, Vice President for Donor Services and Engagement for her leadership and support. Appreciation is also extended to Maeghan Jones, President of the Foundation for her guidance and support.
- This project was guided and informed by a dedicated Technical Advisory Committee. The advisory committee provided essential guidance, connections, ground truthing and assistance enhancing the quality and scope of our transfer of wealth opportunity analysis. Members of the Technical Advisory Committee are:
 - Raymond Ryan, Patten and Patten, Inc.
 - Justin Porter, HHM Wealth Advisors, LLC
 - Dana Perry, Chambliss, Bahner & Stophel, P.C.
 - Marcus Mauldin, University of Tennessee at Chattanooga
 - Joda Thongnopnua, Metro Ideas Project
 - Shelton Swafford Chambers, Elliot Davis Decosimo
- Sound population forecasts are essential for our TOW work. We would like to recognize the assistance of the Tennessee State Data Center, Melissa D. Taylor – Director for Strategic Long Range Planning, and Yuen Lee – Director for Research and Analysis with the Chattanooga Hamilton County Regional Planning Agency.
- The following persons were cooperative in making time to provide us critical information and participate in backgrounding interviews:
 - John K. Clark for insights on the innovation economy and real estate development
 - Miriram Hamilton, Director of Research with the Chattanooga Area Chamber of Commerce
 - Barry Large for insights on wealth holding in the Chattanooga Region
 - Ben Brown for insights on the Chattanooga economy
 - David Belitz for insights on the Innovation Economy and development in Chattanooga
 - *The numerous other people and organizations that shared reports and insight leads.*

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In order to more fully understand our Transfer of Wealth scenarios for Chattanooga-Hamilton County, 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 research, 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 “2016 dollars” meaning that a dollar in 2066 has the same purchasing power as a dollar in 2016. By using real dollars, we remove the distortions 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 Hamilton County as their permanent residence. We are not considering wealth held by corporations, governments or non-profit organizations. As noted in the Scenario Adjustment Factors paper, there are additional donor classes that could increase Chattanooga’s Transfer of Wealth Opportunity including former residents and seasonal or temporary residents.

2016 Household Current Net Worth (CNW). 2016 household current net worth (CNW) is estimated for Hamilton County and Tennessee by [Esri](#). We employ these CNW values as our starting point for our TOW scenarios. For Hamilton County and Tennessee, 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 2017 through 2026. Our **50-Year Transfer of Wealth Opportunity** scenarios include the cumulative intergenerational wealth being transferred over the period of 2017 through 2066.

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 grant-making 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.

Volkswagen and Innovation Economy Impacts

Our base TOW scenarios do not fully capture the potential impacts of two significant developments:

- The relatively new Volkswagen plant expansion.
- Downstream potential impacts associated with growing an innovation economy.

We have undertaken additional research and analysis related to the both the Volkswagen development and the evolving innovation economy investments. The following summarizes how we have addressed these potential developments in our supplemental TOW scenarios for Chattanooga or Hamilton County. Our supplemental Volkswagen and Innovation Economy Scenarios are summarized on pages 11-12 of this findings report.

Base TOW Scenarios

On page 10, we provide our most likely or base estimates of Hamilton County's intergenerational household transfer of wealth opportunities for the 10-Year (2017-2026) and 50-Year (2017-2066) time frames. We have high confidence that these TOW opportunity scenarios are reasonable given our analysis.

10-Year TOW Projections Impacts. The recent timing of the Volkswagen Plant and uncertainty of the evolving innovation economy has led us to conclude that there would likely be minimal TOW impact during the 10-Year TOW projections. We have made no changes to our 10-Year TOW projections. However, both of these developments will manifest their impacts over the coming decades impacting our 50-Year TOW scenarios.

Volkswagen Expansion and R&D Center Projected Impacts

The University of Tennessee Knoxville prepared an [Economic Impact of Volkswagen's Chattanooga Expansion Plan](#) study in May 27, 2015. The following summarizes key findings from this study:



Volkswagen

- The planned development will occur over a decade long period with respect to full impacts.
- The direct employment effect is projected to be 2,000 net new workers.
- Direct compensation for these workers is projected to \$100.9 million (plus benefits).
- Average compensation equates to \$50.450 per direct worker. *This compensation rate is actually lower than the current 2015 average annual wages for manufacturing workers in Hamilton County or \$60,705 (U.S. Bureau of Labor Statistics).*
- In addition, there will be a one-time construction effect.
- Over time, there will be additional auto industry cluster effects with growth in supply chain activity.
- The effect on total jobs from this development are projected by the University at 9,799 jobs.

The scale and nature of this development will have a material positive impact on the Chattanooga area economy and the wealth formation and accumulation rates of its households in our judgement.

50-Year TOW Projections. We have concluded based on our supplemental research and analysis that there is a high probability that the Volkswagen and associated allied developments will impact our 50-year TOW projections. The automotive cluster development will have two impacts related to TOW. First, this development will likely contribute to increased population growth among higher compensated persons and households beginning now and continuing over time. Typically, with major manufacturing installations, there are value-chain related developments associated with suppliers and contractors. Additionally, the stated direct Volkswagen related worker compensation and benefit packages will grow middle class households. The size of this development will evolve the overall labor market potentially forcing other employers to improve compensation and benefits packages to compete for skilled workers. Our scenarios are coupled with the Innovation Economy adjustments and presented on pages 11-12 of this report.

Potential Innovation Economy Effects

Our due diligence supports the following conclusions regarding Chattanooga's evolving innovation economy and its potential effects on wealth formation and transfer of wealth opportunity:

- There is a clear pattern of commitments, both public and private, to growing an innovation economy in Chattanooga.
- These commitments are reflected in a wide range of investments to create infrastructure, programming and entrepreneurial culture.
- Allied with these commitments and investments are corresponding commitments and investments into downtown revitalization or "place making" foundational to innovation economies.
- These activities, however, are still at an early stage (less than a decade in the works), and there is inadequate documentation that these actions have materially changed Chattanooga's economy as reflected in both predictor and impact indicators. This is not unusual. The process of growing an innovation economy requires decades not years.



At this point and in the near term (2017-2026 or 10-Year TOW scenario), the innovation economy has not and will not materially impact wealth formation, accumulation, and transfer of wealth opportunities for the community. However, the potential is real that if these commitments and investments are sustained and grown aggressively the evolution of a stronger innovation economy in Chattanooga is both feasible and likely. While we cannot predict in what way or how effectively this will happen, we believe there is adequate evidence to generate supplemental TOW scenarios on a "what if basis." These additional scenarios illustrate how an innovation economy can impact both household wealth and philanthropic potential over a longer period of time or projected out over the 50-Year TOW scenario.

When innovation economy activity roots, grows, and becomes a movement in communities (think Boulder CO, Austin TX or even Fargo ND), a chain reaction occurs that can cause rapid changes and impacts relevant to a community's TOW opportunities. Simply put, this innovation-driven chain reaction can look like the following:

- Increased creative activity
- Increased innovation
- Increased networks of creative and innovative people, organizations and ventures
- Rising entrepreneurial activity converting innovation into commercialized products and services
- Increased Stage 2 growth ventures and even rising breakout entrepreneurial ventures
- Attraction of unique and specialized human talent fueling development and growth
- An economy with an increased number of value-added ventures and sectors

The corresponding developments with Volkswagen and downtown will stimulate and augment this innovative chain reaction that can transform Chattanooga's economy and society either on the margins or at scale.

Combined, these effects will likely result in wealth creation and potential important wealth events. When a venture thrives into Stage 2 and breakout growth, opportunities for acquisition, merger or sale increase. Embedded equity held by founders, their families, investors, and key employees is converted during these **wealth events** into significant charitable giving opportunities. Many of Chattanooga's existing foundations and older families are a result of these same kinds of events earlier in your community's history.

It should be noted that innovation led economic development does not necessarily result in significant population growth. While innovation yields productivity, technology reduces the need for humans and undermines the need for rapid population expansion to support innovation growth. In addition to creating unique competitive advantages globally and/or regionally, the primary effect of an innovation economy is the creation of structural changes in the population base with more highly educated, experienced, and skilled persons. In turn, these households have higher earning power and more potential to grow their wealth or estates.

We have produced a quick illustration from California on the following page to highlight how transformative these kinds of changes can be.

An Illustration of the Difference an Innovation Economy Makes

We recently completed analysis in California where we compared three very unique counties:

- Marin County in the heart of Silicon Valley and the San Francisco Bay Area
- Kern County in the southern Central Valley east of Los Angeles
- Stanislaus County in the northern Central Valley east of San Francisco.

A comparison between Stanislaus and Marin Counties is informative when attempting to understand how a community changes when creativity and entrepreneurship create a robust innovation economy. It is fair to say that Marin County is located in the heart of Silicon Valley and its innovation economy. Stanislaus County has a growing and strong economy, but does not have a strong innovation economy yet. As commuter rail investments are likely to strengthen connections between Silicon Valley and Modesto (Stanislaus County), this is likely to change over time.

The following summarizes the 2016 wealth profiles for these two places – Marin County with among the strongest innovation economies in America and Stanislaus County with a strong but relatively weak innovation economy:

Table 3. Marin and Stanislaus County Wealth Profiles Compared, 2016

Indicator	Marin County*	Stanislaus County	Absolute Difference**	Percent Difference
Community Characteristics Compared				
Population	259,892	530,133	270,241	+104%
Households	107,729	169,325	61,596	+57%
Median Age	46.1 years	33.6	-12.5	-27%
Average Household Size	2.39 persons	3.09	-0.7	-29%
Median Household Income	\$98,860	\$51,509	-\$47,351	-48%
2016-2021 Population Growth	+0.63%/Year	+0.65%	Similar Growth Rates	
Household Wealth Characteristics Compared				
Median Net Worth	\$234,969	\$62,474	-\$172,495	-72%
Mean Net Worth	\$1,271,669	\$425,698	-\$845,971	-67%
Mean to Median Ratio	5.4x	6.8x	1.4x	+26%
65-74 Mean Net Worth	\$2,087,321	\$894,532	-\$1,192,789	-57%
Total Household Wealth	\$133.4 billion	\$70.3 billion	-\$43.1 billion	-32%
% High Wealth Households	36.2%	13.9%	-22.3%	-62%

* The source for this data is Esri. Esri's research does not necessarily capture households in the Forbes or Phoenix Super Rich Listings. Marin County has households in both of these indexes.

** Marin County compared to Stanislaus County.

This quick and somewhat simple comparison yields powerful insights into the relationship between a long-standing and high-performing knowledge or innovation economy and an above average U.S. economy. With twice the population, Stanislaus County has 32% less household current net worth in 2016. Marin County has 62% more high wealth households compared to Stanislaus County. Again this analysis does not include "super rich" or \$50 million into billion dollar estates. Using this illustration one can begin to appreciate, at least from a wealth formation consideration, how an innovation or knowledge based economy is different from a more traditional non-knowledge based economy.

Executive Summary

The Center for Rural Entrepreneurship's **2017 Transfer of Wealth Opportunity Analysis** for Hamilton County, TN has produced the following findings:

2016 Household Current Net Worth	– \$78 Billion
10-Year (2017 through 2026) TOW Opportunity	– \$9.2 Billion
50-Year (2017 through 2066) TOW Opportunity	– \$85.9 Billion

Our findings are based on scenarios specifically developed for the Community Foundation of Greater Chattanooga 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	– \$9.2 Billion Transferring between 2017-2026
5% Giving Goal Realized	– \$459.7 Million in New Community Endowments
5% Sustained Annual Payout	– \$23.0 Million a year in Perpetual Grant Making

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	– \$85.9 Billion Transferring between 2017-2066
5% Giving Goal Realized	– \$4.3 Billion in New Community Endowments
5% Sustained Annual Payout	– \$214.8 Million a year in Perpetual Grant Making

The assets of the Community Foundation of Greater Chattanooga have increased by over 50% in the last 15 years – from \$50 million in the early 2000s to nearly \$113 million by 2015. This is remarkable growth. Realizing a 5% giving goal associated with your community's 10-Year TOW opportunity would grow these assets to nearly \$460 million. Achieving this goal, like other communities across the U.S. have, would represent an increase in charitable endowment capacity of 300% or more.

As you view these findings remember that PHH stands for Per Household value. This value allows you to compare one geography's TOW findings with another.

Table 1. 10-Year Transfer of Wealth Findings Summary						
Key:	2016 Net Worth		10-Year (2017-2026) TOW			
B = Billions of \$ M = Millions of \$ PHH = Per Household	Value (B)	PHH	Value (B)	PHH	5% Capture (M)	5% Payout (M)
U.S.	\$69,927.8	\$574,193	\$7,677.1	\$63,039	\$383,856.8	\$19,192.8
Tennessee	\$1,169.2	\$447,078	\$142.2	\$54,379	\$7,110.7	\$355.5
Hamilton County	\$78.0	\$542,338	\$9.2	\$63,896	\$459.7	\$23.0

Source: Esri 2016 current net worth estimates & Center for Rural Entrepreneurship TOW analysis estimates

Each community has potential for legacy donor development, increased charitable giving and increased giving to community and organizational endowments. We embrace “asset-based development” where communities focus on **what they have** versus **what they do not have**. Further **Donor Opportunity Analysis** is available that provides more detailed information on the “kinds of donors” living within your county and the Chattanooga metropolitan area.

Table 2. 50-Year Transfer of Wealth Findings Summary						
Key:	2016 Net Worth		50-Year (2017-2066) TOW			
B = Billions of \$ M = Millions of \$ PHH = Per Household	Value (B)	PHH	Value (B)	PHH	5% Capture (B)	5% Payout (M)
U.S.	\$69,927.8	\$574,193	\$72,390.3	\$594,413	\$3,619.5	\$180,975.6
Tennessee	\$1,169.2	\$447,078	\$1,496.8	\$572,358	\$74.8	\$3,742.1
Hamilton County	\$78.0	\$542,338	\$85.9	\$597,217	\$4.3	\$214.8

Source: Esri 2016 current net worth estimates & Center for Rural Entrepreneurship TOW analysis estimates

It is hard to imagine reality in two generations or 50 years. Just reflect for a moment on all the profound change that has occurred over the past 50 years. While we cannot predict your TOW opportunity with complete statistical reliability through to 2066, we have produced a “likely scenario” of the future based on sound assumptions and modelling techniques. The true value in this estimate of philanthropic opportunity is not the exact number, rather it is a reasonable number that can be used to raise awareness of this remarkable opportunity, create a call to action, set philanthropic goals and grow resources that can support human and community building in Hamilton County for generations. We know this can be true because there are states, regions and communities in America doing precisely that and getting remarkable results.

Potential TOW Impacts of Volkswagen and the Innovation Economy

The following summarizes our 50-Year TOW supplemental scenarios based on “low” and “high” potential impacts triggered by “moderate” and “more aggressive” development in Hamilton County. It is important to understand we have incorporated two TOW impacts based on our understanding of how these two development opportunities (Volkswagen & Innovation) would impact TOW opportunity.

Increased Population Growth. Our base population forecasts for this analysis come from state demographer estimates. These forecasts do not necessarily fully account for development related to Volkswagen or the potential impacts of the Innovation Economy. Based on the Volkswagen Extension Plan from [UT-Knoxville](#) and on likely Innovation Economy impacts, we have increased overall 50-year population growth accordingly.

Wealth Formation Rates. While the projected increases in county population do materially impact TOW opportunity, there will also likely be a structural change. Greater access to higher quality jobs and economic connections through these development opportunities will result in households with significantly higher earning power and wealth formation rates.

The following tables summarize how our base 50-Year TOW opportunity forecasts change with our assumed impacts of Volkswagen and Innovation Economy development. In the Table 4 scenarios, only our population projections were adjusted to estimate the 50-Year TOW potential. The scenarios in Table 5 were adjusted for increased wealth formation rates due to the influx of a higher paid class of workers.

Base 50-Year TOW Opportunity Estimate – \$85.9 Billion

Table 4. Projected Population Impacts on TOW Opportunity	
	Impact Scenario
<i>Adjusted 50-Year TOW Value</i>	\$87.4 billion
<i>Change from Base Estimate</i>	\$1.5 billion
<i>Percent Change from Base Estimate</i>	+1.75%

Table 5. Wealth Formation Rate Impacts on TOW Opportunity		
	Low Impact Scenario	High Impact Scenario
<i>Adjusted 50-Year TOW Value</i>	\$89.8 billion	\$98.3 billion
<i>Change from Base Estimate</i>	\$1.8 billion	\$12.4 billion
<i>Percent Change from Base Estimate</i>	+2.12%	+14.4%

Source: Esri 2016 current net worth estimates & Center for Rural Entrepreneurship TOW analysis estimates

Table 6. Combined Population and Wealth Formation Rate Impacts on 50-Year TOW Scenarios		
	Low Impact Scenario	High Impact Scenario
Adjusted 50-Year TOW Value	\$91.3 billion	\$99.7 billion
Change from Base Estimate	\$5.4 billion	\$13.8 billion
Percent Change from Base Estimate	+6.27%	+16.1%

Source: Esri 2016 current net worth estimates & Center for Rural Entrepreneurship TOW analysis estimates

We believe there will be a notable effect on population number from Volkswagen development regardless of the success in creating an innovation economy. Even a very successful innovation economy is not likely to drive significant additional population growth beyond these adjusted projections. Our low scenario assumes that there is modest clustering related development associated with Volkswagen and that there is moderate success with rooting an innovation economy. In the low scenario, we assume both of these developments take more time limiting their effects on our 50-Year TOW scenarios. The high scenario assumes that allied Volkswagen development is more robust and that Chattanooga is successful in growing its innovation economy more quickly. In our high scenario, we assume that both of these impacts come more quickly to significantly influence our 50-Year TOW scenarios.

Volkswagen and Innovation Economy Impact Summary

Base 50-Year TOW Opportunity Estimate – \$85.9 Billion

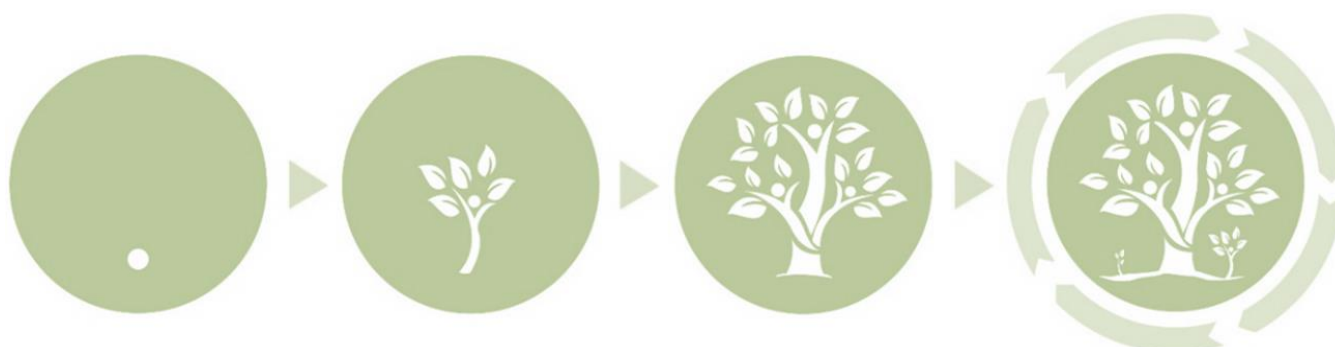
\$87.4 Billion Increase due to Population Increase

\$1.8 to \$12.4 Billion Increase due to Increased Wealth Formation Rates

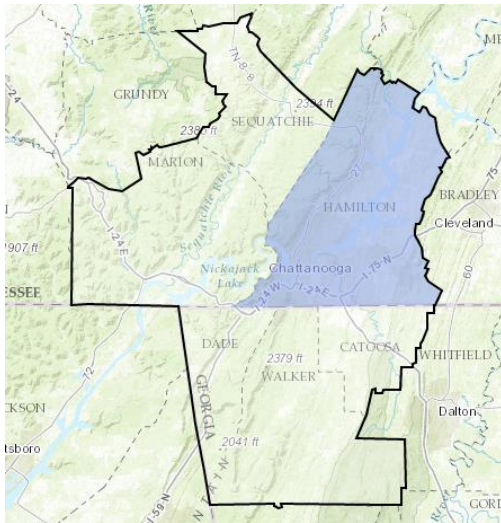
Combined Population and Wealth Formation Impacts TOW Scenarios

Low Scenario Impact TOW Opportunity Estimate – \$91.3 Billion

High Scenario Impact TOW Opportunity Estimate – \$99.7 Billion



Estimates of the Metro Area's TOW Potential



Hamilton County, the heart of the City of Chattanooga is the anchor for the Chattanooga area. Our project scope of work did not include complete TOW scenarios for the entire metropolitan area, but we have generated “rule of thumb” estimates for this larger geography to provide an illustration of the additional philanthropic potential when we consider the metro compared to Hamilton County.

The following table summarizes Hamilton County when compared to the Chattanooga Metropolitan Area:

Table 7. Metro Area Data Compared to Hamilton County				
Indicator	Hamilton County	Chattanooga Metro Area*	Absolute Difference	Percent Difference
Community Characteristics Compared				
Population	361,101	557,755	196,654	+54%
Households	145,386	221,379	75,993	+52%
Median Age	40.7 years	40.9 years	Similar Median Ages	
Average Household Size	2.43 persons	2.46 persons	Similar Household Size	
2016-2021 Population Growth	+0.95%/Year	+0.71%	Hamilton Co. growing faster	
Household Wealth Characteristics Compared				
Median Net Worth	\$76,570	\$75,444	Similar values	
Mean Net Worth	\$587,977	\$512,471	Higher wealth in the county	
Mean to Median Ratio	7.7x	6.8x	Significant difference	
65-74 Mean Net Worth	\$1,126,723	\$971,066	Higher wealth in the county	
Total Household Wealth	\$85.66 billion	\$113.45 billion	32% more potential	
% High Wealth Households	17.2%	15.1%	Higher wealth in the county	

*Our base TOW scenarios for Hamilton County we developed with 2016 as our base year. The request for metropolitan analysis occurred after our data source converted from 2016 to 2017 data years. As a result, we have somewhat different years for this comparative analysis relative to our Hamilton County TOW scenarios.

Bottom line, while the Foundation’s primary service area is Hamilton County, Hamilton County is part of a larger regional economy and society as reflected by the Chattanooga Metropolitan Area. There are likely donors who live in the metro area who care deeply about Chattanooga and could represent additional philanthropic potential.

Visualizing Your Community's TOW Opportunities

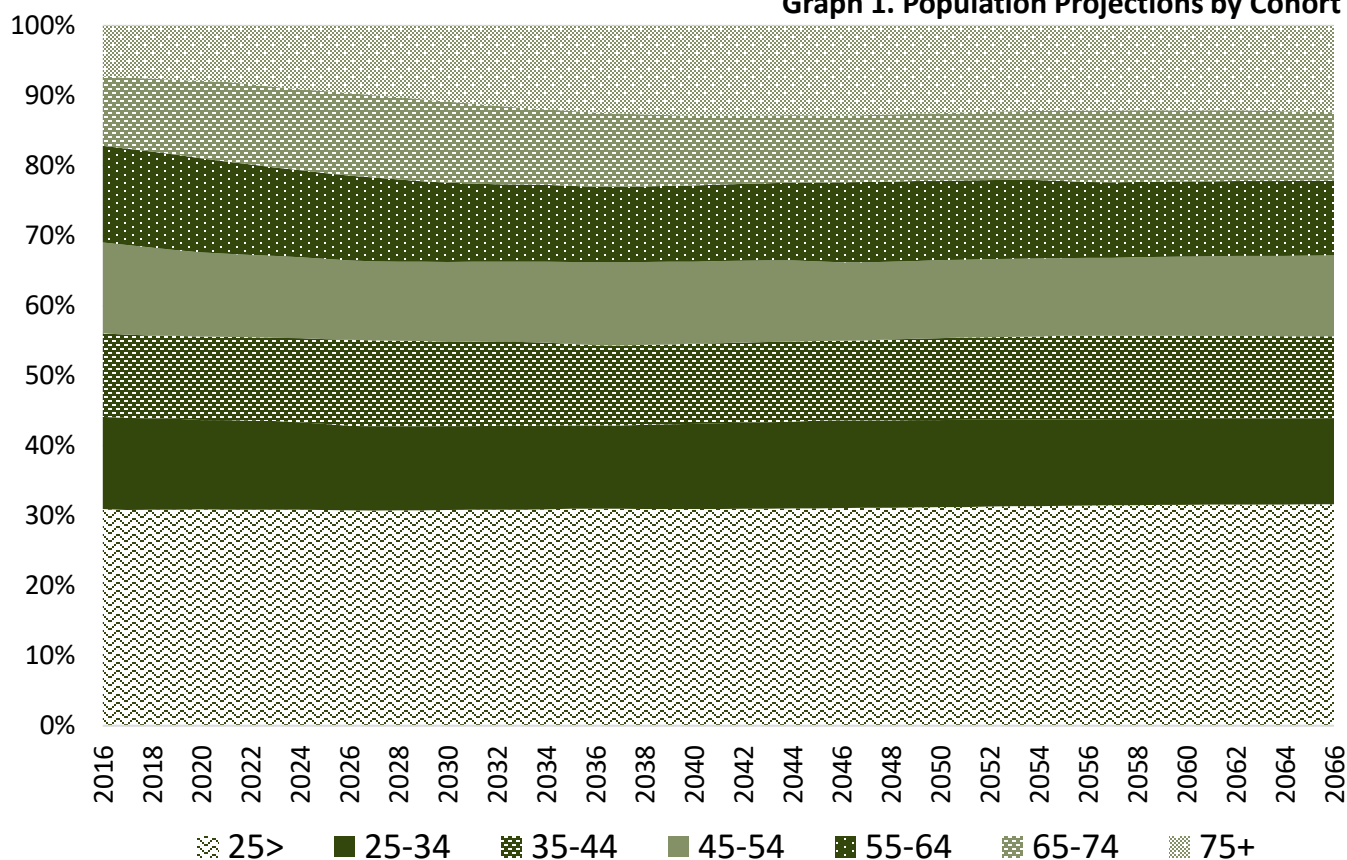
In this section of our TOW Findings Report for Hamilton County, we provide four graphs for visualization of critical information central to our TOW projections and findings.

- Graph 1 illustrates age cohort changes over the 50-year period.
- Graph 2 visualizes how household net worth will change by age-cohort over the period.
- Graph 3 identifies the number share of estates by age cohort likely to become active.
- Graph 4 illustrates where TOW opportunity will come from by age cohort over the 50 years.

Population Projections

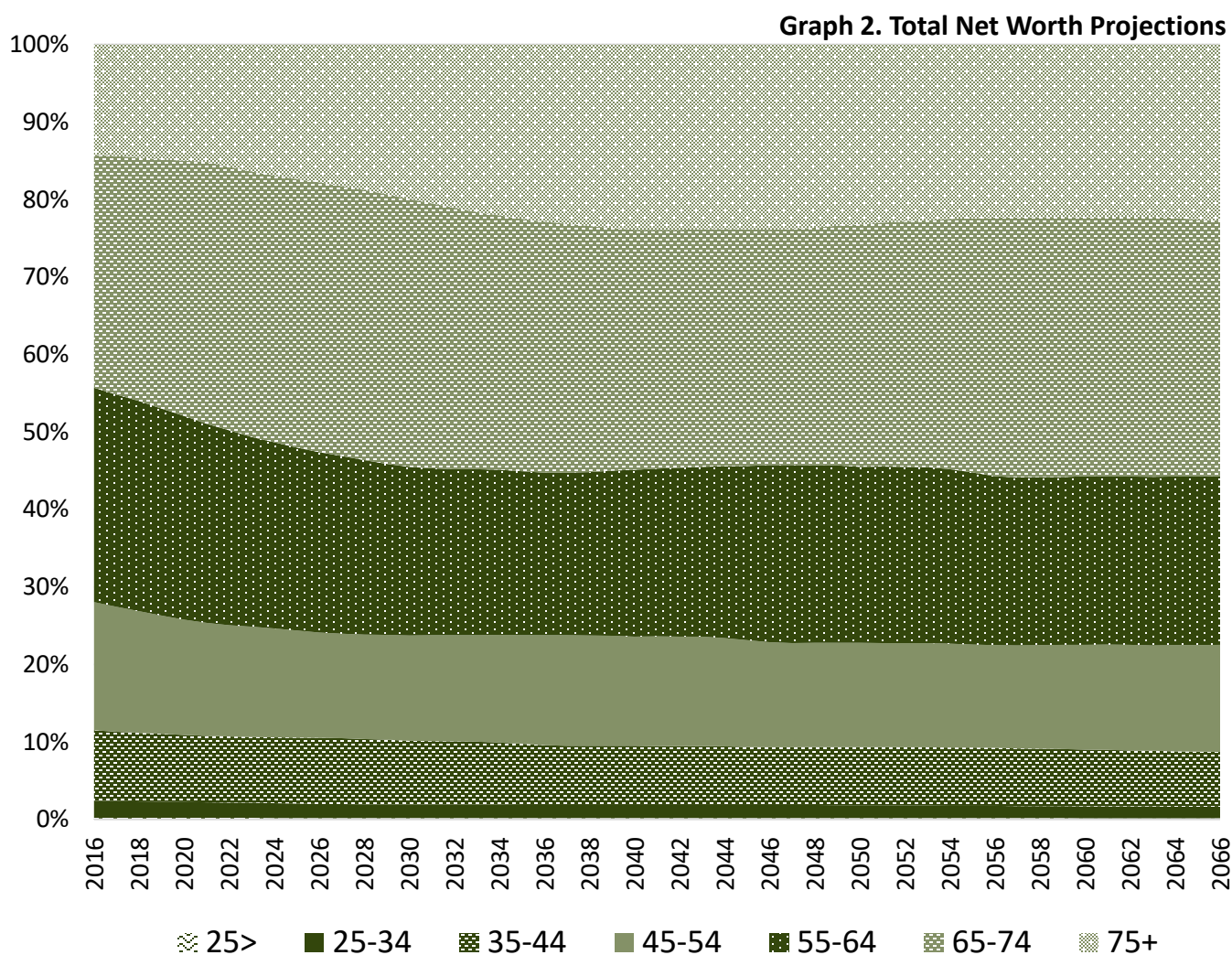
Graph 1 provides a visualization of how population will change over time by age cohorts. This information is essential for sound TOW projections. Wealth holding and formation rates are unique based on life stage or age cohort. The estate of a young family in their 20s, starting careers, going into debt buying a home and cars, and having children is vastly different from the estate of an older person in their 60s, at the peak of their career, with accumulated wealth in their home, investments, retirement accounts and possibly business interests. Compared to the U.S., Hamilton County is slightly older (median age of 40.7 versus 38.0 years) and aging a bit more quickly when compared to the nation over the next 50 years.

Graph 1. Population Projections by Cohort



Household Current Net Worth Projections

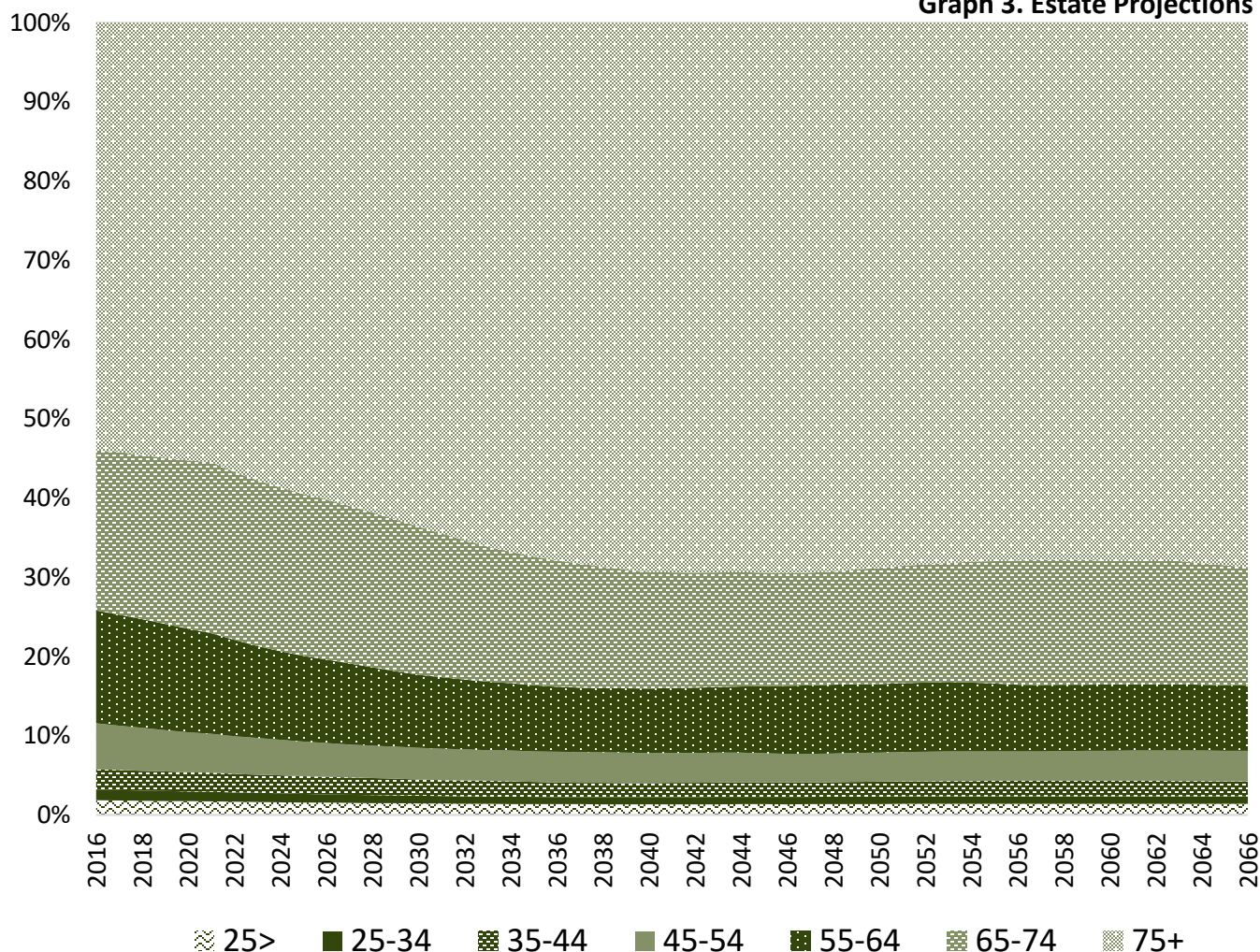
Household net worth is concentrated in older age cohorts. Graph 2 tells an important story about Hamilton County. Compared to other communities for which we have completed TOW analysis, your community is somewhat older and aging slightly faster (compared to other mid-sized metros). Your two oldest age cohorts (i.e., 75+ and 65 to 74 year olds) account for over half of your community's household wealth and this concentration is projected to increase and then stabilize over the full projection period. One of the potential innovation economy effects is greater wealth formation among prime entrepreneur-age cohorts (35 to 44). If these alternative scenarios prove true this wealth structure by age cohort would change. Younger and wealthier households can be highly mobile and hanging on to them can be a development challenge.



Estates Transferring

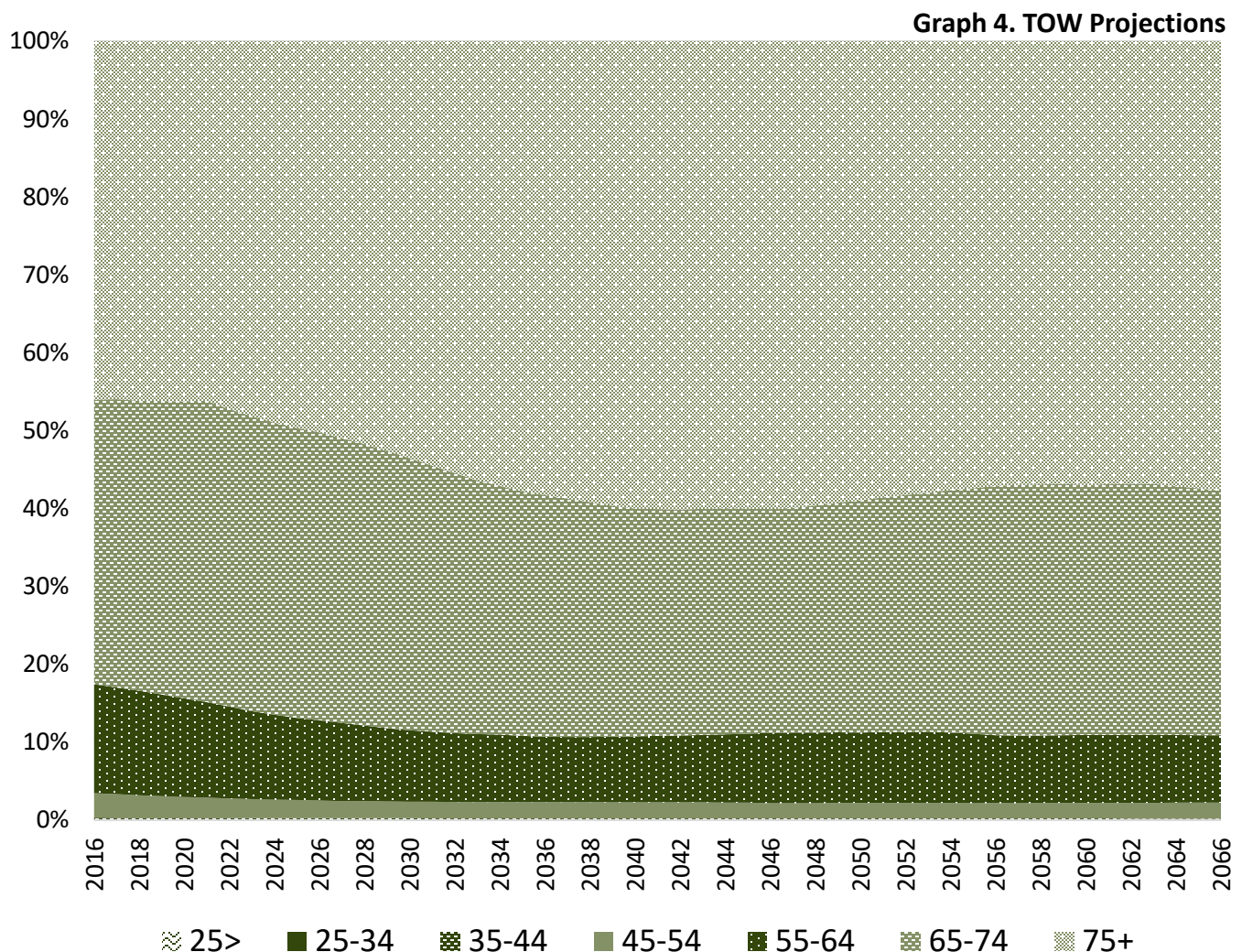
Available household current net worth coupled with mortality rates by age cohort create another image reflected in graph 3 visualizing your available estates from which legacy charitable giving could be provided. Here the mortality rates or the probability of an estate event (death of a wealth holder) indicates the importance of the 75+ age cohort. However, this graphic does not preclude the importance of philanthropy in younger age cohorts. With sound financial, estate, and gift planning, younger households can make charitable commitments triggered by estate events. Focusing on donor development beginning with younger generations and cultivating relationships positions your community for more planned gifts and greater legacy giving once estates are transitioned.

Graph 3. Estate Projections



TOW Value Projections

Graph 4 provides a visualization of your transfer of wealth opportunity. Remember our TOW values are conservative due to the fact that we only include certain household wealth in our TOW projections. We exclude certain assets unlikely to come into legacy giving play such as personal property, housing wealth associated with lower wealth households, unique wealth like jewelry and art, and some wealth associated with closely held family businesses. Your community's TOW opportunity, like other communities in the United States, are concentrated in older age cohort groups.



Graphs 1 through 4 are generated from the base TOW scenarios for Hamilton County. These graphs do not reflect the larger metropolitan area or the adjustments made in the supplemental Volkswagen and Innovation Economy TOW scenarios.

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 Hamilton’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.

Special Considerations

We have created a supplementary [Scenario Adjustment Factors](#) paper to address unique issues, trends or factors that potentially can impact our scenarios not generally picked up in our standard analysis. In the Scenario Adjustment Factors paper, we several special considerations and how they impact our assumptions shaping our TOW scenarios. More detailed research and analysis can be found in the **TOW Study** [Electronic Library](#).

About Community Foundation of Greater Chattanooga

The Community Foundation of Greater Chattanooga (CFGC) makes it possible for each and every citizen or resident to affect the greater good of this city and region. It's through everyone's interest and support that CFGC is able to place your contributions where they will truly benefit those who need it most. From the young students at Brown Academy to the Community Kitchen to Northside Neighborhood House and so much more, CFGC touches thousands of lives every year and through those efforts all of Chattanooga becomes greater.

The Community Foundation has been recognized by the Internal Revenue Service as a 501(c)3 non-profit organization and has served the Chattanooga area for over 50 years.

The mission of the foundation is to encourage giving and inspire action to improve lives in the Chattanooga area.

www.cfgc.org

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.

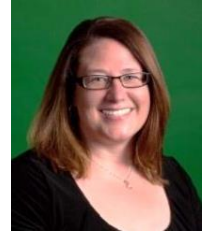
www.energizingentrepreneurs.org

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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Center for Rural
Entrepreneurship
energizing entrepreneurial communities

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