

Keeping Wealth in Rural Communities

BY BOB MUIRHEAD



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“A community foundation acts as a savings account.”

The seventh cooperative principle is “Concern for Community.” Kansas rural electric cooperatives and their members can demonstrate that principle by helping community foundations slow the exodus of wealth from rural Kansas.

Kansans are painfully aware of declining rural populations. Lower school enrollments, struggling hospitals and reduced rural representation in Washington and Topeka are only a few of the results.

While we notice the loss of population, the accompanying drain of local wealth goes unseen. As land and businesses are sold, in many cases the proceeds go to heirs who have moved out of state. Those dollars will no longer circulate in the local economy. This process is called “transfer of wealth.” According to a recently updated Transfer of Wealth study by Wichita State University, \$79 billion will be lost statewide by the year 2020 and will grow to \$598 billion by the year 2064.

Is there anything that can be done? The Kansas Association of Community Foundations (KACF), consisting of more than 70 community foundations, is answering the call. “Keep 5 In Kansas” encourages residents and estate planners to keep five percent of wealth transfers in local communities. If that goal is met by the year 2020, up to \$4 billion would be kept for reinvestment in Kansas.

Does your community have a community foundation? If so, learn more about it and start conversations with your neighbors and community leaders. If no foundation exists, invite representatives from neighboring communities to explain the process and benefits. If your community is too small for its own foundation, consider becoming an affiliate of a regional host community foundation to share administration and investment oversight.

What is a community foundation? Think of it as a savings account for the community.

It acts as a repository for local citizens distributing their assets. As an endowment, it differs from agencies like the United Way, which raise and disperse money to local causes. A community foundation can do that, too, but it is distinctive because it can build an endowment. Donors create funds within the foundation and specify how the earnings will be used into perpetuity. The donor’s wishes become the “checkbook,” drawing on the endowments.

A community foundation can also be an umbrella charity under which community groups can raise money for specific causes. For example, a church, school or community group could raise money under the charitable auspices of the community foundation and even have the foundation establish and administer an endowment. A community foundation is not competition for existing agencies in the community. It simply matches charities with donors.

Think for a moment about what is important to you. Is it the church where you worship or the schools your children or grandchildren attended? Are you concerned with the parks where children play, or is it a local charity for which you care deeply? Is your passion higher education or supporting your local hospital? How can you ensure that what makes your community unique exists long after you’ve gone? A community foundation is one answer. Community foundations encourage residents to designate a portion of their estates, including retirement accounts, life insurance policies or land, to new or existing permanent endowments.

To learn more about community foundations and the transfer of wealth, visit the KACF web site www.kansasfcfs.org.

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