

Report and Recommendations Concerning Maximizing the Foundation's Participation in the Intergenerational Transfer of Wealth

Background and Goals of the Project: In conjunction with the PMA this study was undertaken to provide a focused analysis of the contours of the on-going intergenerational transfer of wealth now well underway in American culture. The goal is to bring social and cultural analysis to bear in assessing ways in which the church might maximize the opportunities provided to it as trillions of dollars change hands over the remaining 12-15 years of this wealth transfer.

The Approach: Utilizing the methodologies of social science and a deep appreciation of the unique nature of the organizational life of the PCUSA within the context of a dynamic American religious landscape, this study seeks to chart cultural changes in wealth management, generational patterns of giving, as well as quantitative diagnostic data to discover emerging patterns and trends in giving within this larger tide of wealth transfer. Both through a literature search and monitoring of the quantitative data available describing the patterns and performance of wealth management strategies as utilized by distinct generational cohorts, some tentative conclusions about how to maximize the church's participation were then tested against present practices, products and procedures. This is an operational report which includes recommendations for review and action.

The Cultural and Societal Context for the Transfer of Wealth: The present massive transfer of wealth is, of course, occasioned by the maturing and passing of the Baby Boomer generation. An extremely large age cohort, this generation has transformed virtually all of America's institutions as its lifespan has led them in turn from pre-school enrollment, to higher education, to home ownership to retirement patterns. Developments in both wealth management mechanisms and religious culture are likewise important factors conditioning the church's approach to maximizing the wealth transfer for its ministry and mission.

Wealth management practices and especially benevolent giving patterns, once the province of bankers and attorneys working with individual clients, have adapted several times in recent decades in response to the needs and expectations of succeeding generations. Wealth management divisions of banks and financial houses, and especially the sub-industry of retirement planning, have accompanied Baby Boomers as they aged. More tech savvy generations give preference to online financial management and seldom give preference to time consuming and socially intensive face to face financial counseling. Such pattern adaptations do have measurable implications for resource and product development (paper or electronic) marketing and interpretation.

Within church culture itself, approaches to asset gathering have undergone change in both status and priority to local pastors. Once a pillar of seminary training, attention to training for all aspects of church administration have largely disappeared from seminary curricula. Due in part to the expansion for other curricular matters such as comparative theology, ecumenical and interfaith study, and a wide range of ministry courses in ethics, social justice, boundary

keeping, etc. have left little time for training clergy in outreach and gift cultivation. Indeed, the diminishing size of the average worshipping congregation and diminished staff size have likewise made the acquisition of skills in gift cultivation and the like a low priority indeed. With little prospect of applying those skills and with other interests to pursue, clergy have increasingly opted out of this area of stewardship of resources.

Thus, the cultures of successive generations, the wealth management industry and the church itself have all been in motion, changing and adapting to new realities. Moreover, conceptions and theologies of giving, the primacy of local congregations and increasingly competitive “marketplace of compassion” have continuously made gift cultivation a more complex task, one largely outside of the capacity of all but the largest multistaff congregations. Adapting to these changed and changing realities will be central to the success of the denomination’s approach to the wealth transfer.

Recommendations

In light of the fluidity of the culture of giving in church and society, recommendations within the following six rubrics can be undertaken in order to maximize the church’s ability to benefit from the present and continuing transfer of wealth.

- 1. Reconceptualizing giving and Articulating Theological Understanding** - *Historically the Foundation has focused its effort to gather planned giving funds on end of life gifts particularly from those who have had long established patterns of giving. While continuing this pattern of cultivation, the Foundation increasingly has focused effort on the conceptualization of “giving while living”. Further advances in these efforts and in the technologies that will capture such gifts must continue to be an augmented part of the Foundation’s and the wider church’s tools. Contemporary cultural philanthropy (Buffet, Gates, Zuckerberg, et.al) have given new credence to “life gifts”. Both in dissemination of information about giving opportunities and within the training opportunities outlined below the central place of rethinking the theological basis of such giving must be articulated in offering an attractive proposition to younger generations of Presbyterians. Placement of articles in Presbyterians Today, Outlook and in other print and electronic outlets can encourage such giving while living emphasizes. Presbyterians participating in such a pattern of giving should be identified and celebrated. Similarly concepts of generosity, theological underpinnings of notions of scarcity and abundance should be articulated and permeate all descriptive materials in print and electronic platforms.*
- 2. Review of Resources and Products** - *Recent reviews of resources and products have resulted in an increase in electronic products and processes. Such reviews can no longer be viewed as periodic but rather be viewed as on-going. For the present and near future both print and electronic mechanisms and processes should be maintained, but in all media, emphasis must be placed on user friendly, simple, secure and seamless operations. The end user, whether an individual member, pastor, financial counselor or*

other must feel enabled by the process rather than constrained by the products or processes.

- 3. Expansion of Capacity re Non-liquid Assets** - *Considerable evidence suggests that in the present transfer of wealth non-liquid assets (art, silver, property, timeshares, business holdings, etc.) are being overlooked and devalued by traditional recipients of bequests. Historically the Foundation had a staff and other resources dedicated to accepting such non-traditional gifts. The Foundation continues to regularly convene a Special Gifts Committee to consider such gifts. The Foundation has recognized that this arena of philanthropy has developed a kind of cottage industry of small shops that assist in taking in, auctioning or otherwise disposing of such gifts to transfer their assets into philanthropic gifts. Today's climate suggests that a fresh consideration of whether cost effective strategies can be identified to amplify the potential of such gifts on behalf of the church. While labor intensive to manage, such non-liquid assets hold enormous potential for the church. Some further exploration should be undertaken to assess the feasibility of accepting such non-liquid assets including the possibility of time limited "campaigns" during which, for example, silver might be received by the Foundation. Careful calculation will need to be made of the projected expenses and demands on staffing that will offset the benefit of such gifts.*
- 4. Provision of Training Opportunities** - *At virtually every level of the church, opportunities for training in gift cultivation must be provided in formats which are engaging, easily adapted to individual need and timeframe. Again, both print and electronic formats will be essential to user interest and receptivity. Pastors, mid-council leaders as well as members should be encouraged to avail themselves of training opportunities in user friendly formats. Foundation staff will always be inadequate alone to identify, cultivate and bring to completion the sorts and magnitude of gifts sought and needed. These opportunities for training including those for Foundation staff will need to be closely linked with emerging patterns and programs of incentivizing congregations and mid-councils and clearly defined programs of revenue sharing within a broader conceptual framework of a culture of abundance and generosity.*
- 5. Incentivizing Partners/Revenue Sharing** - *The devolution of denominations within American religious culture has been ongoing for the last 40 years. Denominational structures and identity will need to be reconceptualized in the 21st century. Key to any viable redefinition will be the provision of needed goods and services to local congregations. Transfer of wealth projects and initiatives offer a unique opportunity to move into a new set of relationships between congregations and national agencies. Central to such programs will be a clearly articulated plan for revenue sharing and the provision of financial incentives offered to local congregations, mid-councils and perhaps theological seminaries.*
- 6. Donor Relationships and Record-Keeping** - *While donor acknowledgement for gifts and bequests has long been a standard practice, in today's business culture it is not enough.*

Donor relationship should be the goal. Ongoing communication with the potential for two-way dialogue is essential. Record keeping and easily read and applied records must be used to strengthen and extend relationships. Email blasts and individually tailored messaging are well within the capacity of the Foundation and are the minimum requisite in today's giving environment.

Conclusion- Given the social location of Presbyterians, that is, with a preponderance of the demographic within the upper middle class of American economic life, the prospects for benefiting from the intergenerational transfer of wealth should be bright. Such success, however, is not going to be automatic. As has been seen, much of the historical infrastructure, tradition and culture which earlier provided sustained denomination wide cultivation of gifts has been eroded over time by diminishing congregation size, less emphasis in seminary training, and increasing competition for charitable dollars especially from parachurch organizations. In order to maximize the benefit of the intergenerational transfer of wealth the Foundation will need to take the lead in articulating the generational changes in wealth management, update products and procedures to be expressive of contemporary needs, provide opportunities for others to be effectively trained to assist in cultivating such gifts and financially incentivizing them to do so. Enabling and inspiring such an effort is a confident theological posture that perceives abundance, generosity and hope within not just the historic witness of the PCUSA but central to its future.

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