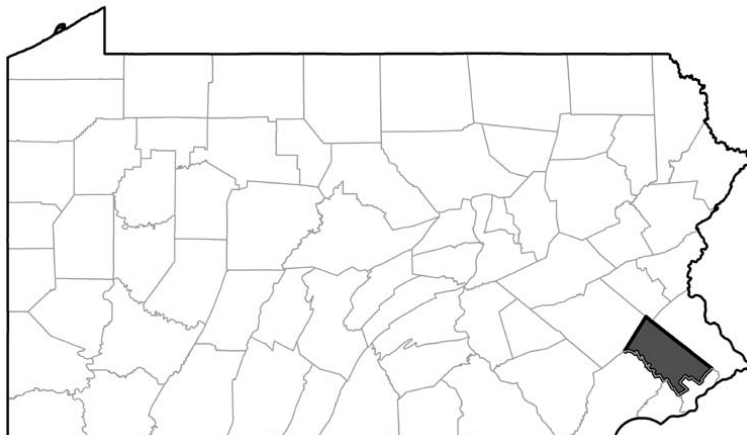


# Wealth Transfer in Pennsylvania County Scenario

## Montgomery County

In 2005, Montgomery County's population was 773,235, according to the U.S. Census Bureau. Approximately 24 percent of the population was under 18 years old and 15 percent was 65 years old and older. From 1950 to 2005, the population in Montgomery County increased 123 percent. Over the next 25 years (2005 to 2030), the Pennsylvania State Data Center projects an increase of 13 percent. Pennsylvania's population as a whole is projected to increase 6 percent from 2005 to 2030.

In 2005, Montgomery County's total income was \$42.36 billion, or \$54,788 per capita, according to the U.S. Bureau of Economic Analysis. Statewide, the per capita income was \$34,927. Over the last 35 years (1970 to 2005), per capita income in Montgomery County increased 84 percent, after adjusting for inflation; statewide, per capita income increased 70 percent.



### Transfer of Wealth

The term "transfer of wealth" refers to the assets one generation will leave for its heirs. This research estimated the portion of wealth transfer likely to happen in our state and its communities. Retaining a slice of that wealth for community philanthropy as it transfers from one generation to the next is an historic opportunity for strengthening Montgomery County.

	Montgomery County	Pennsylvania
2005 to 2015	\$18.96 billion	\$193.38 billion
2005 to 2055	\$119.11 billion	\$1.17 trillion

### Pennsylvania Transfer of Wealth

Using a conservative analysis, economists estimated the current net worth of Pennsylvania residents to be \$1.01 trillion (\$216,000 per household). Over the next 10 years, \$193.38 billion (\$42,000 per household) is expected to pass from one generation to the next. Over the next 50 years, \$1.17 trillion (\$251,000 per household) of wealth is expected to be transferred to heirs.

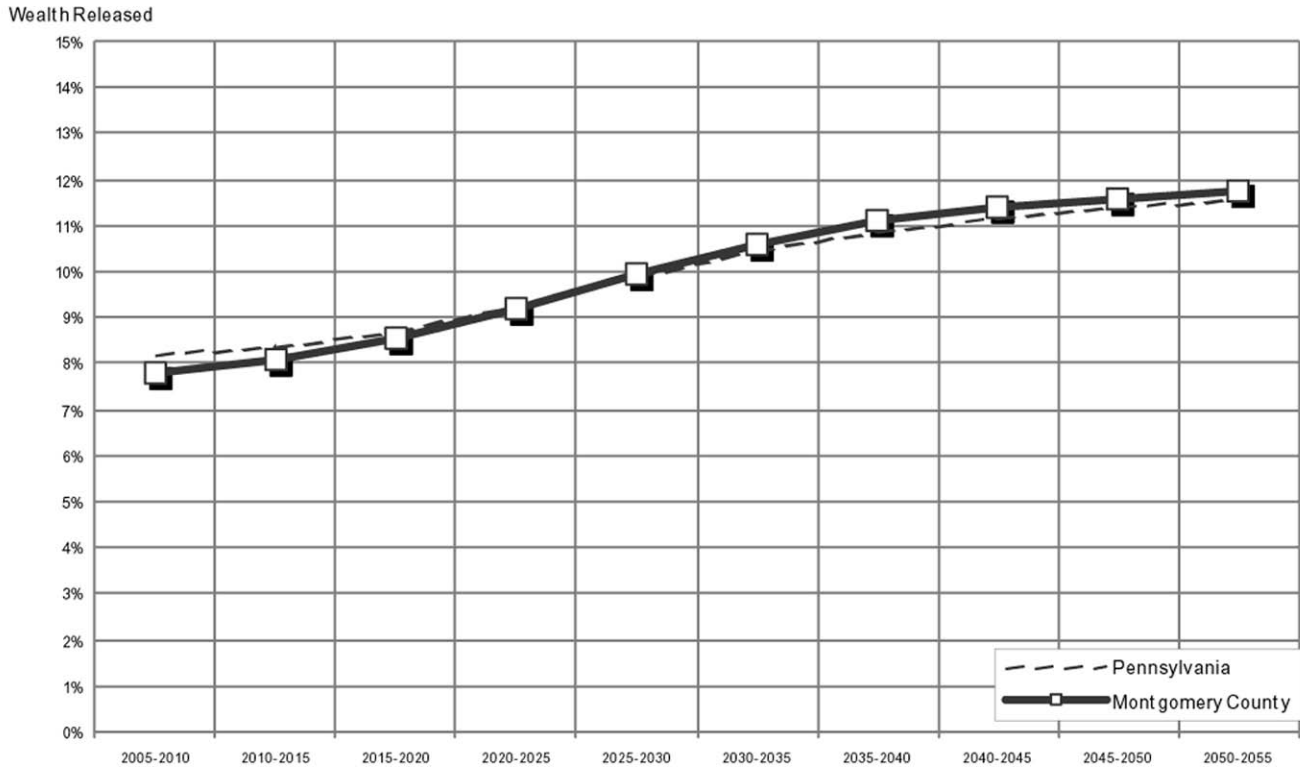
### Montgomery County Transfer of Wealth

In 2005, estimates show a total of \$101.93 billion in private wealth in Montgomery County, or an average of \$287,125 per household. During the coming decade (2005 to 2015), \$18.96 billion is expected to transfer from one generation to the next. Over the next 50 years, it is estimated that more than \$119.11 billion will be transferred from one generation to the next.

In the next 10 years, if just 5 percent of this transfer could be invested in an endowed community fund, nearly \$947.90 million would be gained. Figuring a 5 percent grant payout, an estimated \$47.40 million could be available annually to improve the quality of life in Montgomery County and secure its future.

Source: Rural Policy Research Institute (RUPRI) Center for Rural Entrepreneurship, based on information provided by the Federal Reserve System, U.S. Census Bureau and local and state demographers. Analysis is adjusted for inflation, so a dollar in 2055 is worth the same as in 2005.

## Montgomery County and Pennsylvania Wealth Transfer: Likely Scenario



The RUPRI Center for Rural Entrepreneurship indicates the transfer of wealth for the Commonwealth of Pennsylvania will continue to grow throughout the period. The graph above compares the transfer of wealth timing for this county with Pennsylvania.

### Wealth Drivers

Many factors have a significant impact on projections for the transfer of wealth in each community.

- Current net worth creates a starting point for future wealth creation.
- Demographics, such as employment, education, age and population changes, play central roles in current and future wealth.
- Community economic performance and individual business ownership contribute to wealth generation.
- Customs and general spending behaviors impact future spending and saving habits.

On average, net worth increases with age. In the United States, net worth rises from a modest \$74,000 for families age 35 and younger (head of household age) to more than \$800,000, as families reach their mid-50s into early 60s. Net worth then begins to decline, as earning power drops and assets are used in retirement and for health care.

