The Great Transfer of Wealth

Become part of the transformative power of endowing Collier County’s future and sustaining its dedicated charities

By The Collier Community Foundation

We don’t know what the future holds. Now is the time to prepare for inevitable challenges to come.

Baby boomers make up the wealthiest generation in American history, and they are passing down that wealth to their children and grandchildren during the next 25 years. How much? A staggering $68 trillion in homes, businesses, and investments.

This remarkable phenomenon is playing out in communities across the nation. In Collier County, $34.6 billion is expected to change hands over the next ten years. These sums may be mind-boggling, but the Collier Community Foundation (CCF) is starting a conversation with the community to raise awareness about the transfer of wealth and the importance of including a philanthropic element in estate plans. Just 3 percent of that transferred $34.8 billion could result in a $1 billion endowment at CCF that could generate $50 million to address community needs annually.

“One billion sounds scary, but 3 percent doesn’t,” said Rob Bulloch, a partner and fourth-generation estate planner at Bulloch Taylor PLLC in Naples. Many community foundations in the United States have $1 billion in endowments today. Collier County—where the current household net worth is $302 billion—certainly has the same awareness about the transfer of wealth and the importance of including a philanthropic element in estate plans.

As a result, CCF President/CEO Eileen Connolly-Keesler and her team have initiated a community conversation urging seasonal residents to allocate 3 percent of their estate to the foundation to establish a $1 billion endowment that can help sustain the community’s social safety net in perpetuity.

A surprising finding in the transfer of wealth study shows that $50 million in CCF grantmaking would cover one-quarter of the annual need of 232 nonprofits with the broadest impact to whom most donors are giving. These local nonprofits must raise $402 million annually to sustain their operations.

“Increasingly clients are eager to see the direct impact of their donations during their lifetime and not wait until they are gone to do so,” said Bulloch. “I have seen this strengthen the partnership between the donor and the nonprofit, as it helps them both in real-time evaluate and refine the purpose and impact of the gift.”

There are also several tax-advantaged strategies for donating to charity even during one’s lifetime, such as a qualified charitable distribution from a retirement account, making charitable giving a win-win for both the donor and the organization they support.

Why the Collier Community Foundation?

CCF can act quickly to distribute funds where they are needed most,” said Connolly-Keesler. “The benefits of a substantial endowment that spins off critically needed, sustained funding for local nonprofits into the future is immeasurable,” Connolly-Keesler added.

A healthy endowment ensures CCF can meet unforeseen needs as they arise—natural disasters, pandemics, community necessities like affordable housing, or emerging societal issues. Nobody knows what’s around the corner, but like every good leader, CCF wants to be ready to face it head-on.

In the fiscal year 2022, CCF awarded a record $43.1 million* in grants to nonprofits and scholarships—the most significant amount so far in its 37-year history. Following donors’ wishes, grants are awarded locally, in other communities the donor has lived in, and across the nation and the globe to support the causes they are passionate about.

Once the grant is made, that’s not the end of the story. CCF provides expert oversight of funding and grantmaking. We keep our finger on the community’s pulse by studying local needs and demographics each year and tracking nonprofit effectiveness through grant and program impact fulfillment. “As a former Collier Community Foundation trustee, I can tell you we take seriously the grants we’re making,” said Bulloch.

At CCF, a permanent endowment will grow through investments and live beyond all of us. For instance, one family who created a $2.02 million designated fund in 2008 has disbursed $1.3 million in 156 grants—and the fund is worth $2.56 million today—more than its original value.

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CCF is well aware of the need for human service program funding. Here in Collier County, the government sets aside only 5.6% of its annual budget for human services—far lower than other counties such as Miami-Dade that allocates 12.6%. “Even if the county budget were larger, we know how to serve the community better than anyone because we are in touch with local needs and can act quickly to distribute funds where they are needed most,” said Connolly-Keesler.

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Donors want to support causes they care about—that's why many residents donate to their favorite charities. But sometimes, organizations close their doors or change their policies. With a CCF fund, we have a plan B to follow the donor's wishes. The money is redirected to a similar program, or nonprofit that aligns with the donor's original intentions, so there are no surprises.

Adding CCF to an estate plan also enables heirs to engage in their loved one's passion, philosophy, and philanthropic activities—carrying on their family's legacy. "We provide the oversight to spend their dollars the way they want them spent according to their estate plan," Connolly-Keesler said. "If people want to give to a specific organization, they should do that, too. It's about philanthropy and giving back to this community."

Estate plans are key in life and death for everyone, no matter your walk in life, said Naples trusts and estates attorney Marcie A. Charles. In addition to ensuring your assets are distributed in accordance with your wishes and are protected from probate after your death, estate plans are crucial if you become incapacitated and can no longer handle your financial affairs or ensure your family is provided for.

She agrees with Bulloch that incorporating charitable planning into an estate plan can reduce or eliminate capital gains and reduce the size of a taxable estate. "The charitable remainder trust is a great technique that provides income to the client for a specified term, with the remainder passing to charity—a win-win," Charles said.

Although estate planning is critical in everyone's lives, many still need to work on executing one. According to a recent Edelman Financial Engines report, only 37% of parents surveyed said they currently have a plan for transferring their wealth—meaning 63% do not.

The Collier Community Foundation is encouraging wealth and estate advisors to have this conversation with their clients, too. A BOA/Merrill Lynch High Net Wealth Philanthropy Study determined that 6% to 10% of individuals include philanthropy in their estate plans. The study also showed that 90% of high-net-worth households expect their advisor to bring up charitable giving, yet only 10% of advisors bring up the topic.

Bulloch, a wealth management and preservation specialist, always talks with clients about including a philanthropic piece in their estate plans. "I have clients involved in two or three community foundations: where they were born and raised, where they did business, and where they retired. That's not an unusual dynamic for our clients. There are very few estate plans I prepare that don't have a charitable component that's driven by the client's intent. Most clients want to make sure the assets they worked so hard for protect their family and support the organizations and communities they care about."

Another reason, Bulloch said, goes back to wealth preservation. Uncle Sam levies a 40 percent estate tax. "What goes to CCF escapes taxes during your lifetime and when you die."

If you don't have an estate plan, Connolly-Keesler said newly domiciled residents can consider donating a portion of the amount they would have paid in taxes in other states to a local charity in their newfound community.

### Planning for the Future

CCF has repeatedly pivoted to disaster relief by activating the Collier Comes Together emergency fund for hurricanes Irma and Ian, wildfires, red tide, and the Covid-19 pandemic. Bulloch said he's still impressed that CCF supported the Captains for Clean Water Guide Relief Fund to keep out-of-work fishing guides afloat by paying them to go out on the water to clear out litter and debris during the pandemic shutdown—which shuttered the local economy at the height of tourist season.

The guides earned some income while remaining focused on water quality, which Bulloch called a creative solution that "really worked."

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helped those families and kept the industry here, which is important for us," Bulloch said. Having unrestricted funds allows CCF “to adjust in real time for needs in the community. To pivot and remedy a situation—that’s precisely the type of flexibility our clients find attractive.”

Charles agreed. “The residents of Collier County—and the Collier Community Foundation more specifically—are best positioned to identify the needs in the community, develop solutions, and implement them quickly. If you look at the CCF’s track record in handling recent disasters, it’s very clear it is a nimble organization that effects change in our community. I’m a firm believer that if we want to strengthen Collier County, increased philanthropy needs to be a critical component.”

Discussions about tapping a small percentage of the great transfer of wealth are taking place across the country and the state, said Ashley Heath Dietz, president/CEO of the Florida Philanthropic Network.

“A lot of folks who are very charitable and generous don’t want their money to go to the government. That’s part of the impetus of giving. You want it to go to good works and keep the money local,” Dietz said. “With a community foundation, there’s more donor choice. They can make a direct investment in the causes that are important to them, which is the opposite of the government.”

Building Sustainability for Nonprofits

For years, CCF has actively encouraged nonprofits to establish an endowment at the foundation for many reasons—there are already 93 nonprofit agency funds in place. Endowments are essential to sustain operations after an unforeseen crisis, disaster, or recession like 2008.

Before the Marco Island and Greater Naples YMCA merged last year, the Marco Y had established a $10,000 endowment fund at the Collier Community Foundation —created with $1,000 donations from each of its ten board members. Thanks to the merger, the endowment stands at $1.3 million today.

“The Collier Community Foundation and the Y have a common mission: We want to enhance the quality of life for residents. We both want permanent endowment funds to secure our future,” said Cindy Love-Abounader, long-time President/CEO of the YMCA of Collier County, who fully supports the CCF’s goal to establish a $1 billion endowment.

Love-Abounader noted that the Collier Community Foundation is an essential resource for nonprofits with small endowments. CCF helps “manage their money and has great professional expertise,” Love-Abounader said. “They know the laws and best practices that we don’t know, and that helps us focus on what we do best—serving people in our programs and trying to keep them healthy physically and mentally.”

Many well-established organizations—like The Salvation Army, Conservancy of Southwest Florida, Girl Scouts, and the YMCA—feel like they have always been part of the community and are well known by younger generations. But these venerable institutions can easily be taken for granted. The next generation—inheritors of this great wealth transfer—must financially support nonprofits’ critical work in the community because it “impacts them directly,” explained Love-Abounader. A young professional, for example, “may not ever be homeless, but they need to...”
 Benefits of Growing Funds at CCF

- Professional oversight: Management that includes analyzing community needs and vetting nonprofit programs.
- Donor choice: Knowing your investment in your passions and causes continues to grow in perpetuity.
- Flexibility: Many people might not realize that funds at CCF can go to causes across the nation and the globe.
- Sustainability: Nonprofits’ funds at CCF will continue to grow through investment.
- Donor impact: Seeing the positive impact you are making in Naples, a community you love enough to call home.
- Family legacy: Being a role model to heirs about the significance of giving back.
- Family dignity: Your entire family is honored during your life and after your death.
- Tax benefits: During your lifetime and after death.

When community leader Parker J. Collier established The Immokalee Foundation in 1991 to provide education and empowerment to the children of low-income migrant farmworkers, she put aside a $2.5 million endowment at CCF, explained The Immokalee Foundation President/CEO Noemi Y. Perez.

The endowment gives the organization’s leaders peace of mind knowing they have a resource, now about $8 million, to tap into if a dire situation arises, although they haven’t needed to, Perez said. “When Covid hit, we weren’t as frantic as other nonprofits because we had that backing,” she said. At the same time, it’s a rich source for student scholars: 3 to 4 percent is drawn each year from the endowment to fund scholarships.

An endowment is critical to the sustainability of a nonprofit and in preparing for the unexpected, she said. “When you meet with new donors, it’s one of the things they ask. They want to make sure their investment is well taken of,” Perez said. “Having long-term sustainability shows we really planned for the future, so donors continue to give to the mission.”

Perez said the Collier Community Foundation is a community connector, too. For instance, the foundation facilitated a $249,500 donation to The Immokalee Foundation’s Career Pathways Learning Lab program to provide students with real-world, hands-on training by building 18 homes on eight acres in Immokalee. The grant from a CCF donor entirely paid for one of the homes.

“The CCF team can help you ensure the future of our community and support the causes you care about most,” said Eileen Connolly-Kessler. “Let’s talk.”

Call the Collier Community Foundation at 239-649-5000 to learn more.

* The fiscal year 2022 grant total included $5 million in federal American Rescue Plan Act funds distributed to local food pantries.