The transfer of wealth by North Dakota families from 2007-2061 presents unprecedented opportunities to create a spectacular future for the people of this region and beyond.

In 2007, the 270,000 households in North Dakota owned $118 billion in wealth - about half in tangible assets and the remainder in business and financial assets. From 2007-2061, an estimated 220,121 North Dakota households will transfer $308.61 billion to families, heirs, charities, estate taxes, estate fees, and accelerated lifetime divestiture of other assets.

This study reveals that in North Dakota, like the nation, aging wealth holders are choosing to make charitable contributions and other asset allocations earlier in their lives, as opposed to postponing distributions until their final estates.

In the last decade, there has been a substantial increase in family foundations, donor advised funds, trusts, family partnerships, and other vehicles used for wealth transfer. Affluent donors, aged 60 or older, now more commonly revise their asset portfolios in preparation for the allocation phase of life, increasing lifetime transfers. Slightly more than half of these transfers go to family foundations and donor advised accounts.

The potential for charitable contributions in North Dakota is about 20% greater per household than in the rest of the country.

In the last 10 years, North Dakota has increased the number of younger households it has attracted or retained. According to the U.S. Census in 2000, 19.9% of the population in North Dakota was comprised of young adults (aged 20 to 34); in 2010, this group had increased to 22.5% of the population.
The projected increase in millionaire households is supported by North Dakota’s rapid economic growth. From 2000-2010, the state’s Gross Domestic Product (GDP) grew robustly at an average annual rate of 3.9%, compared to the national rate of 1.3%. From 2009 to 2010, real GDP grew at an annual rate of 7.1% in North Dakota. Compared with other states, this was the highest rate of growth during that period.

In 2010, the private sector produced 86% of the state’s GDP with the remainder produced by the public sector, including the armed forces as well as state, local, and federal governments.

In 2010, agriculture, the traditional base of the North Dakota economy, contributed 8.1% of total GDP, and energy, the fastest growing sector, contributed 6%. Combined, these two sectors contributed 14.1% to the state’s GDP.

Since the energy sector is currently smaller than agriculture, it is projected that through 2061 wealth derived from agriculture and related business will continue to be larger than wealth derived from energy and related business.

The recession had little or no effect on the growth of wealth in North Dakota; in fact, wealth continued to grow during the recession. The high growth in GDP is reflected in the growth of personal income and the low unemployment rate in North Dakota. From 2000-2010, personal income grew at an average annual rate of 3.1% in North Dakota, as compared with 1.6% for the nation. Unemployment rates in the state were below 4.4%, even during the recession.

The average wealth per household in 2007 varied from $159,000 in Rolette County to $1.1 million in Slope County. In terms of average wealth per household, Pembina County is the median, with an average of about $530,000 per household.

As a group, Burleigh, Cass, Grand Forks, Morton, and Ward counties contain roughly:

- 57% of households
- 55% of household wealth
- 58% of wealth transfer (2007-2061)
- 57% of value of final estates (2007-2061)
- 58% of estimated charitable giving (2007-2061)

Estimates in this study are based upon a 55-year timeframe, a 3% secular growth rate, and a $5 million estate tax exemption. All figures are expressed as 2007 inflation-adjusted dollars.

The complete North Dakota Wealth Transfer Study, including County and City Analysis, is available online at: www.impactgiveback.org.