



GUEST AUTHOR

Richard J. Mengel

Retired founding partner of Mengel, Metzger, Barr & Co. LLP, and chair of the Community Foundation board of directors.

— The Advisor Viewpoint: What Transfer of Wealth Can Mean to You —

Take the Community an Heir

the Community Foundation released a study on the intergenerational transfer of wealth that took place in our region, we were startled by the size and the amounts cited — an estimated net wealth of about \$80 billion of which some 42 percent is expected to be transferred from one generation to the next 20 years.

A professional advisor who has practiced in this community for many years, primarily in the estate- and business-succession areas, the study was very enlightening.

A professional estate-advisor works with their clients on a year-round basis, not just at year-end. This involves a thorough review of assets and liabilities, cash flow, projected income tax, gift and estate taxes, powers of appointment, wills, trusts, agreements, and sell agreements, in addition to discussions of changes in tax laws, changes in applicable laws.

One problem that always arises out of estate planning meetings is the question of charitable giving — how much is for the current year or

as a legacy gift. I, along with many of my peers, have been amazed at the generosity of this community. We see it in gifts for critical needs that go to the United Way or other qualified charities and in endowment contributions directed to the Community Foundation.

When we think about charitable giving, we tend to concentrate on more wealthy individuals and larger gifts (Max and Marian Farash are recent examples). You can't pick up a newspaper or business magazine without seeing an article about Warren Buffett or Bill Gates and many others who have signed a pledge to donate the bulk of their vast fortunes to charity.

But the transfer of wealth study opened my eyes to the fact that we, as a community and as professional advisors, need to also counsel our charitably inclined clients who are not "super rich" to help their community without impairing their ability to leave something to their children and grandchildren.

This study also reminded me of Joe U. Posner, who was one of the founders of the Community Foundation. Joe always espoused (and practiced) the concept that you

should treat your community as one of your children. His reasoning was very simple — the majority of us lived, worked, played, and made a living in this community, so why not leave it something so that it may become a better place for succeeding generations who wish to do the same?

A typical estate in our region might consist of a home, some life insurance, some stocks and a retirement plan. Add that up and it's not unusual to see estates of \$500,000 to \$1.5 million or more. If a \$1.5 million estate designated 5% (or \$75,000) to an unrestricted fund at the Community Foundation, that sum would grow and become a significant asset for the community when combined with many other similar gifts. In addition, children of this estate would not be decimated by only inheriting \$1,425,000.

As we enter this year-end stretch of financial "tweaking" to our income tax and estate planning, I encourage my colleagues and their clients who don't consider themselves as "rich" to think about making our community and its future one of your heirs.