

Posted September 29, 2006

## **Foundations say keeping wealth here crucial to future**

**By Rick LaFrombois**

*Wausau Daily Herald*

rlafromb@wdhprint.com

With the aging of the nation, an unprecedented exchange of wealth is being passed between generations.

Many charitable leaders see this as a golden opportunity to retain existing wealth here in north central Wisconsin and harvest new wealth. Some caution that inaction would lead to the opportunity being squandered.

Some \$41 trillion is expected to change hands in the United States by 2050, according to a report commissioned by the Donor's Forum of Wisconsin, a regional association that promotes effective philanthropy.

Those figures include about \$687 billion in Wisconsin and \$14.5 billion in Marathon County. Given the transient nature of today's society and the state's inability to retain its young professionals, much of the community's wealth could find a new home in the coming decades.

If so, the consequences could be dire. Much of that money has fueled the progress enjoyed by Wausau-area residents. It has helped create decent-paying jobs through a diverse economy and fostered social safety nets, good schools and a dynamic arts and cultural community, said Jean Tehan, executive director of the Community Foundation of North Central Wisconsin.

"We may never recover if that wealth leaves," she said.

At a forum Wednesday hosted by the Community Foundation, nonprofit and community leaders were encouraged to begin the conversation about how to ensure some of the looming wealth exchange is reinvested in the community.

"Our fathers and grandfathers, the traditionalists, were savers -- we are not," said Deborah Fugenschuh, of the Donor's Forum of Wisconsin. "This is our opportunity to begin a discussion. How can I help the Wausau area capture and keep 5 percent of the wealth transfer?"

Some \$2.24 billion is expected to exchange hands by 2010 in Marathon County through estate plans and wills. Based on conservative estimates, capturing 5 percent, or \$112 million, for charitable purposes in the form of an endowment would make \$5.6 million available in interest for community betterment annually, according to the Donor's Forum report. Of the \$105 billion expected to change hands in Wisconsin by 2010, some \$263 million in interest would become available for community betterment each year based on the 5 percent target.

Fugenschuh called the exchange of wealth the "golden age of giving." The key for the Wausau area is to learn how to capture its piece of the pie.

### **The conversation**

Fugenschuh said the conversation in the months and years ahead needs to focus on the following suggestions:

- The need to inspire professional advisers to talk with clients about charitable giving;
- The need to encourage leaders of nonprofit organizations to talk with supporters about considering them in their wills;
- And the need to motivate residents to count their community among their heirs.

Oftentimes the conversations might boil down to economic and emotional incentives. When someone leaves his estate to an heir, it's taxed. The portion given to a community foundation, though, is nontaxable, Tehan said.

Tapping residents' emotions for the place they were raised, married or built a business might encourage them to consider an end-of-life gift to a community foundation or nonprofit organization.

"This is an opportunity of a lifetime," Tehan said. "We've got one shot at it, and it's now."

### **Mack Family Fund**

Tom Mack, former senior vice president of Wausau Insurance Cos., and his wife, Jan, spent the past 44 years in the Wausau area, which is where they raised their family.

Through a sound estate plan, Mack, 72, of Rib Mountain and his wife plan to give back to the community.

A Madison native, Mack established a Mack Family Fund through the Community Foundation, for which he was a former president and CEO. A portion of his 401(k) goes into the fund, which allows him control over how the money is used to benefit the community. Mack also created a pooled income fund that is funded by his 401(k). Should he die first, Jan Mack will draw her income from the pool, and upon her death the remainder would go into the Mack Family Fund.

The couple's three children, all in their 40s, will receive a portion of their estate. A couple years back, Tom Mack overheard the children -- two of whom live elsewhere -- talk about where they were going to donate their money.

Rather than buy Christmas gifts for each other, they agreed to each year pool their money and give it to a chosen charity. Encouraged by the discussion, Tom Mack suggested they donate it to the Mack Family Fund to benefit their hometown of Wausau.

"They think it's a great idea, and so do I," Mack said.

When their parents die, the children will determine how the Mack Family Fund is used, and upon their deaths, the Community Foundation will take control of how the money is used for community betterment.

### **'Charitable gene'**

Communities are at a crossroads, said Todd Nicklaus, president of the Community Foundation Board of Directors.

Wisconsin's population is aging. By 2030, there will be as many residents 60 and older as there are 19 and younger, according to Wisconsin Department of Administration projections.

The state lost 50,000 college graduates between 1989 and 1999. Minnesota, by comparison, gained 141,000 during that 10-year period, according to the U.S. Department of Education's National Center for Education Statistics.

Who will fill the growing gap in the state's workforce? Who will care for the state's aging population? Communities able to sustain and grow their qualities of life are likely to have more success than those that remain stagnant, Nicklaus said.

A key to sustaining the Wausau area's quality of life is tapping the "charitable gene" in residents, he said. "We can't afford to wait for someone else to solve our problems for us.

"The No. 1 reason people give is because we ask them to."