How Canadian Charities Can Maximize Giving in the Current Economic Climate

Tuesday, March 19, 2024

Lynne Wolfson

Jennifer Robins, MBA

ENVIRONICS ANALYTICS

Today's Presenters

Jennifer Robins, MBA

Director, Business Development

Lynne Wolfson

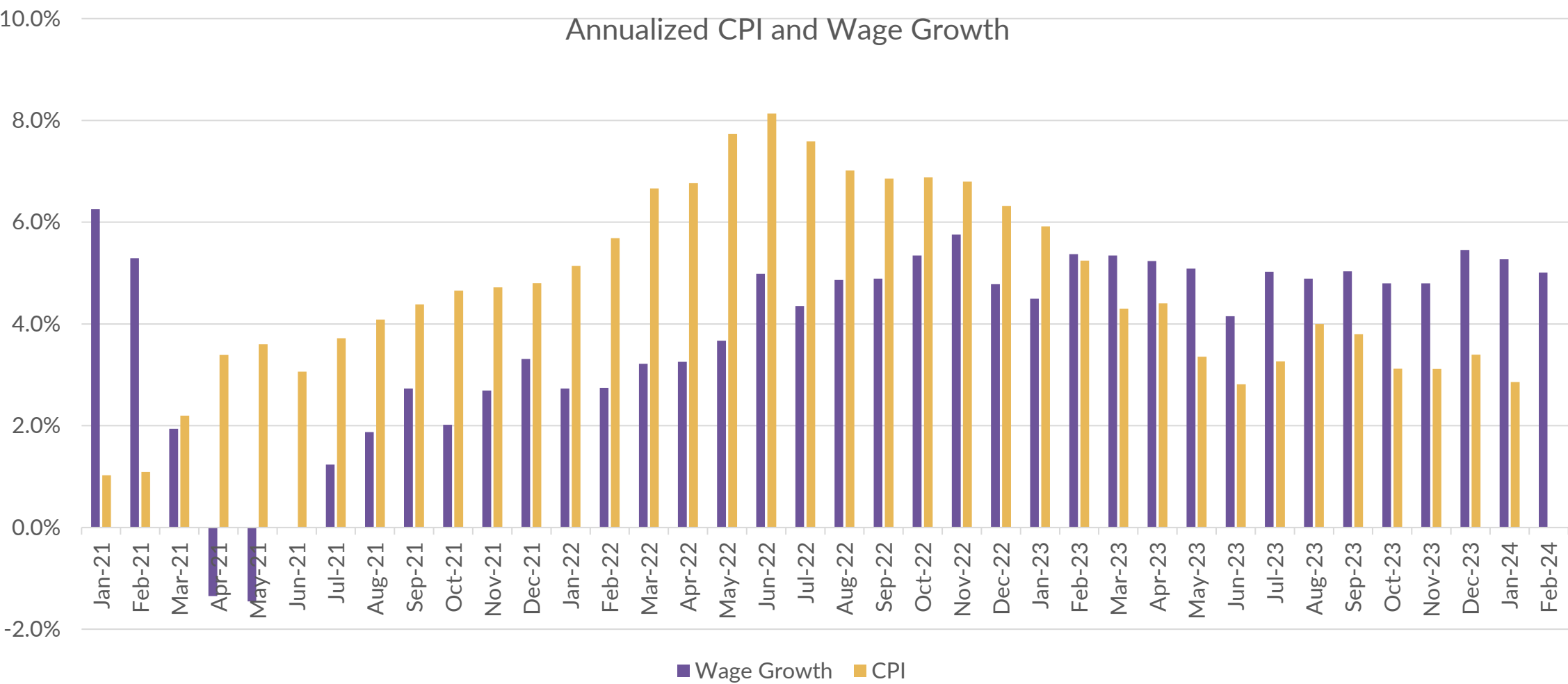**Research Lead, Financial Data Products**

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Economic Landscape in Canada

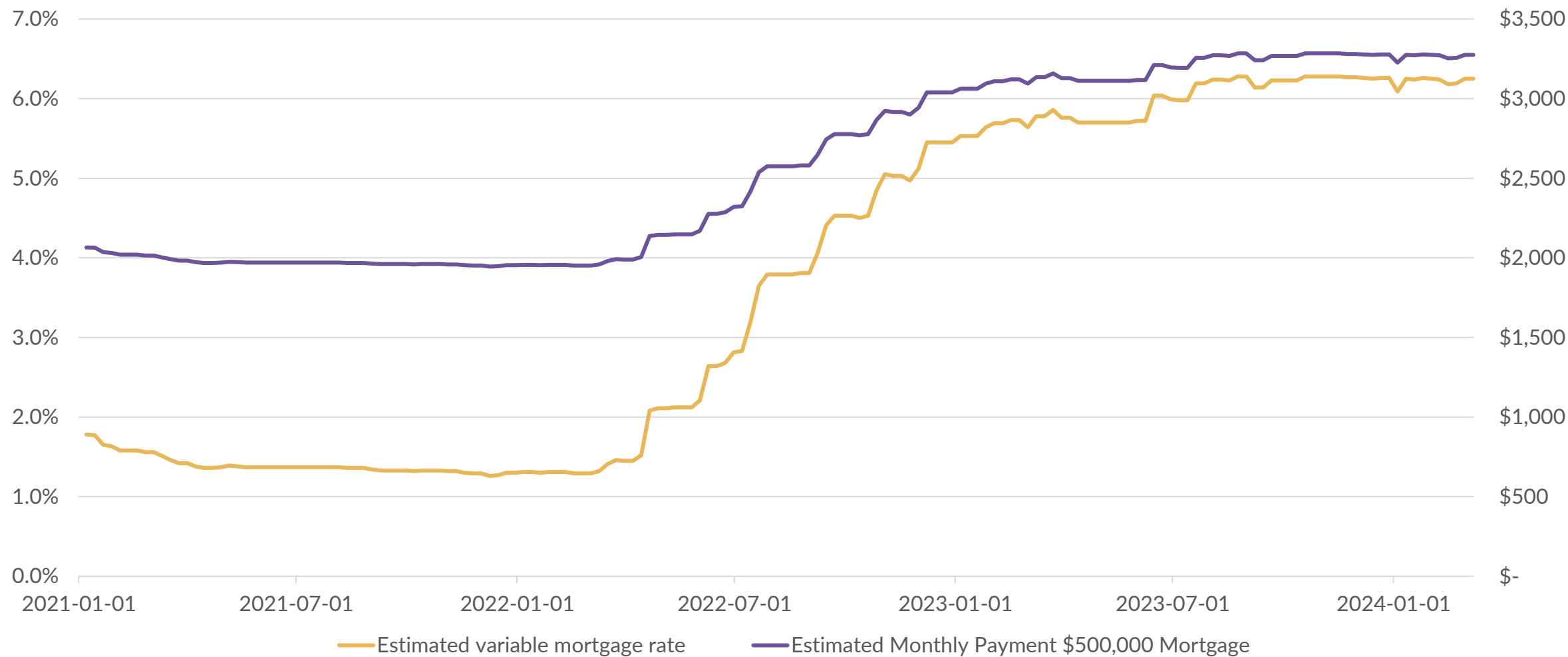Canadian households are feeling the effects of a rapidly changing economy
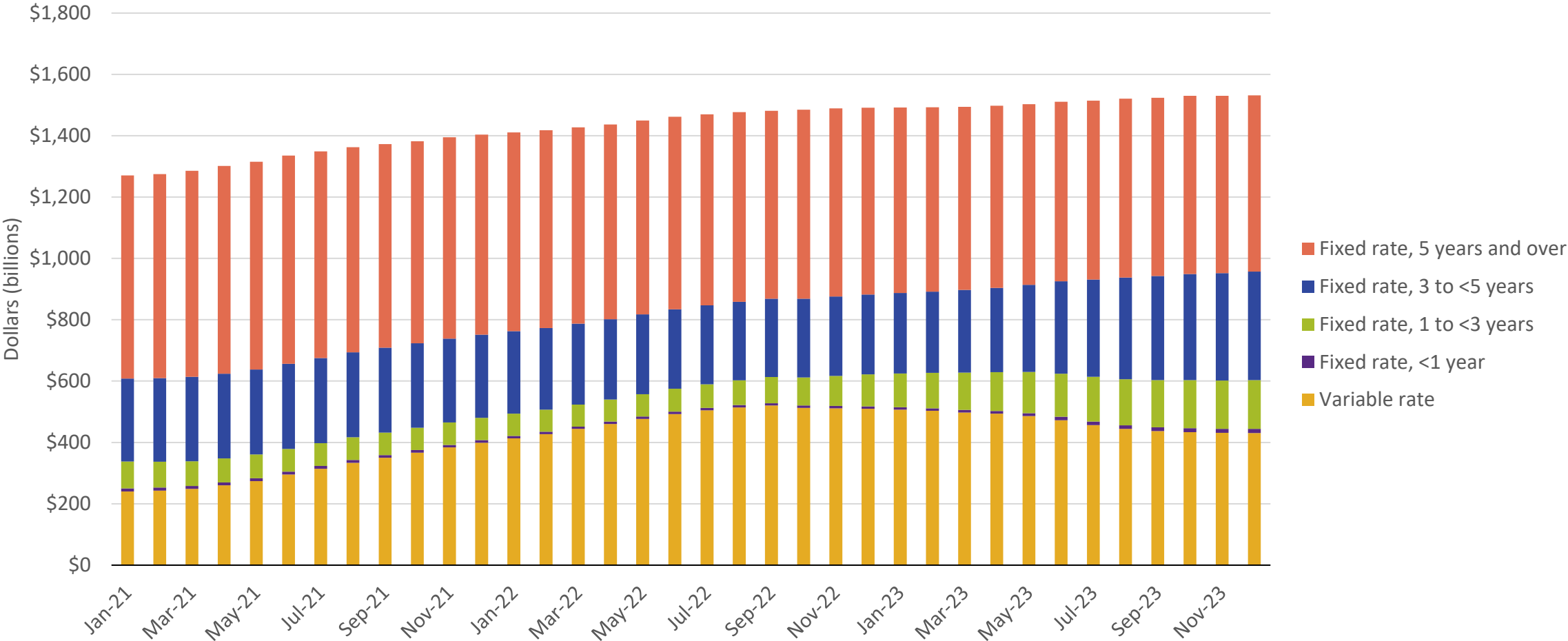
Wages Catching Up with Inflation

Annualized CPI and Wage Growth

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Soaring Interest Rates and Mortgage Servicing Costs

Variable Mortgage Rates and Servicing Costs

Legend:
— Estimated variable mortgage rate
— Estimated Monthly Payment $500,000 Mortgage

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Mortgage Pipeline Refinancing Into Higher Rates

Chartered Banks - Outstanding Mortgage Balances

Legend:
- Fixed rate, 5 years and over
- Fixed rate, 3 to <5 years
- Fixed rate, 1 to <3 years
- Fixed rate, <1 year
- Variable rate

Y-axis: Dollars (billions), $0 to $1,800

X-axis: Jan-21 to Nov-23

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Unprecedented Variable Rate Mortgage Originations
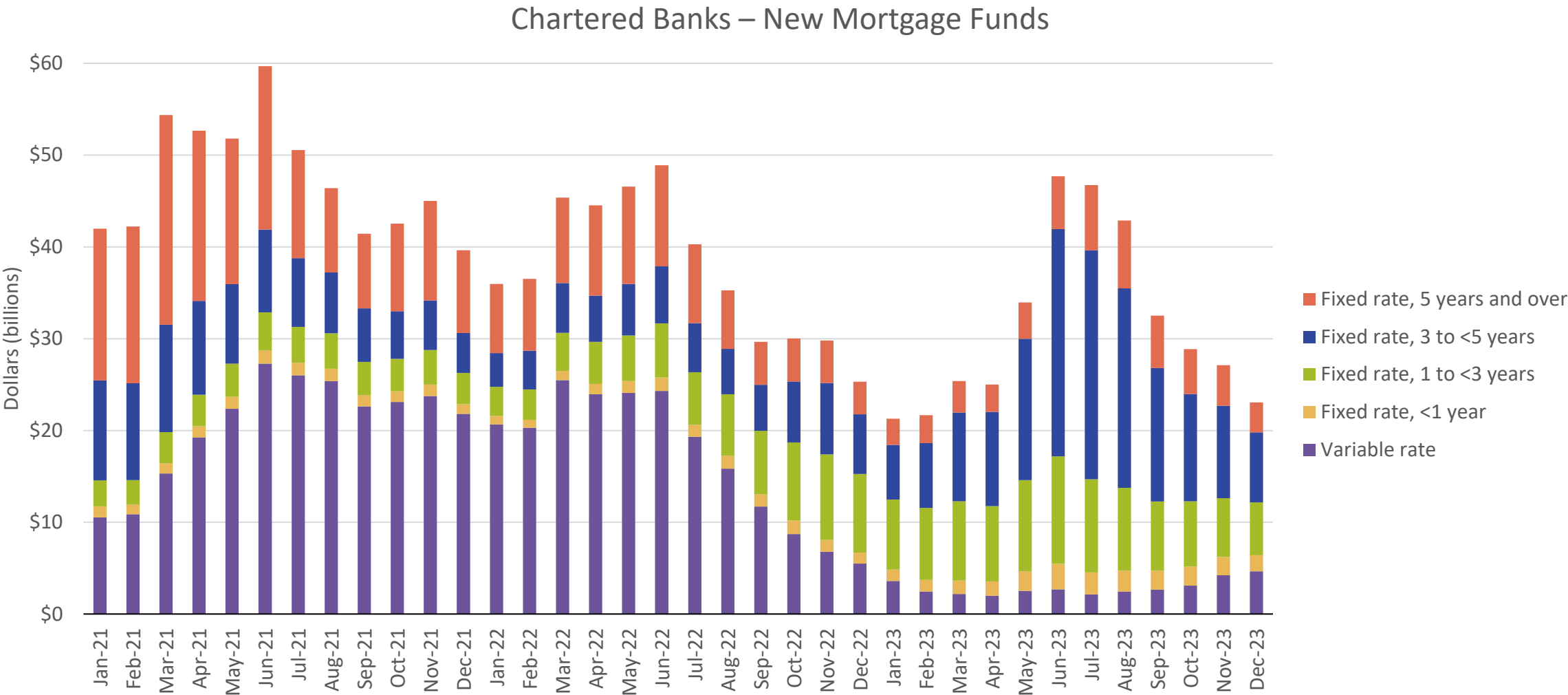
Chartered Banks – New Mortgage Funds

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Mortgage Pipeline Refinancing Into Higher Rates

Chartered Banks - Outstanding Mortgage Balances

Legend:
- Fixed rate, 5 years and over
- Fixed rate, 3 to <5 years
- Fixed rate, 1 to <3 years
- Fixed rate, <1 year
- Variable rate

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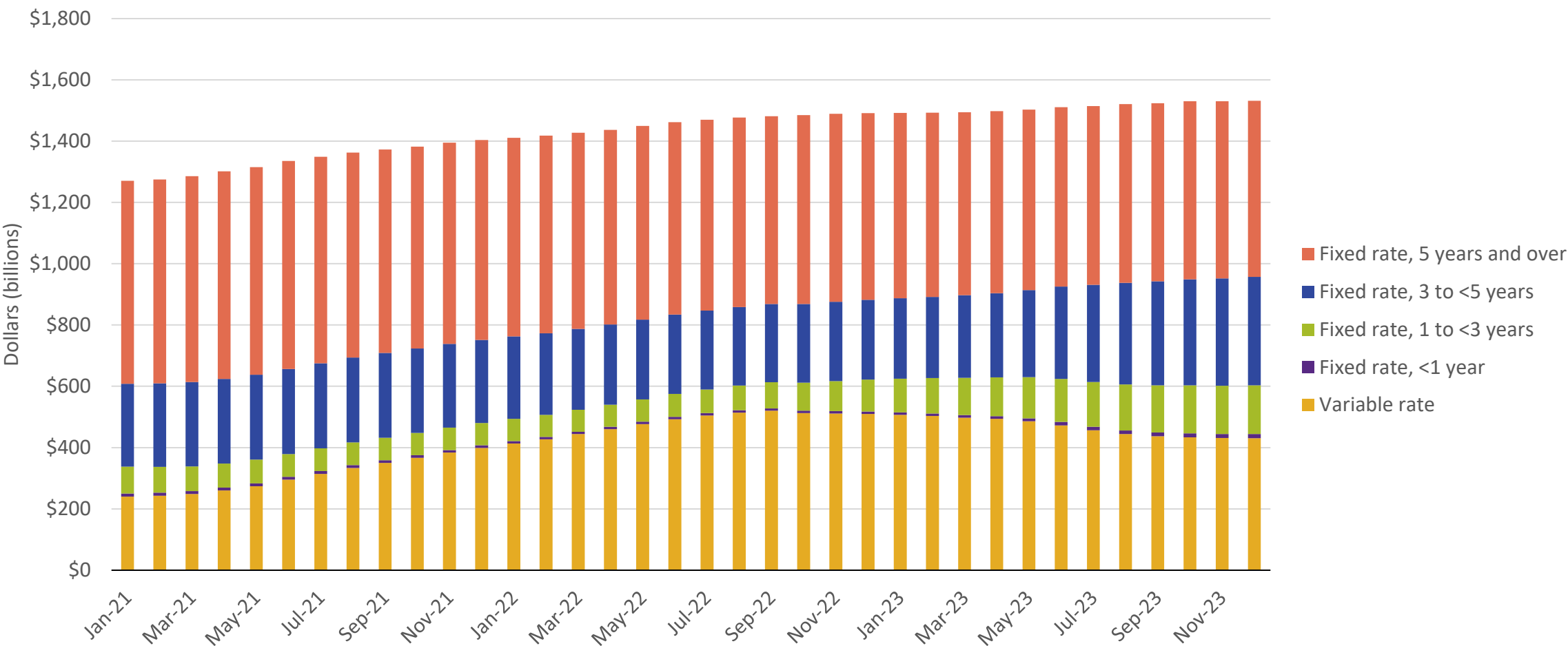
Economic Uncertainty

Canadian GDP - Real and Nominal

Legend:
- GDP (Real: 2012) — purple line
- GDP (Norminal: current) — yellow line
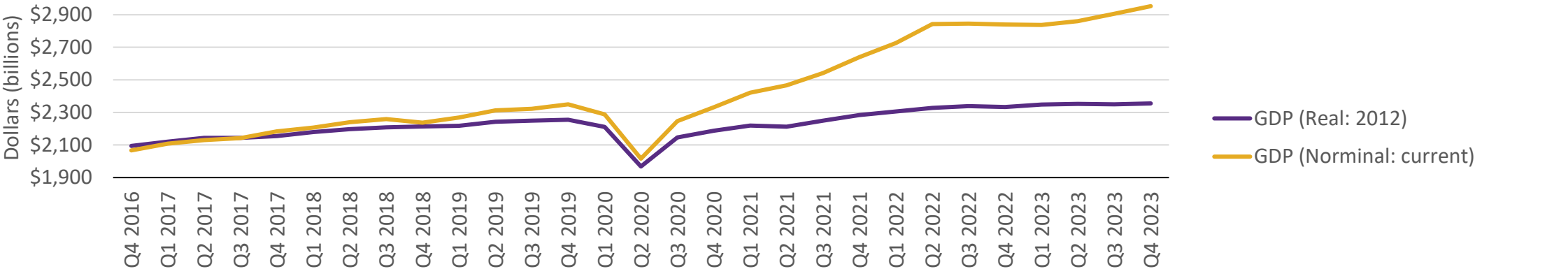
Canadian GDP per capita - Real and Nominal

Legend:
- GDP per capita (Real: 2012) — purple line
- GDP per capita (Norminal: current) — yellow line

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Where are Markets Going?

Market Performance Indicators, $100 2021

Legend:
— S&P/TSX Composite Total Return_Index
— FTSE TMX Canada Universe Bond_Index
— Teranet HPI
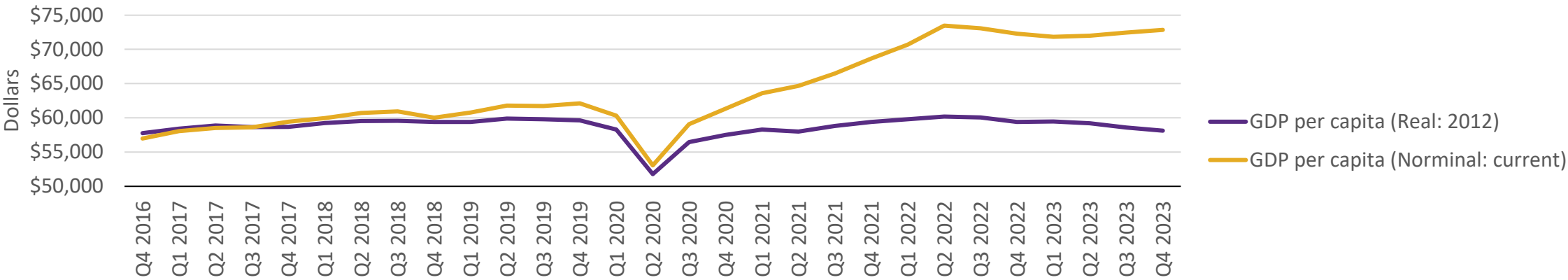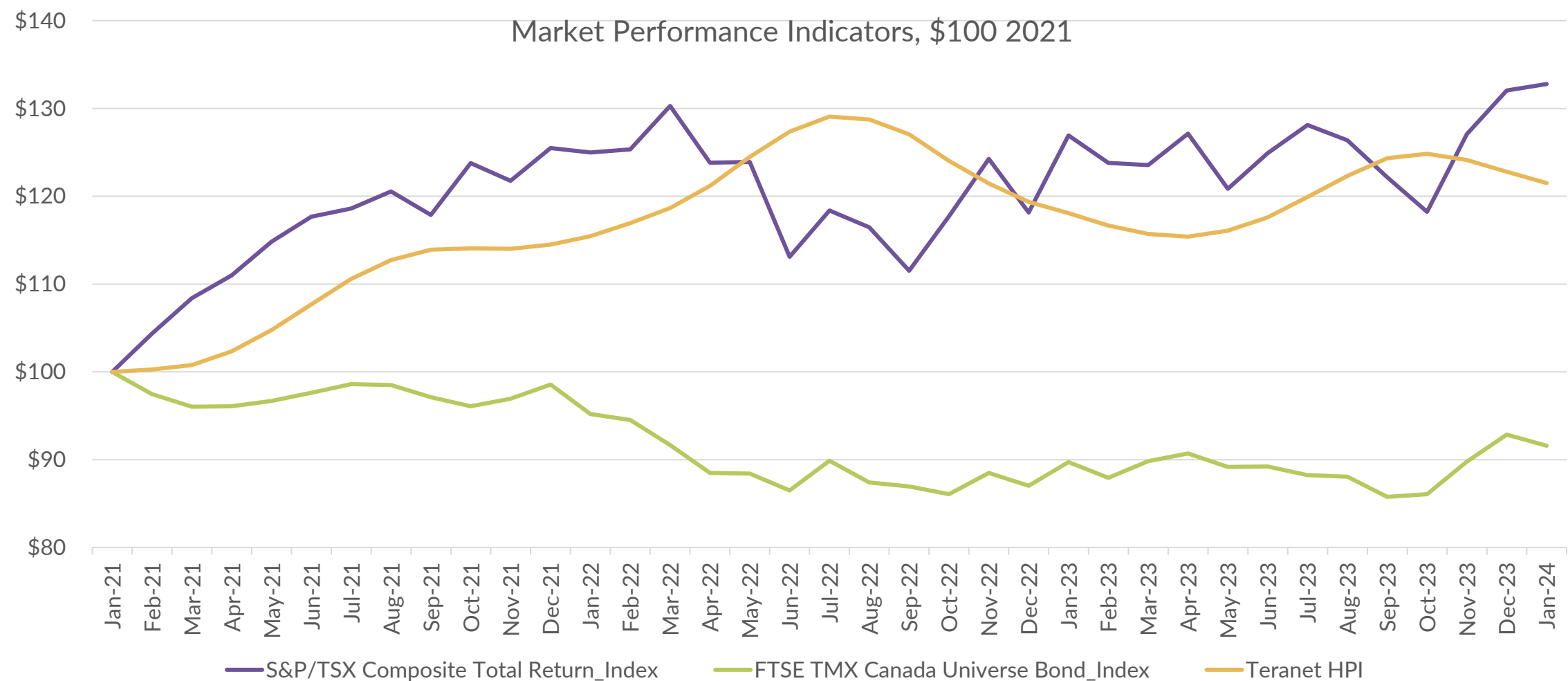
WealthScapes Suite of Products

Targeted geodemographic view of household wealth to give your organization the insights it needs

What Is It?

WealthScapes

- 216 key financial and investment variables to understand Canadian's assets, liabilities, and income

- Recently rebuilt using a new methodology that allows for easier integration for new data sources, increases stability in our micro estimates, and improves the alignment of the product across geography

- Built using sophisticated modelling techniques and controlled with data from authoritative sources (e.g., Bank of Canada, Canada Revenue Agency, and Statistics Canada)

- Financial institutions, charitable organizations, and large retailers can use WealthScapes to better understand the financial and investment behaviour of their customers

CY Households with Income $200,000 Or Over- Incidence (%)
Victoria, BC

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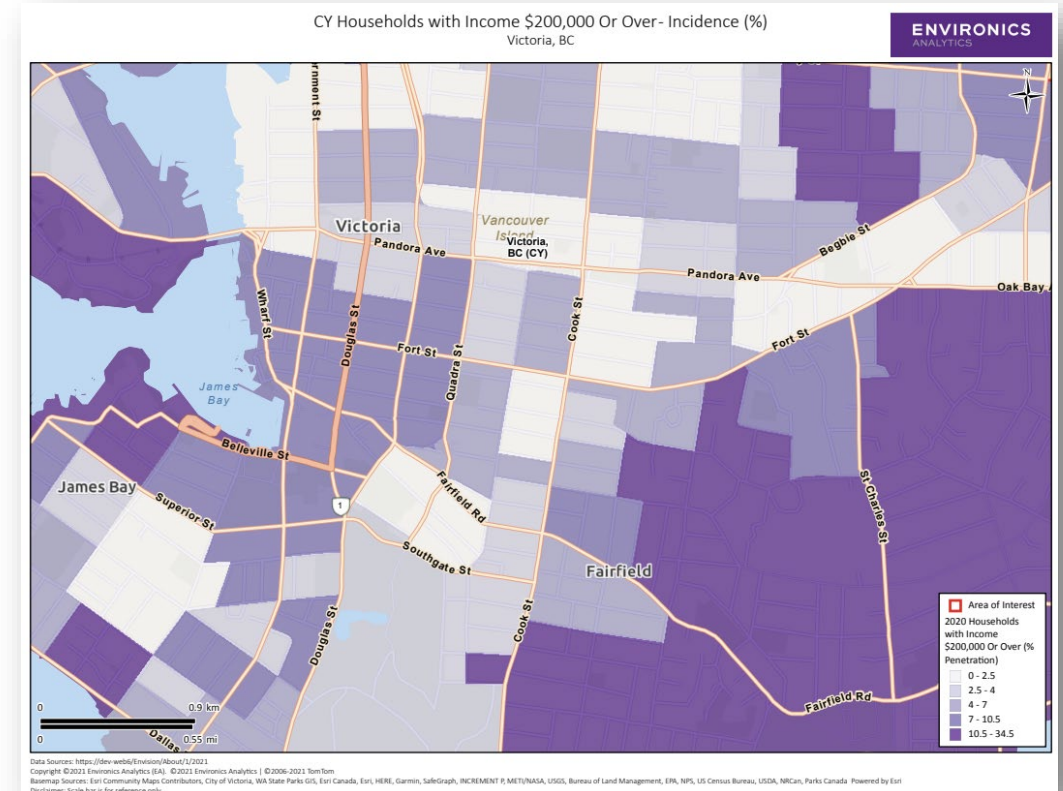
What Is It?

- LiquidAssets measures the distribution of households by liquid asset holdings and further classifies the distribution by maintainer age or household income

- Provides a detailed view of the liquid asset value of Canadian households as well as their overall financial position down to the dissemination area level

- Use LiquidAssets with PRIZM to calculate potential sales opportunities and find high-value prospects based on high-income levels and accumulated assets
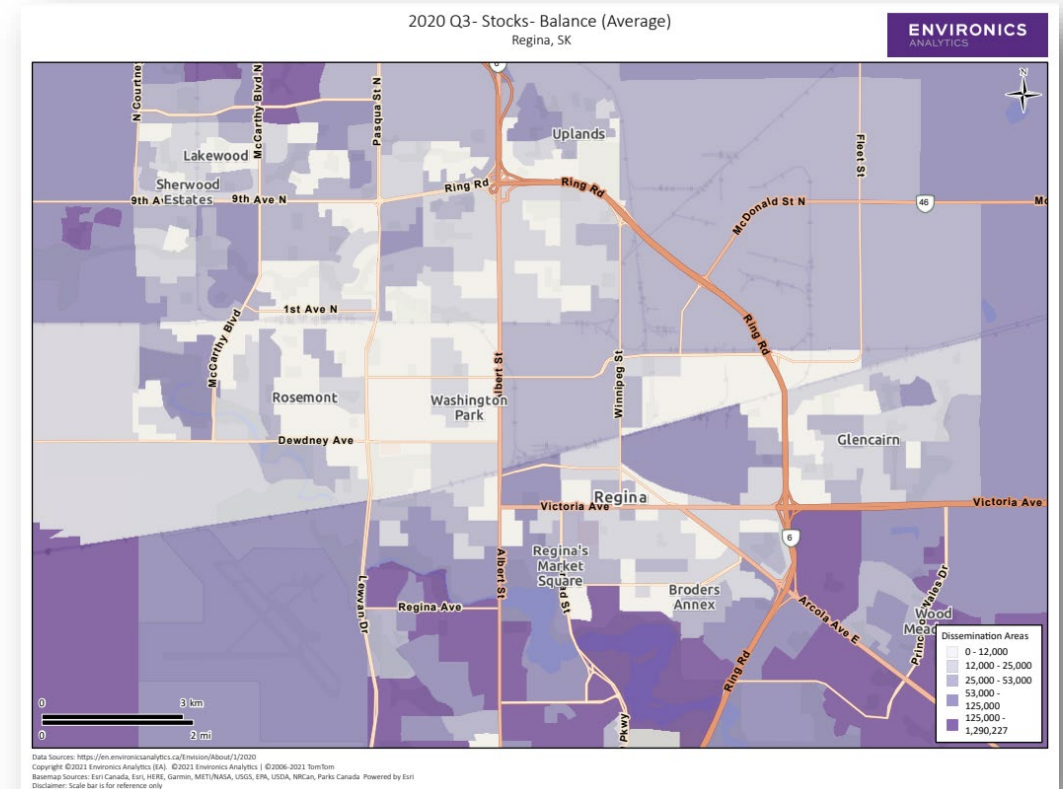

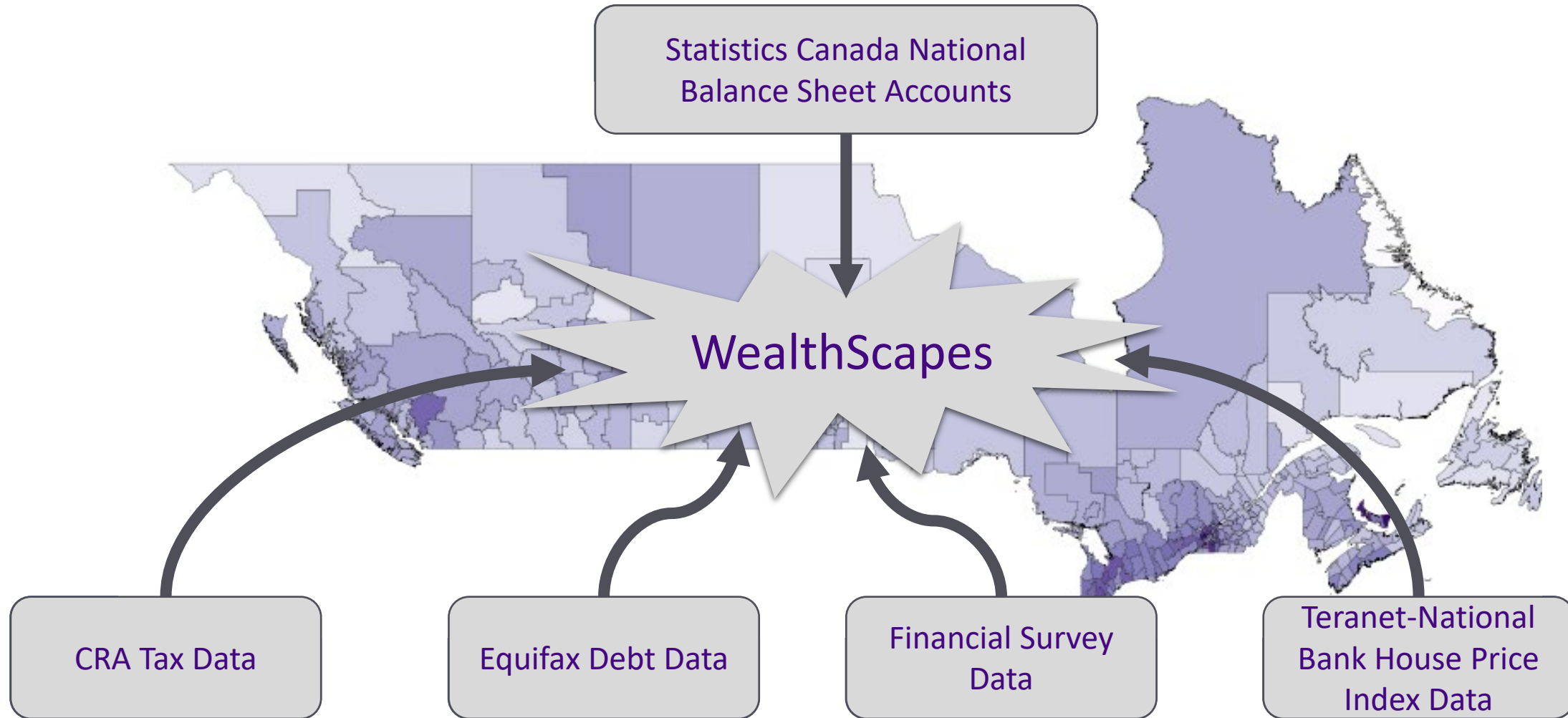2021 Liquid Assets $2,000,000+: Liquid Assets (Index)
London, ON
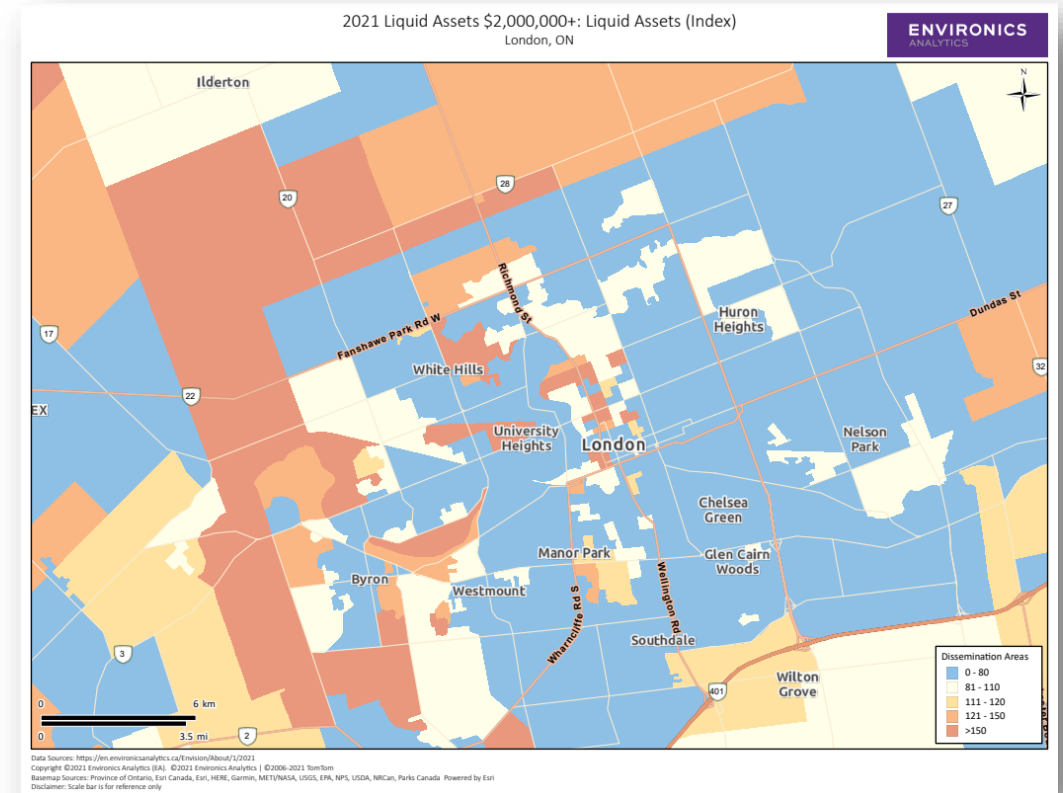
What Is It?

- Set of 33 variables updated quarterly at the dissemination-area level

- Quarterly estimates are modelled using inputs and control totals from:

  - Equifax

  - Teranet

  - Canadian Financial Monitor

  - Bank of Canada

  - Labour Force Survey

  - National Economic Accounts

  - DemoStats

- WealthTrends can be used by financial institutions, retailers, and governments to adjust strategies to reflect the most recent economic conditions

2020 Q3- Stocks- Balance (Average)
Regina, SK

From Disparate Data to WealthScapes

Statistics Canada National Balance Sheet Accounts

WealthScapes

CRA Tax Data

Equifax Debt Data

Financial Survey Data

Teranet-National Bank House Price Index Data

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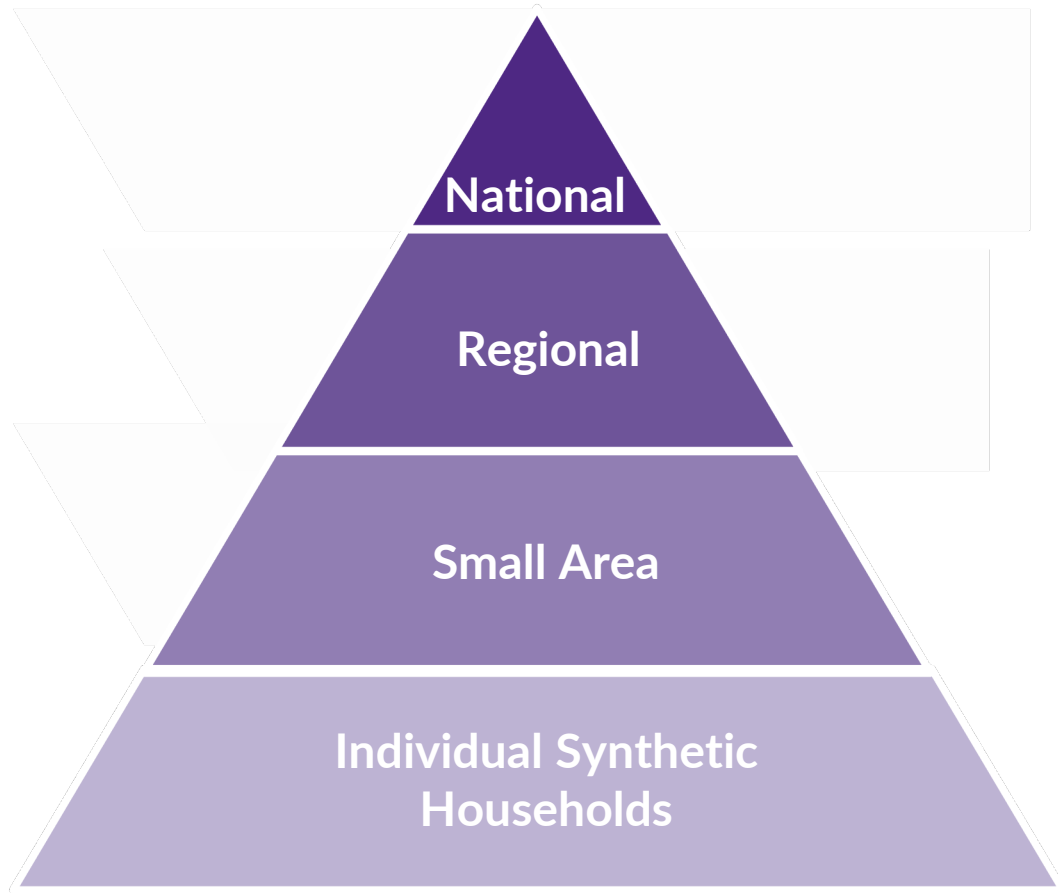
WealthScapes - Built On a Geodemographic Base

Data Sources
- Statistics Canada National Balance Sheet Accounts
- Pension Satellite Account
- Bank of Canada
- CANSIM

- Teranet HPI
- CREA HPI

- Equifax
- CRA Income Tax Data & Longitudinal Administrative Data
- CensusPlus
- Census

- Demostats Hypercube
- Statistics Canada Survey of Financial Security
- Canadian Financial Monitor
- Statistics Canada Canadian Income Survey

The pyramid (top to bottom): National, Regional, Small Area, Individual Synthetic Households

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WealthScapes Suite of Products

Breaking down the household balance sheet

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WealthScapes' View of the Household Balance Sheet 2022Q4

Financial Assets	**$ 430,993**
Pensions	**$ 157,147**
Real Estate	**$ 507,624**
Debt	**$ 180,726**
Net Worth	**$ 915,037**
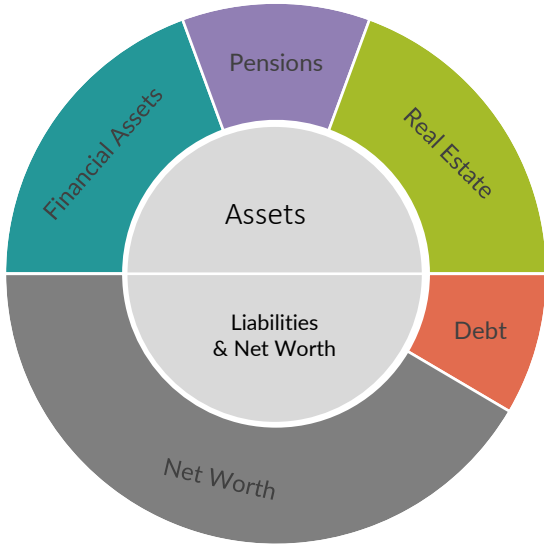
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WealthScapes' View of the Household Balance Sheet 2022Q4

Financial Assets	**$ 430,993**
Unlisted Shares	$ 98,503
Savings	$ 130,419
Investments	$ 202,070
Bonds	$ 7,665
Stocks	$ 47,753
Mutual Funds	$ 108,819
Segregated Funds	$ 25,377
ETFs	$ 12,456
Pensions	**$ 157,147**
Real Estate	**$ 507,624**
Primary	$ 409,409
Other	$ 98,215
Debt	**$ 180,726**
Mortgages	$ 134,000
Consumer Debt	$ 46,726
Net Worth	**$ 915,037**
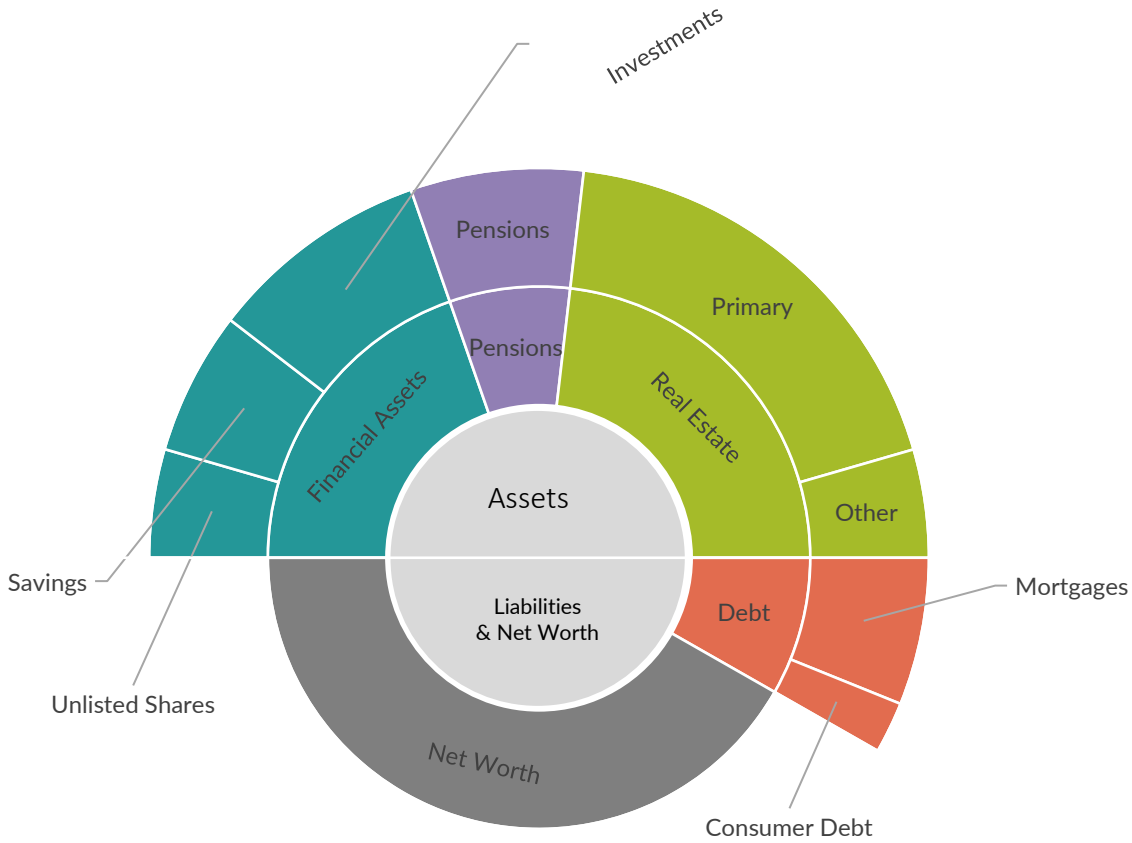
ENVIRONICS
ANALYTICS

WealthScapes' View of the Household Balance Sheet 2022Q4

Financial Assets	**$ 430,993**
Unlisted Shares	$ 98,503
Savings	$ 130,419
Demand Deposits	$ 76,173
Term Deposits	$ 54,246
Investments	$ 202,070
Bonds	$ 7,665
Stocks	$ 47,753
Mutual Funds	$ 108,819
Segregated Funds	$ 25,377
ETFs	$ 12,456
Pensions	**$ 157,147**
Real Estate	**$ 507,624**
Primary	$ 409,409
Other	$ 98,215
Debt	**$ 180,726**
Mortgages	$ 134,000
Consumer Debt	$ 46,726
Credit Cards	$ 7,786
Loans	$ 17,938
Lines of Credit	$ 21,003
Net Worth	**$ 915,037**
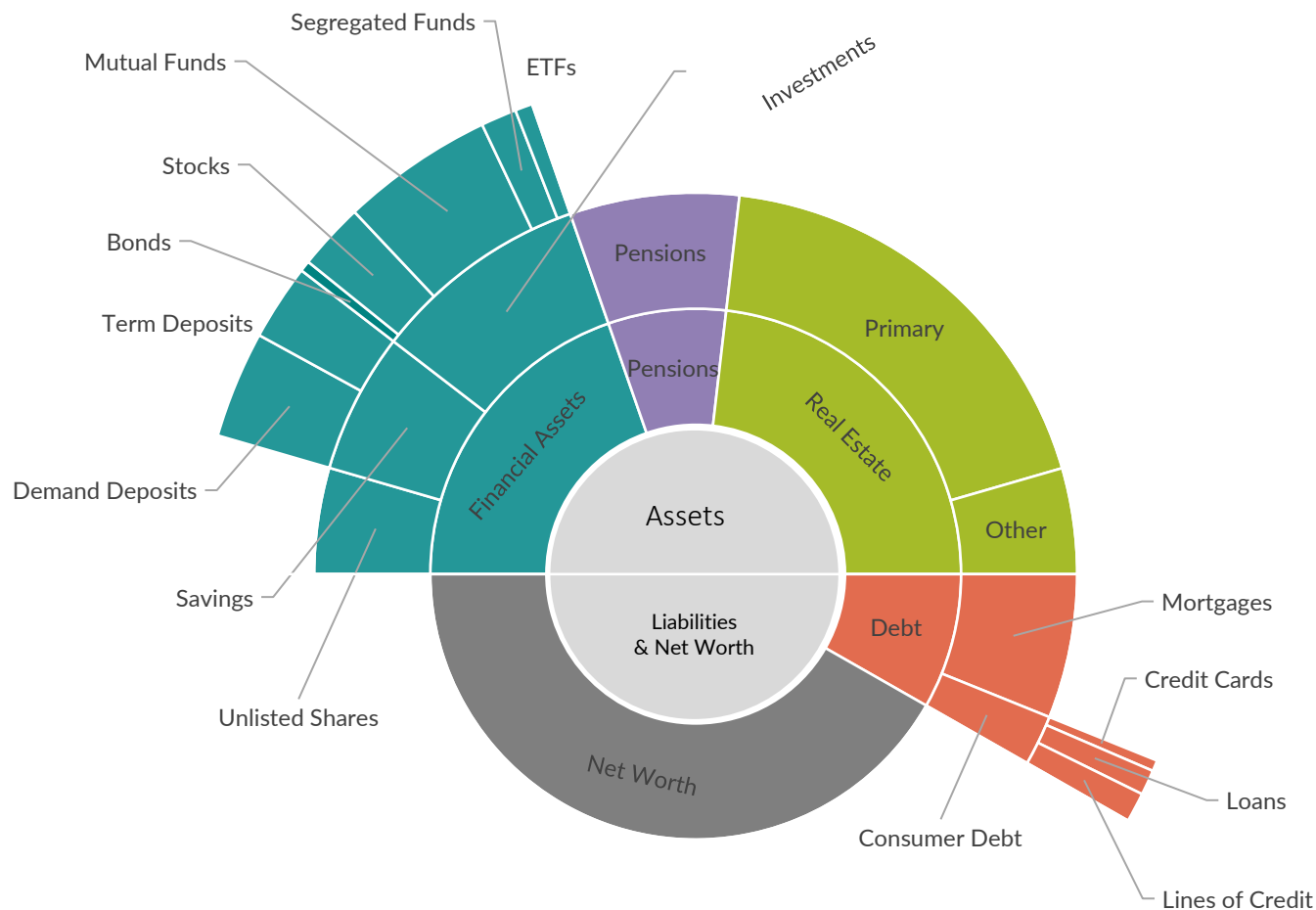
Net Worth by Region and CMA

© Environics Analytics 2024
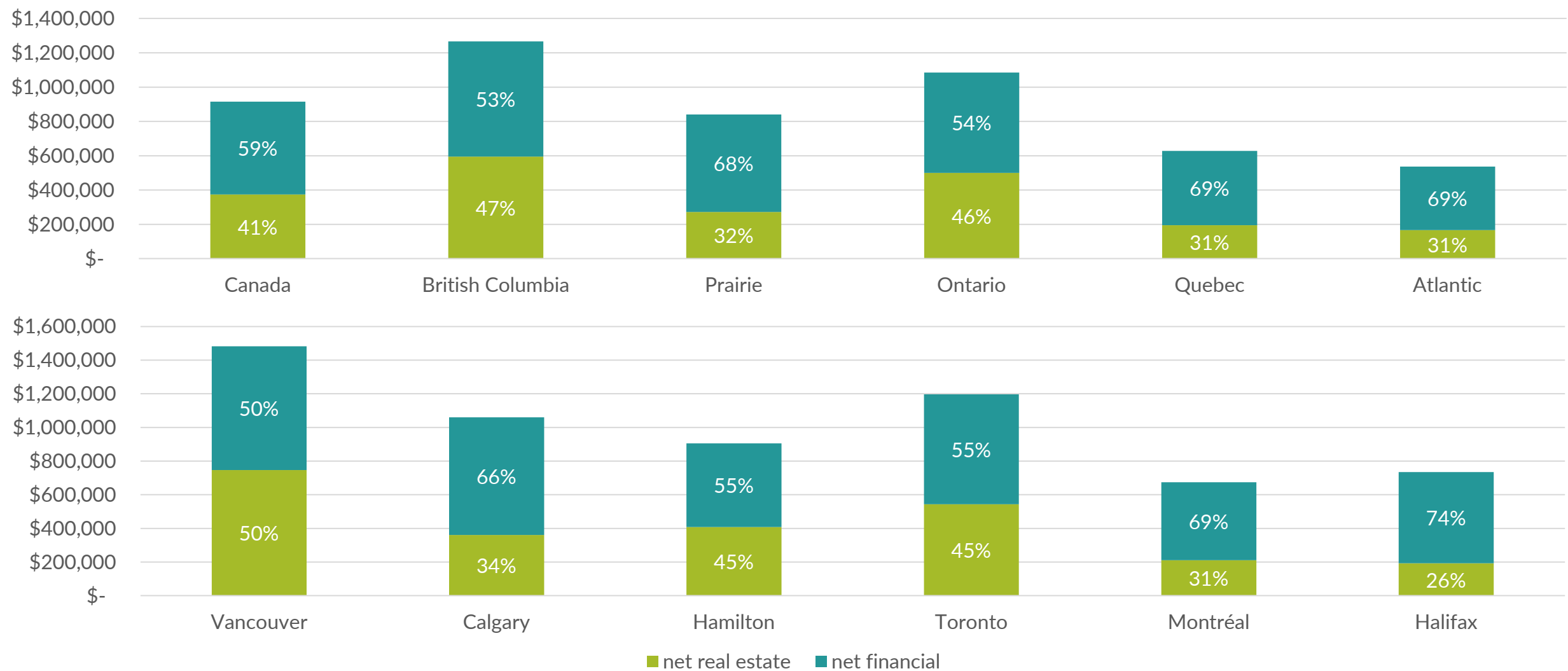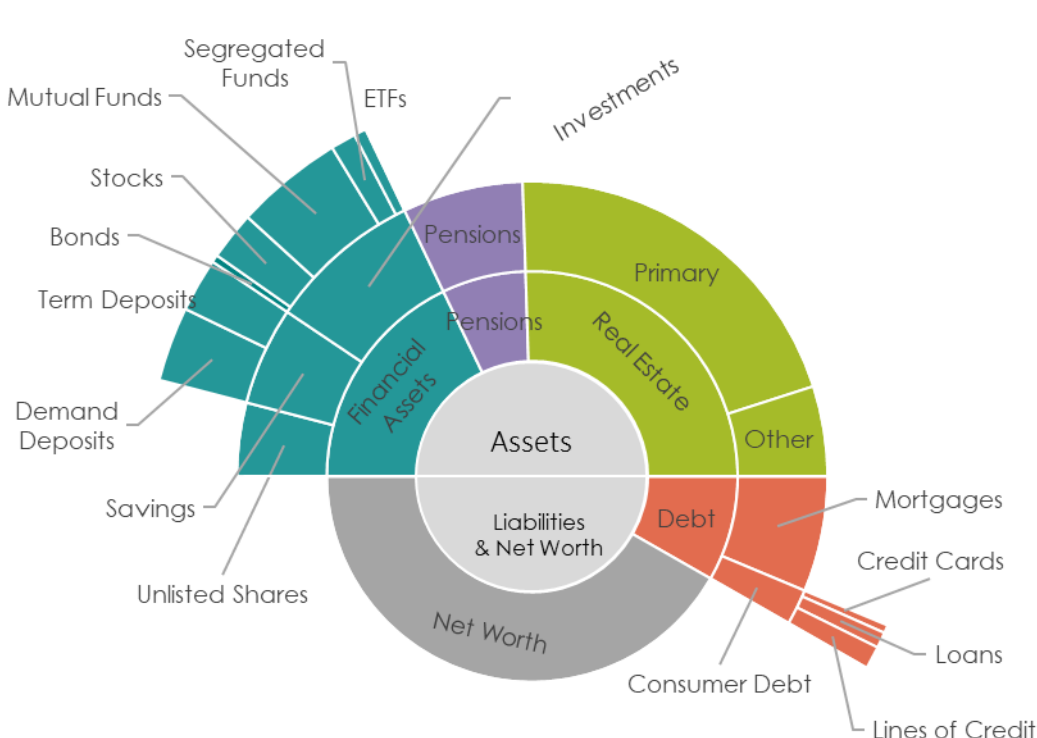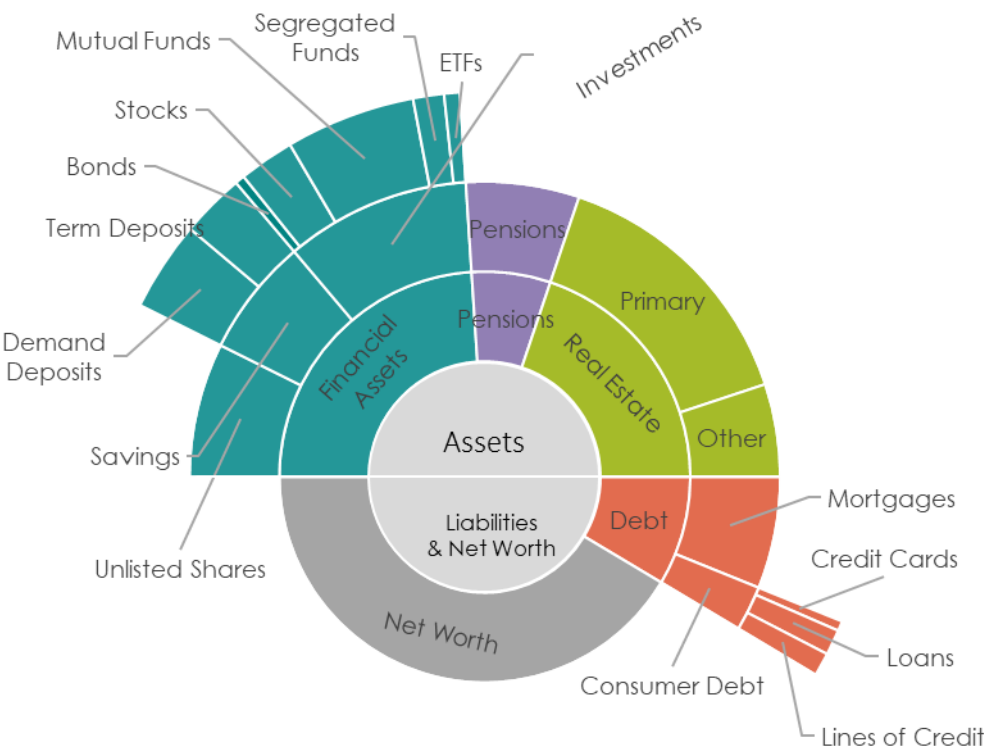
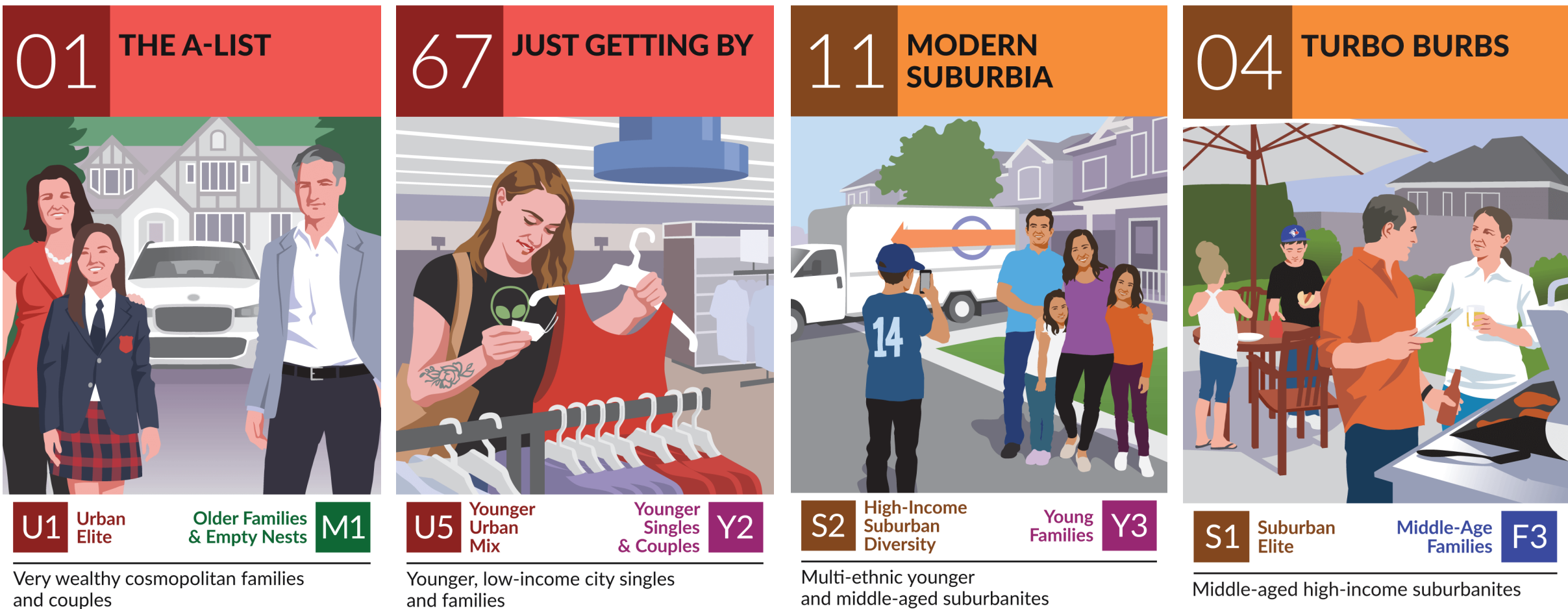# Regional Differences Between Average Household Balance Sheets

Region: Ontario
Average Net Worth: 1.1M
Average Disposable Income: 87.3k

Region: Alberta
Average Net Worth: 925k
Average Disposable Income: 86.6k

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PRIZM Profiles

01 THE A-LIST

U1 Urban Elite

Older Families & Empty Nests **M1**

Very wealthy cosmopolitan families and couples

67 JUST GETTING BY

U5 Younger Urban Mix

Younger Singles & Couples **Y2**

Younger, low-income city singles and families

11 MODERN SUBURBIA

S2 High-Income Suburban Diversity

Young Families **Y3**

Multi-ethnic younger and middle-aged suburbanites

04 TURBO BURBS

S1 Suburban Elite

Middle-Age Families **F3**

Middle-aged high-income suburbanites
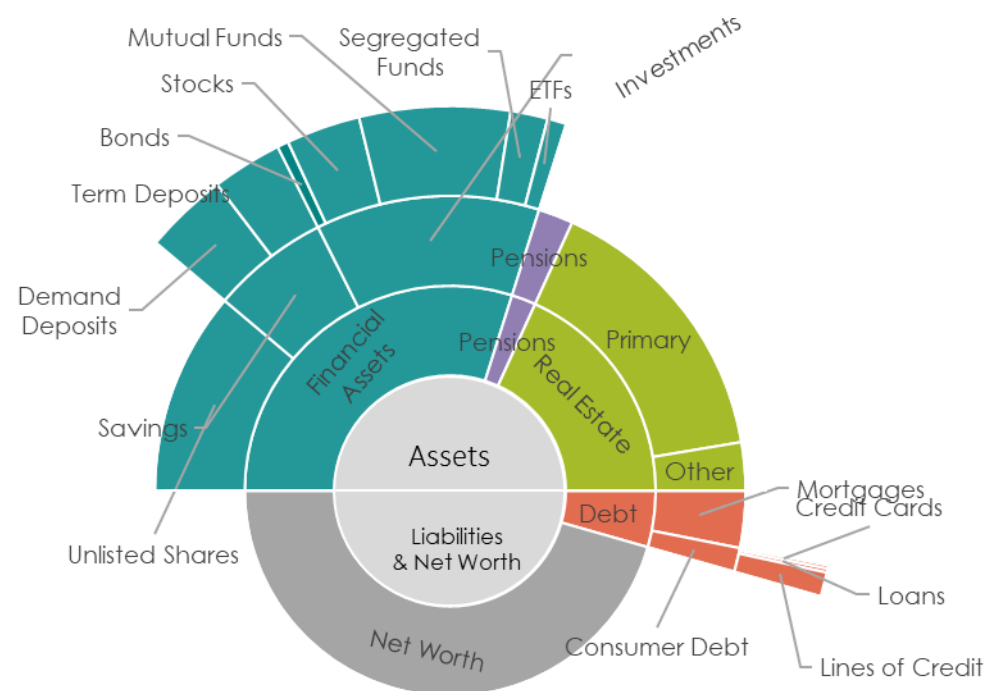
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Regional Differences Between Average Household Balance Sheets
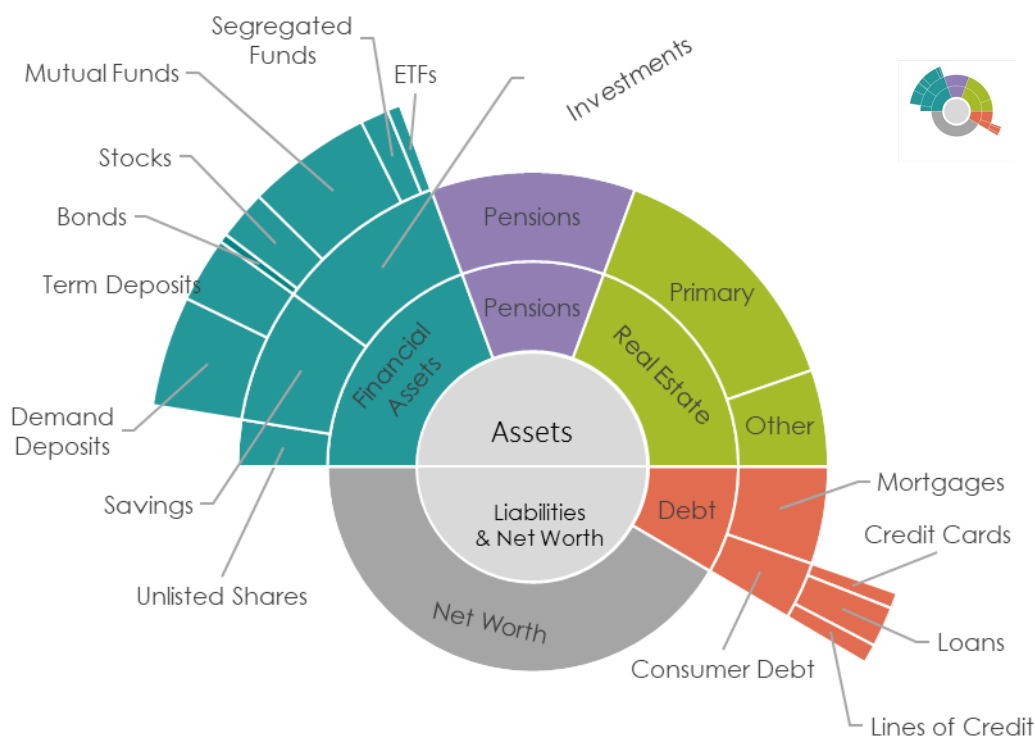
Segment: The A-list
Average Net Worth: 6.0M
Average Disposable Income: 253.2k

Segment: Just Getting By
Average Net Worth: 300k
Average Disposable Income: 50.5k

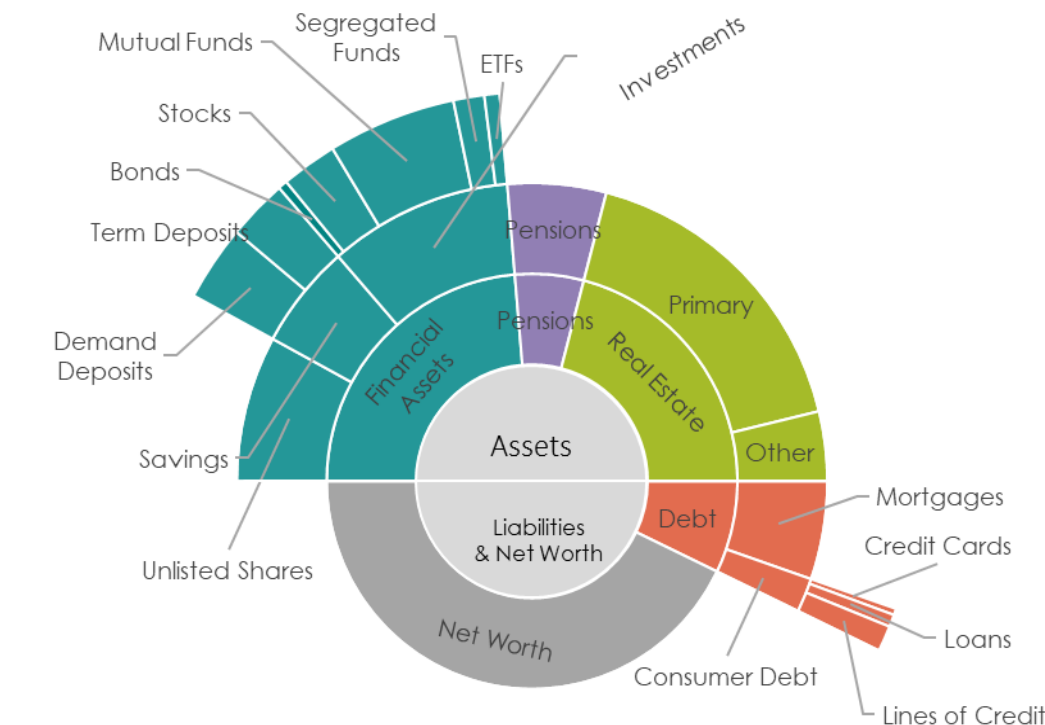© Environics Analytics 2024

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Regional Differences Between Average Household Balance Sheets

Segment: Turbo Burbs
Average Net Worth: 2.2M
Average Disposable Income: 130k

Segment: Modern Suburbia
Average Net Worth: 780k
Average Disposable Income: 100k

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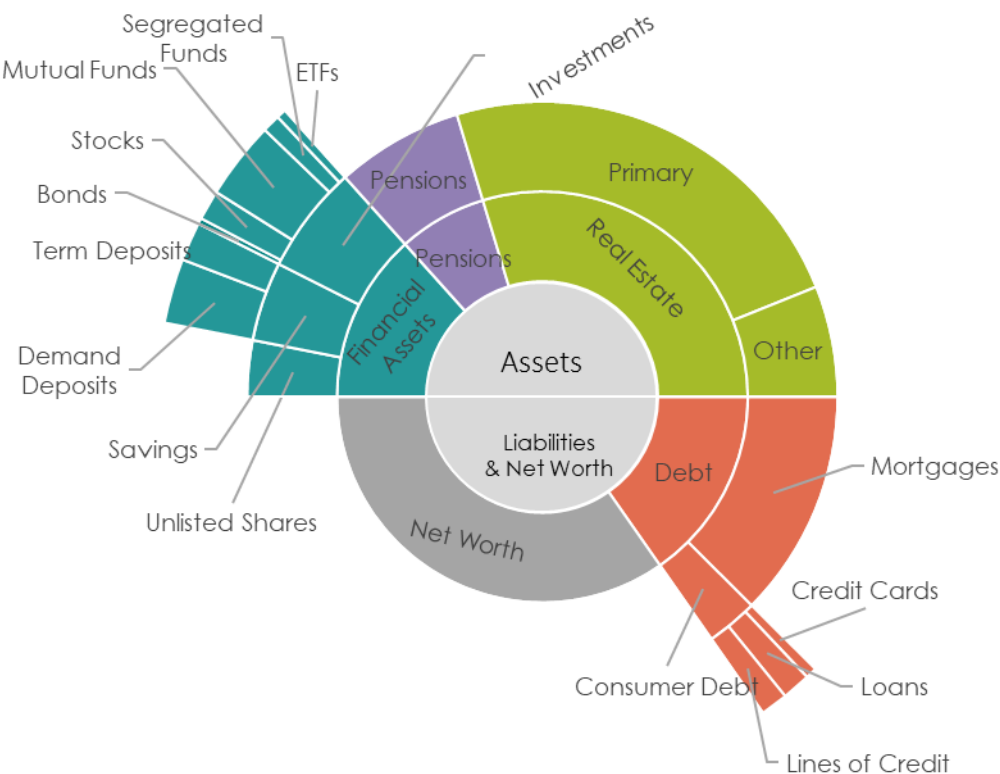
Rising Borrowing Costs

WealthScapes and LiquidAssets Insights

Real Estate, Mortgages and Net Equity Across Regions and CMAs

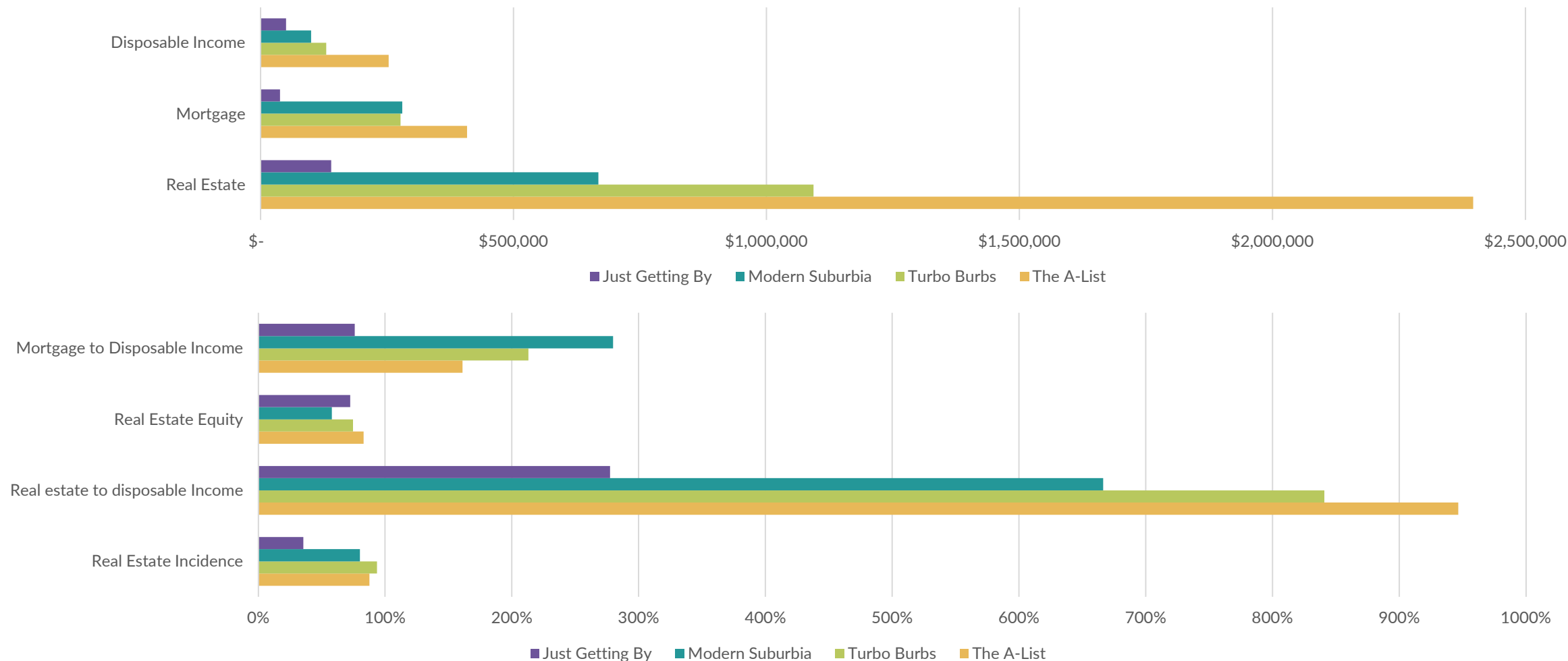© Environics Analytics 2024

Mortgage to Disposable Income Across Regions and CMAs

Legend: ■ Mortgage ■ Disposable Income

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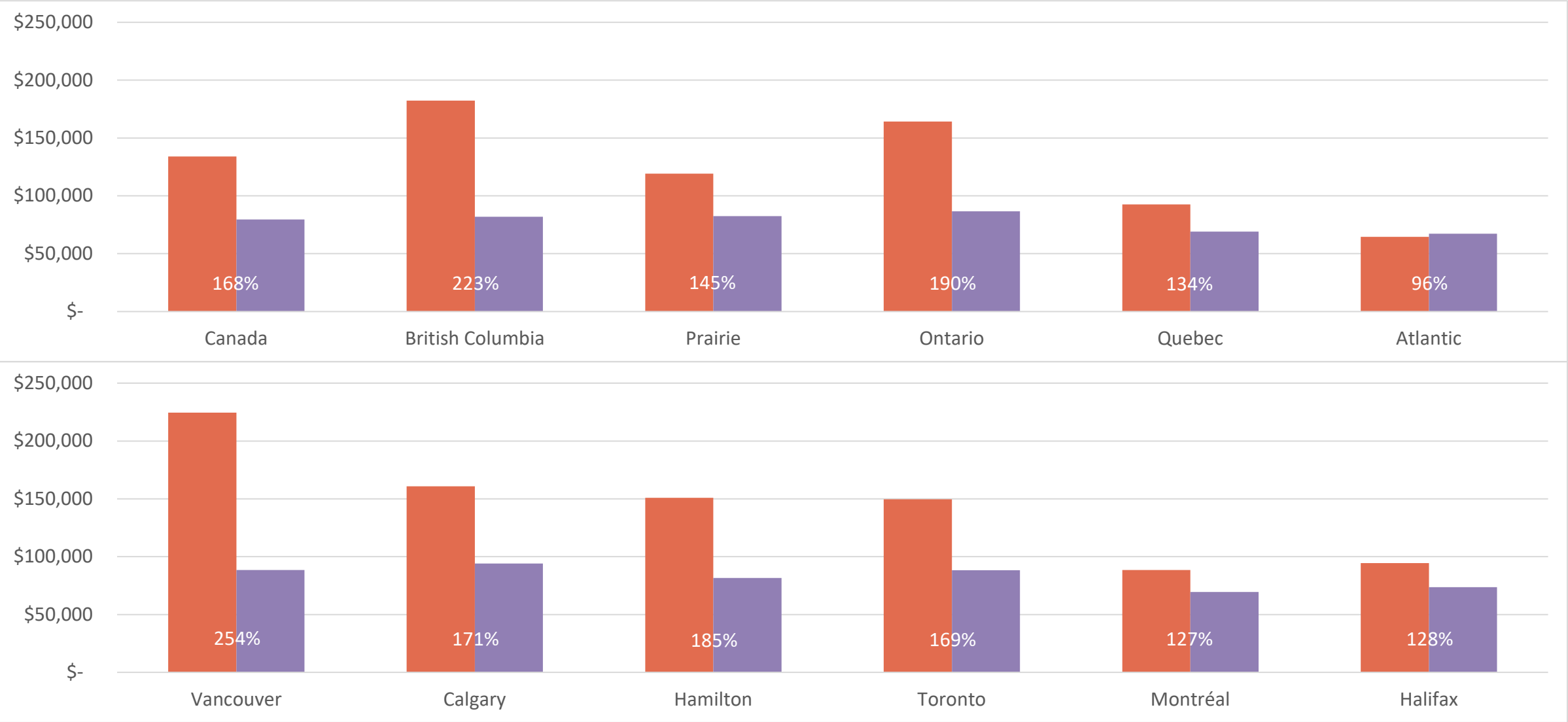
PRIZM Profiles – Real Estate Leverage and Debt Servicing
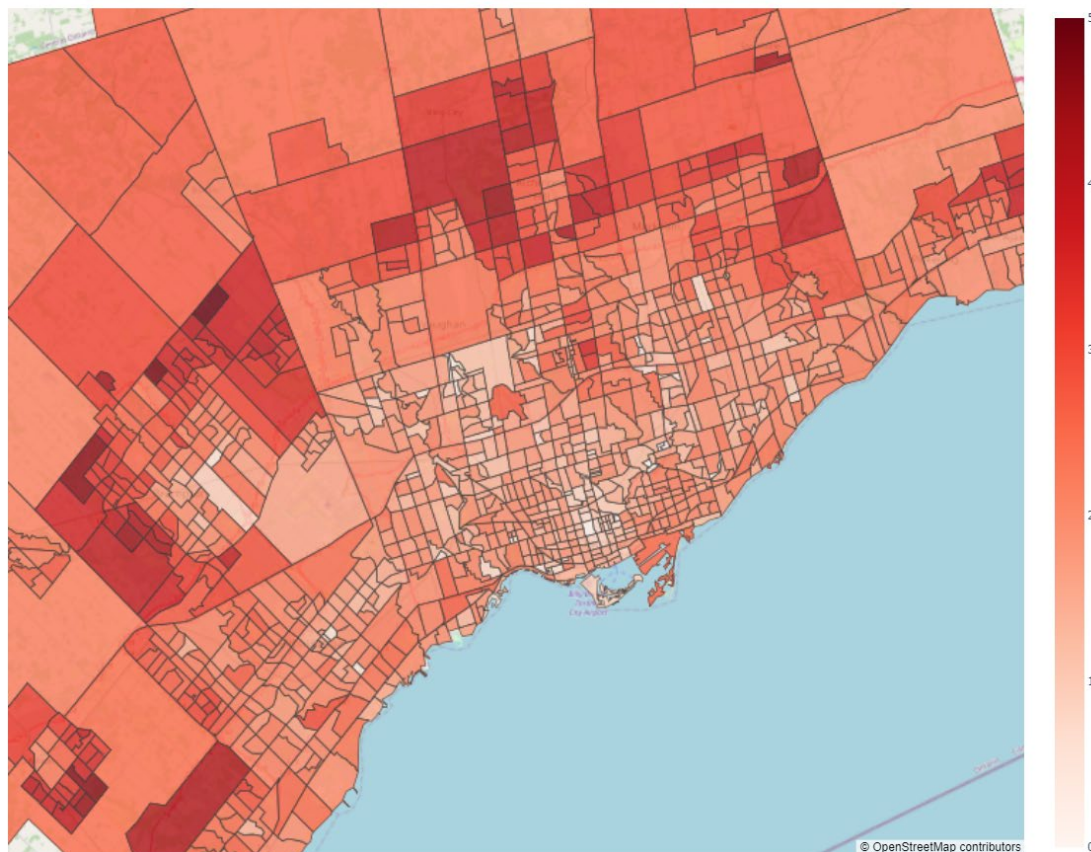

Real Estate Exposure by PRIZM Segment

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Peaking Into The Distributions – Finding Vulnerable Households

Mortgage Balance by Income, # Households
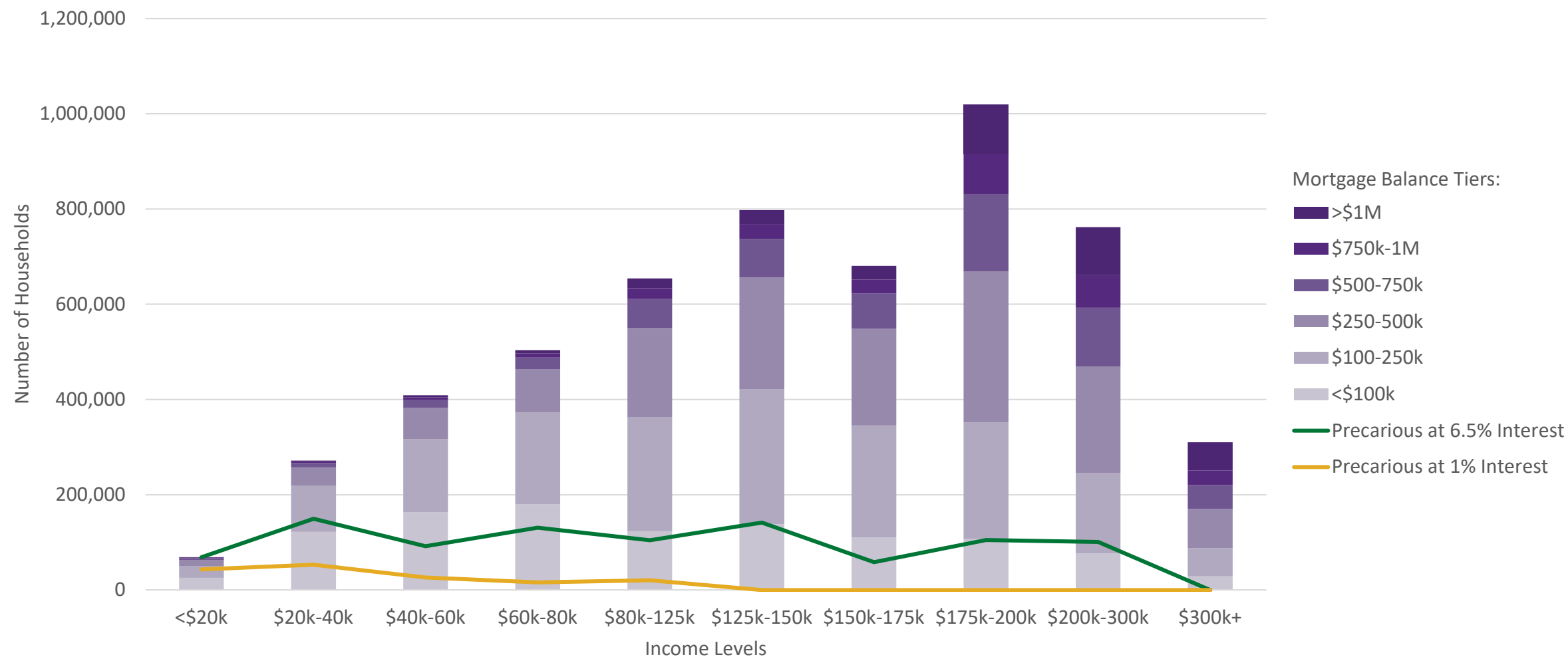
Mortgage Balance Tiers:
- >$1M
- $750k-1M
- $500-750k
- $250-500k
- $100-250k
- <$100k
- Precarious at 6.5% Interest
- Precarious at 1% Interest

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Peaking Into The Distributions – Finding Vulnerable Households

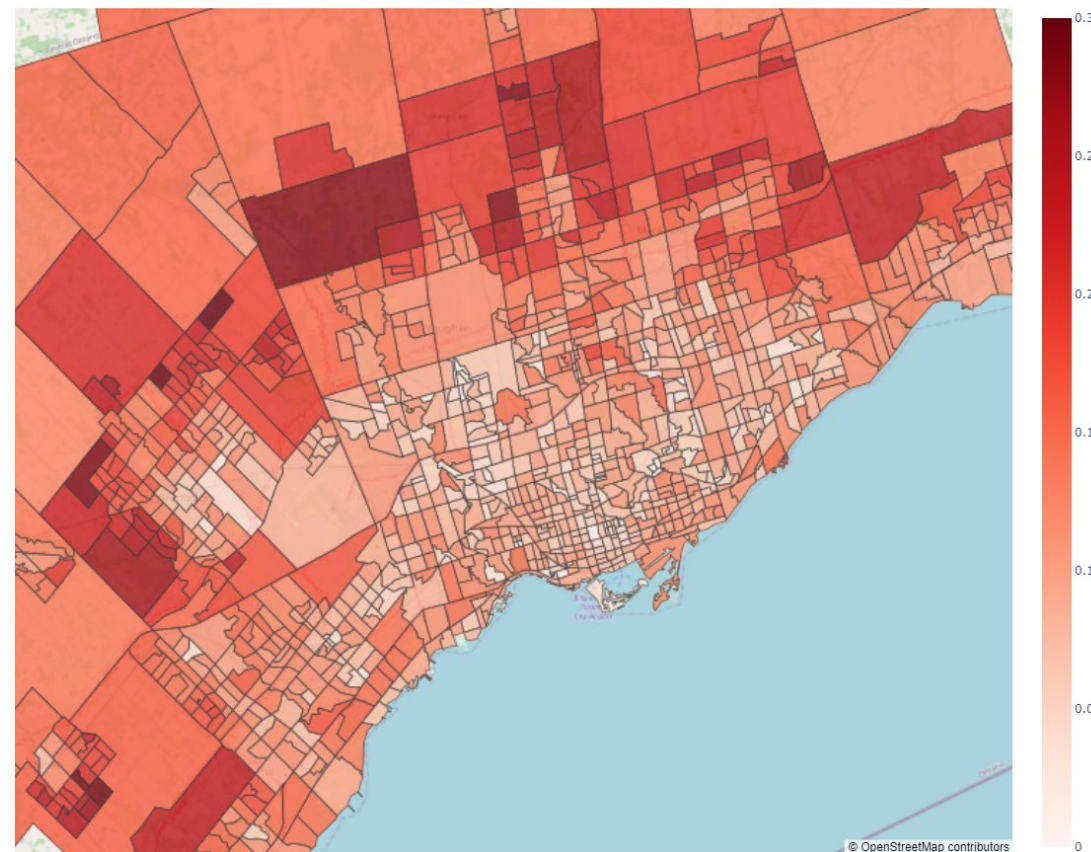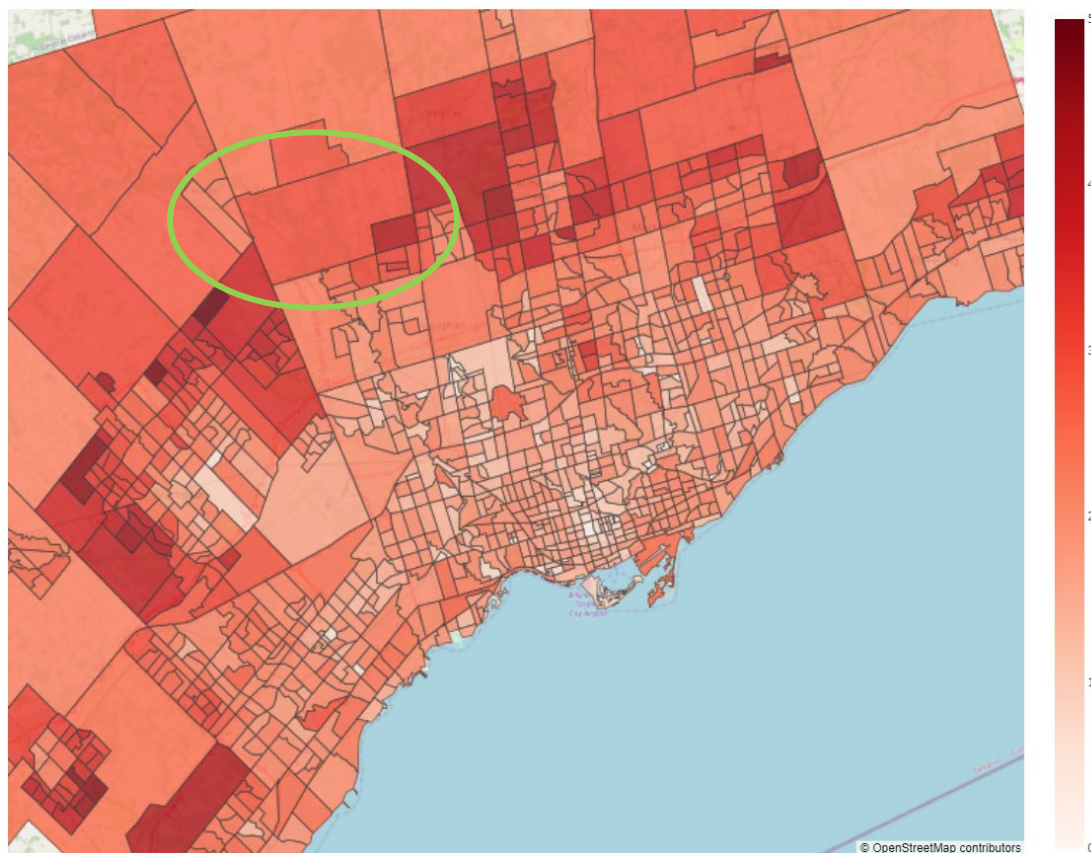Debt to disposable income

Percent at-risk households

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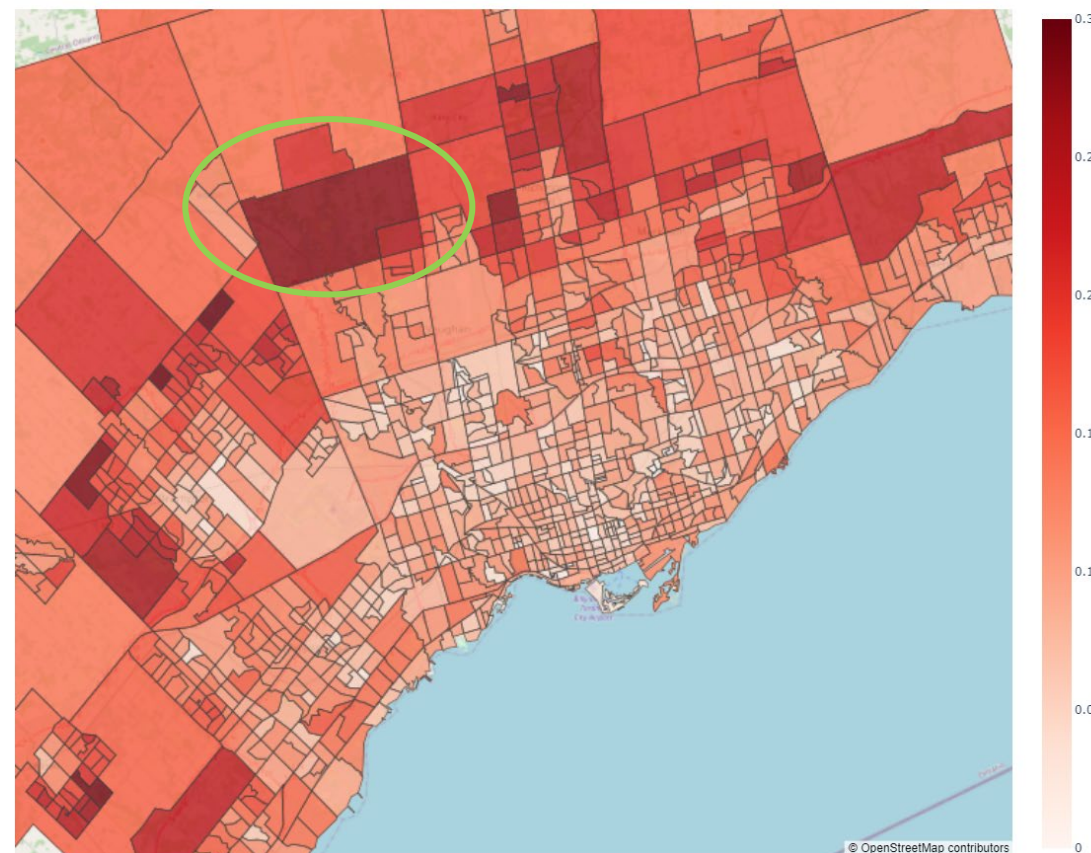
Peaking Into The Distributions – Finding Vulnerable Households

Debt to disposable income

Percent at-risk households

© Environics Analytics 2024
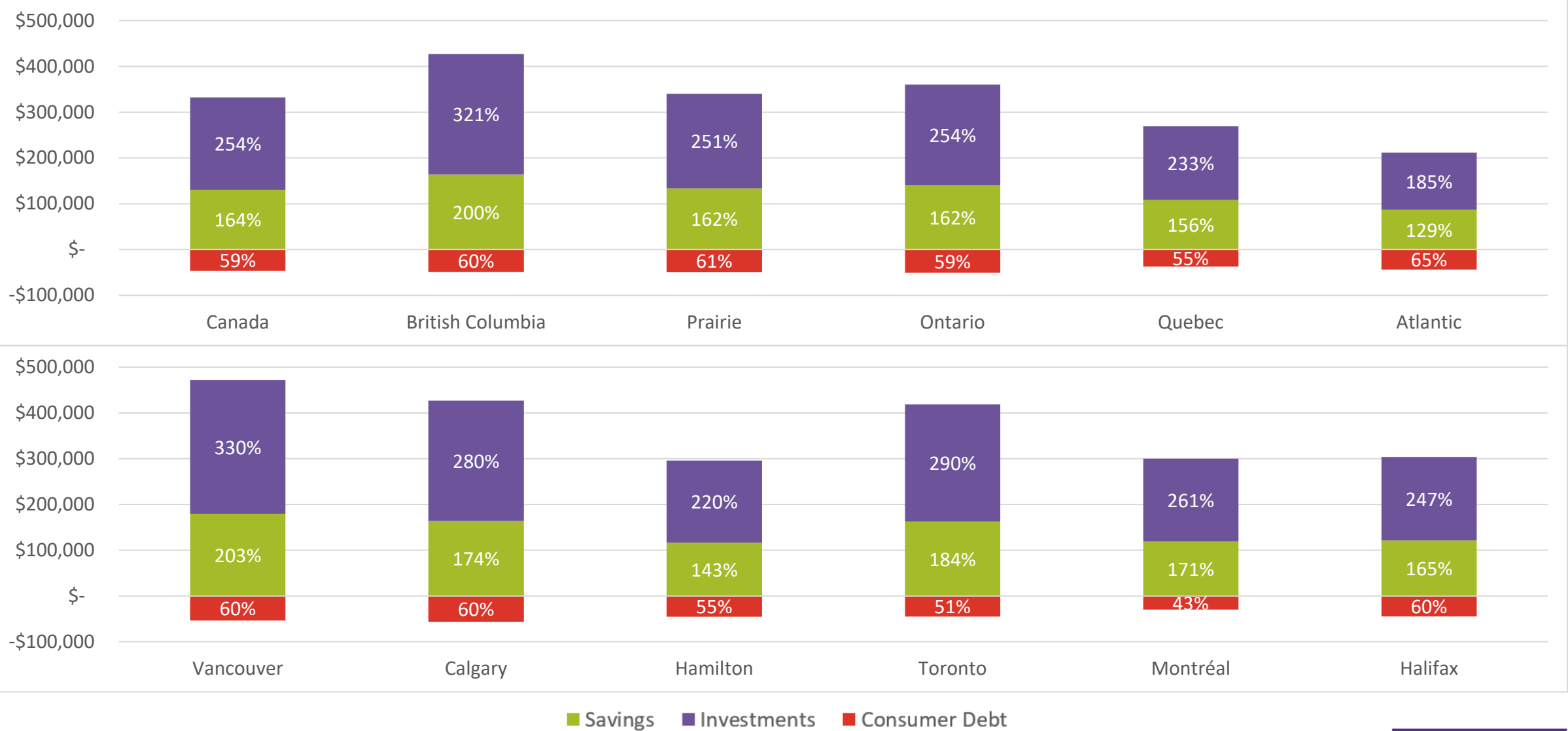
WealthScapes Suite of Products

Savings buffers and emergency funds

Liquid Assets and Consumer Debt by Region and CMA

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Average LiquidAssets Balances – Financially Vulnerable or Resilient?

Average Liquid Assets
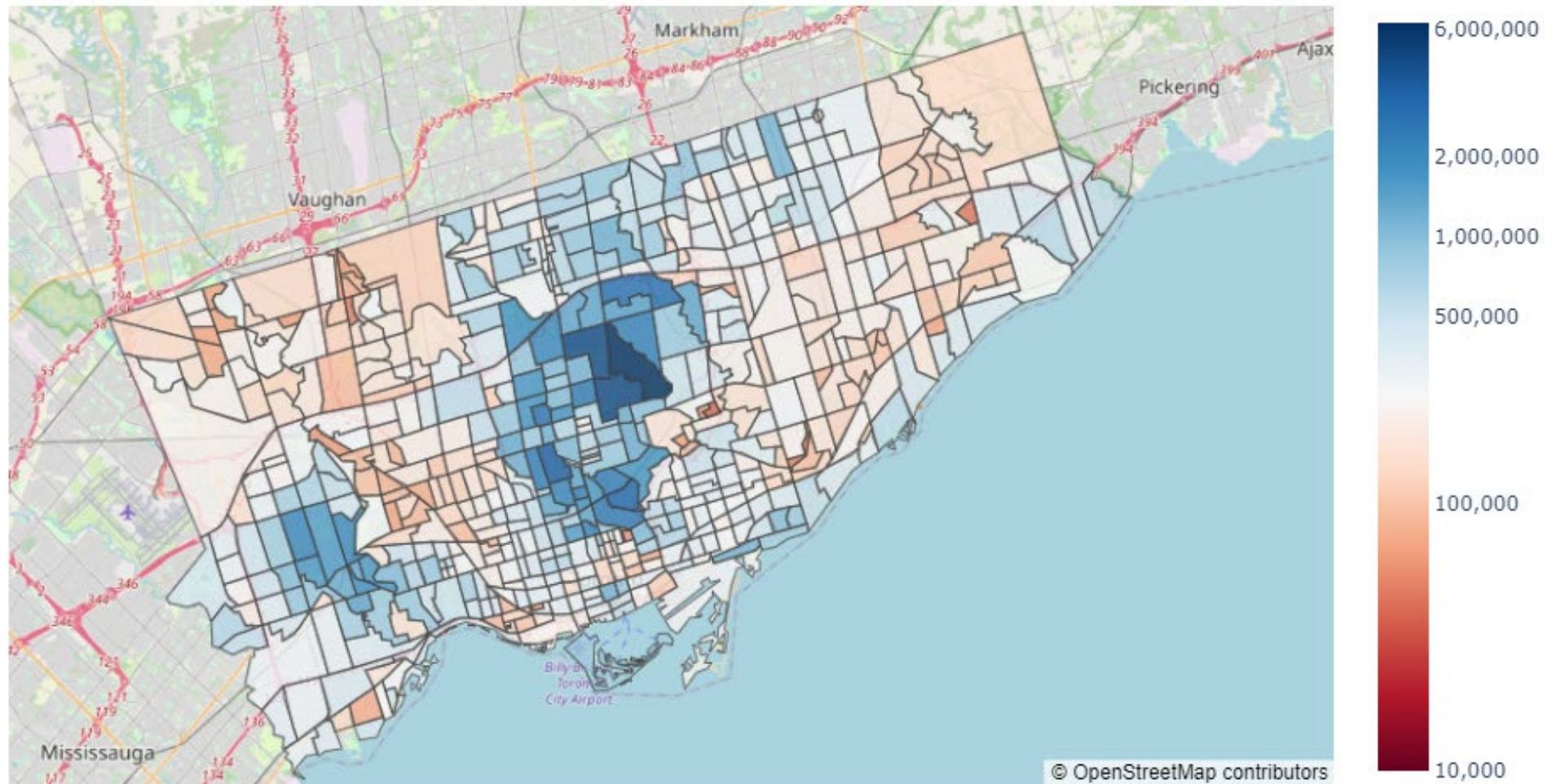
LiquidAssets by Contrasting PRIZM segments
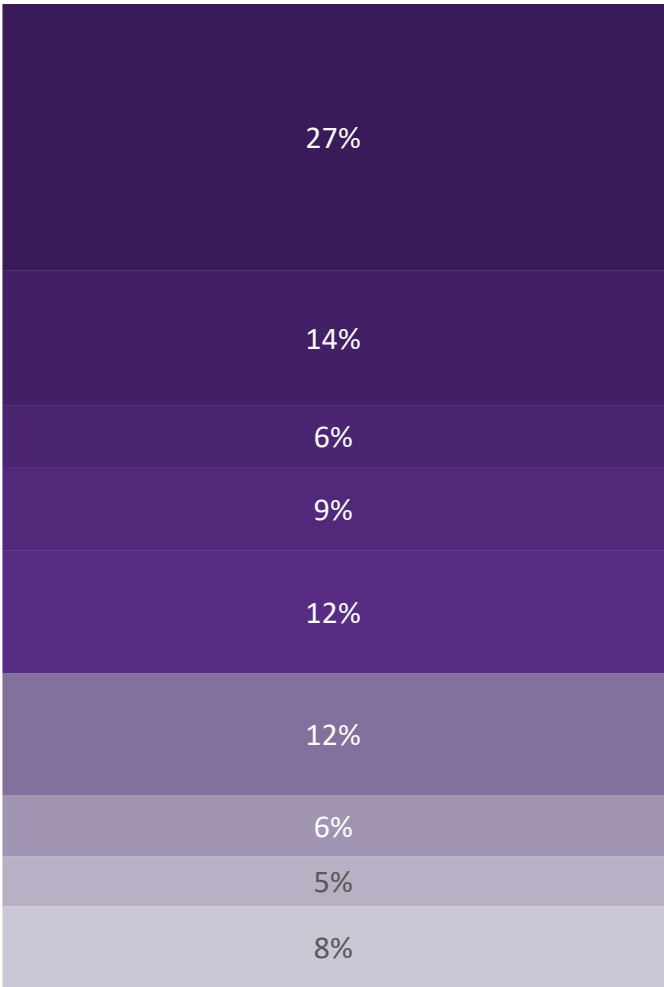
Liquid Asset Tiers:
- ■ >$2M
- ■ $1M to $2M
- ■ $750k to $1M
- ■ $500k to $750k
- ■ $250k to $500k
- ■ $100k to $250k
- ■ $50k to $100k
- ■ $20k to $50k
- ■ <$20k

THE A-LIST

- 27%
- 14%
- 6%
- 9%
- 12%
- 12%
- 6%
- 5%
- 8%

JUST GETTING BY

- 1%
- 1%
- 1%
- 2%
- 5%
- 10%
- 10%
- 14%
- 55%

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LiquidAssets by Contrasting PRIZM segments

Liquid Asset Tiers:
- >$2M
- $1M to $2M
- $750k to $1M
- $500k to $750k
- $250k to $500k
- $100k to $250k
- $50k to $100k
- $20k to $50k
- <$20k

TURBO BURBS
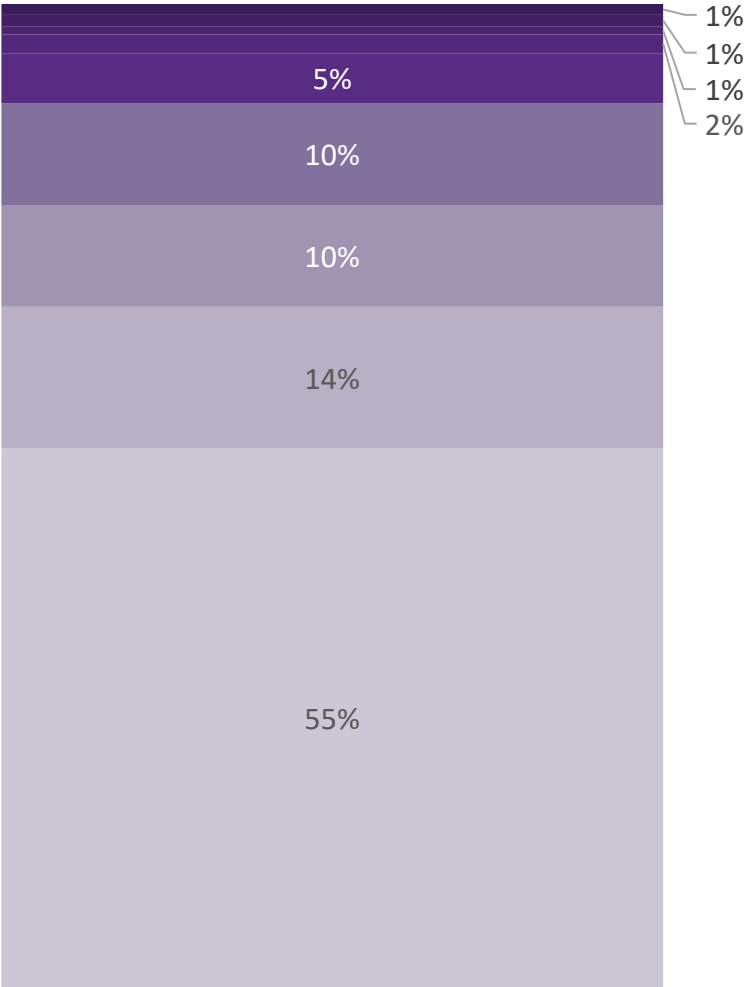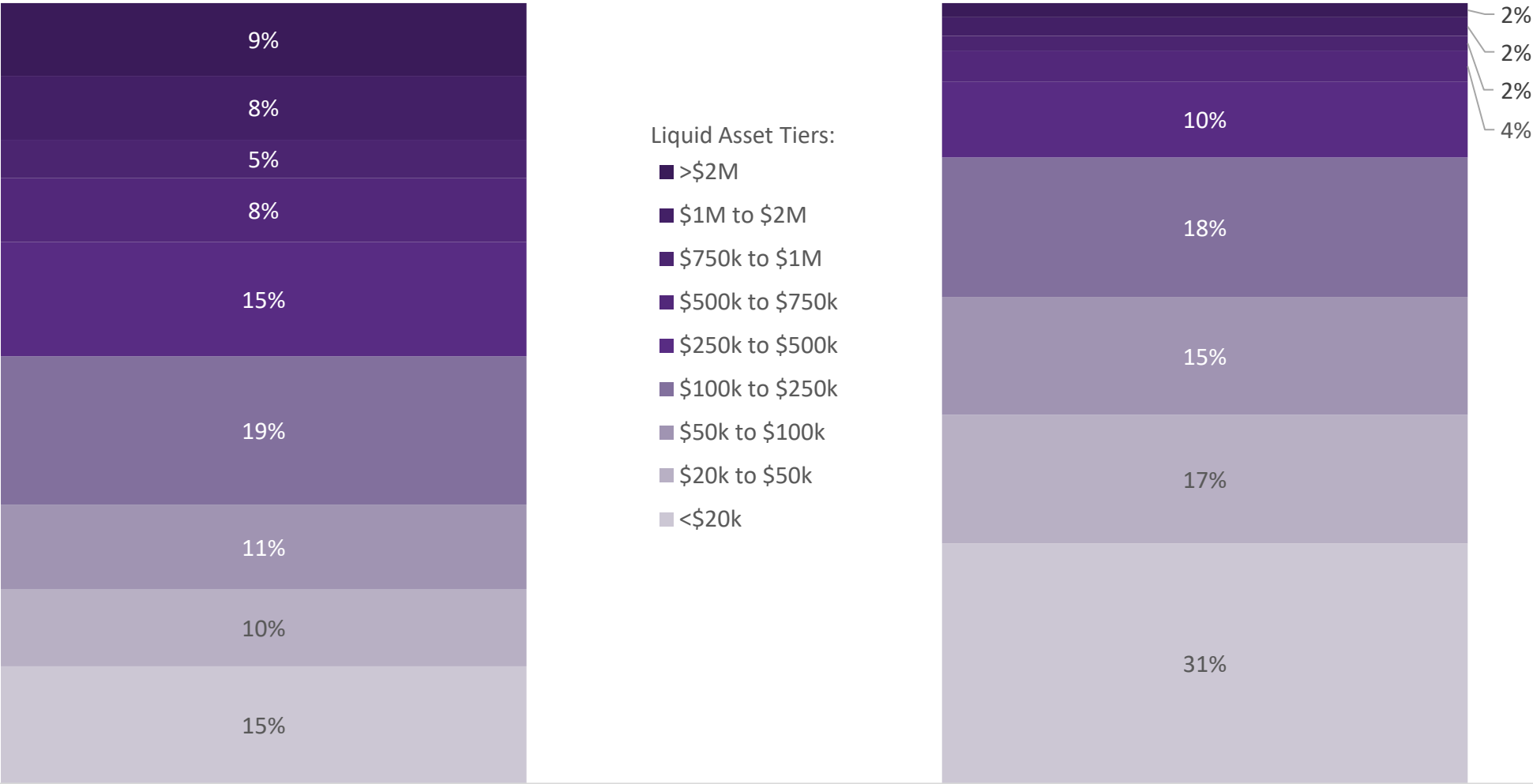
Tier	%
>$2M	9%
$1M to $2M	8%
$750k to $1M	5%
$500k to $750k	8%
$250k to $500k	15%
$100k to $250k	19%
$50k to $100k	11%
$20k to $50k	10%
<$20k	15%

MODERN SUBURBIA

Tier	%
>$2M	2%
$1M to $2M	2%
$750k to $1M	2%
$500k to $750k	4%
$250k to $500k	10%
$100k to $250k	18%
$50k to $100k	15%
$20k to $50k	17%
<$20k	31%

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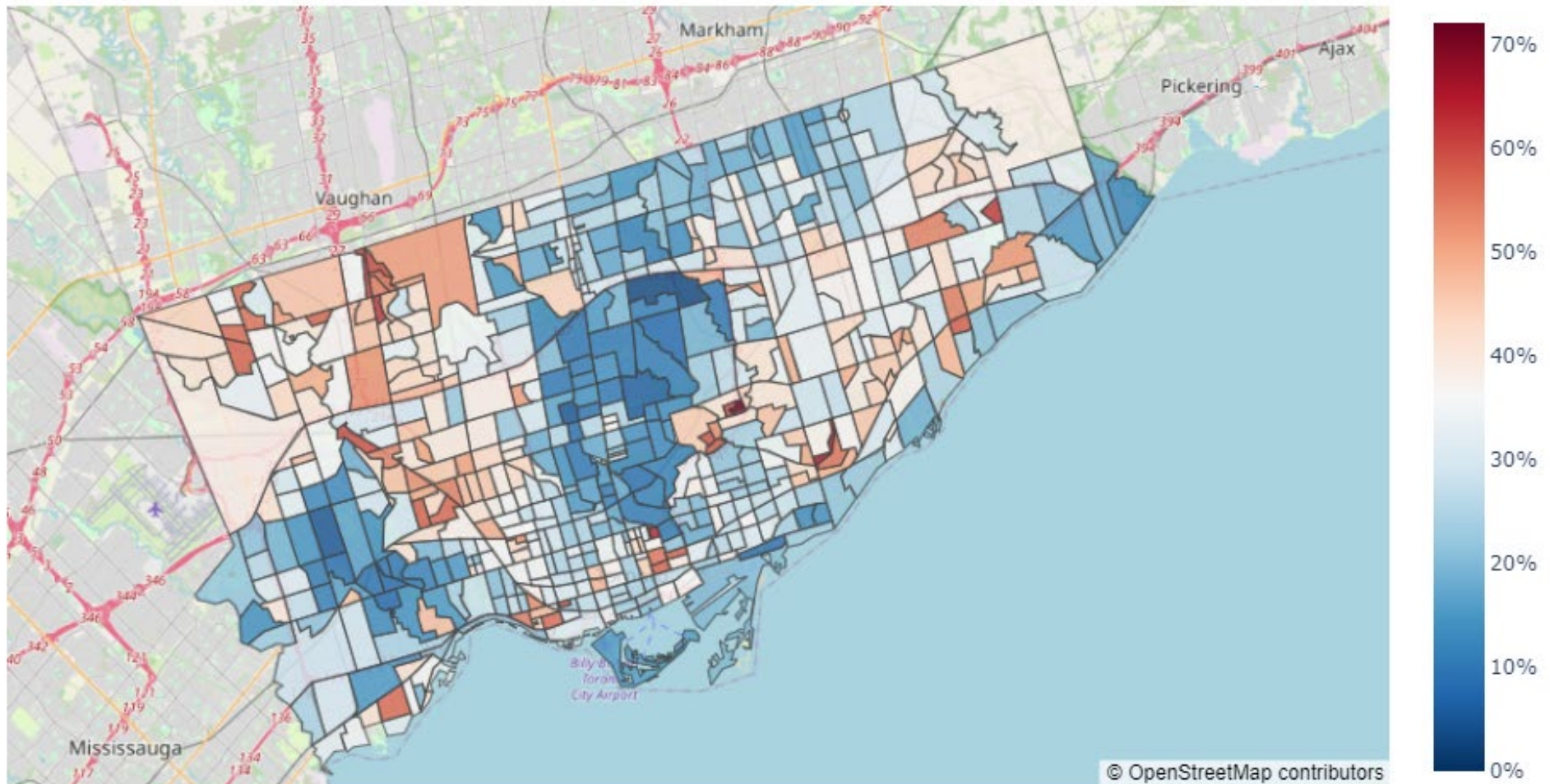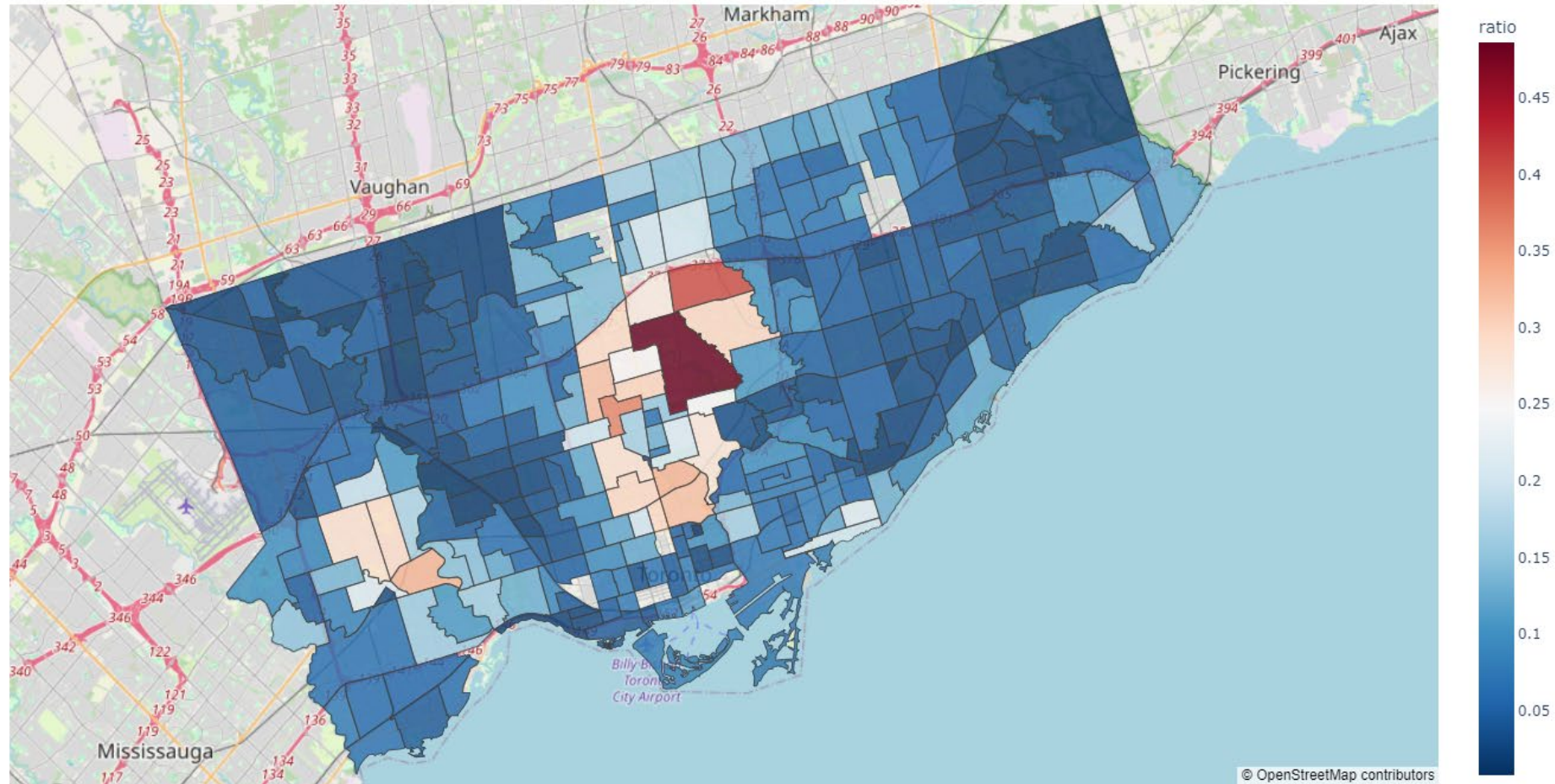
A Better Way to Look – Financially Vulnerable or Resilient?

Percent of Households with Less than $20,000 of Liquid Assets

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A Better Way to Look – Financially Vulnerable or Resilient?

Percent of Households with More than $1M of Liquid Assets
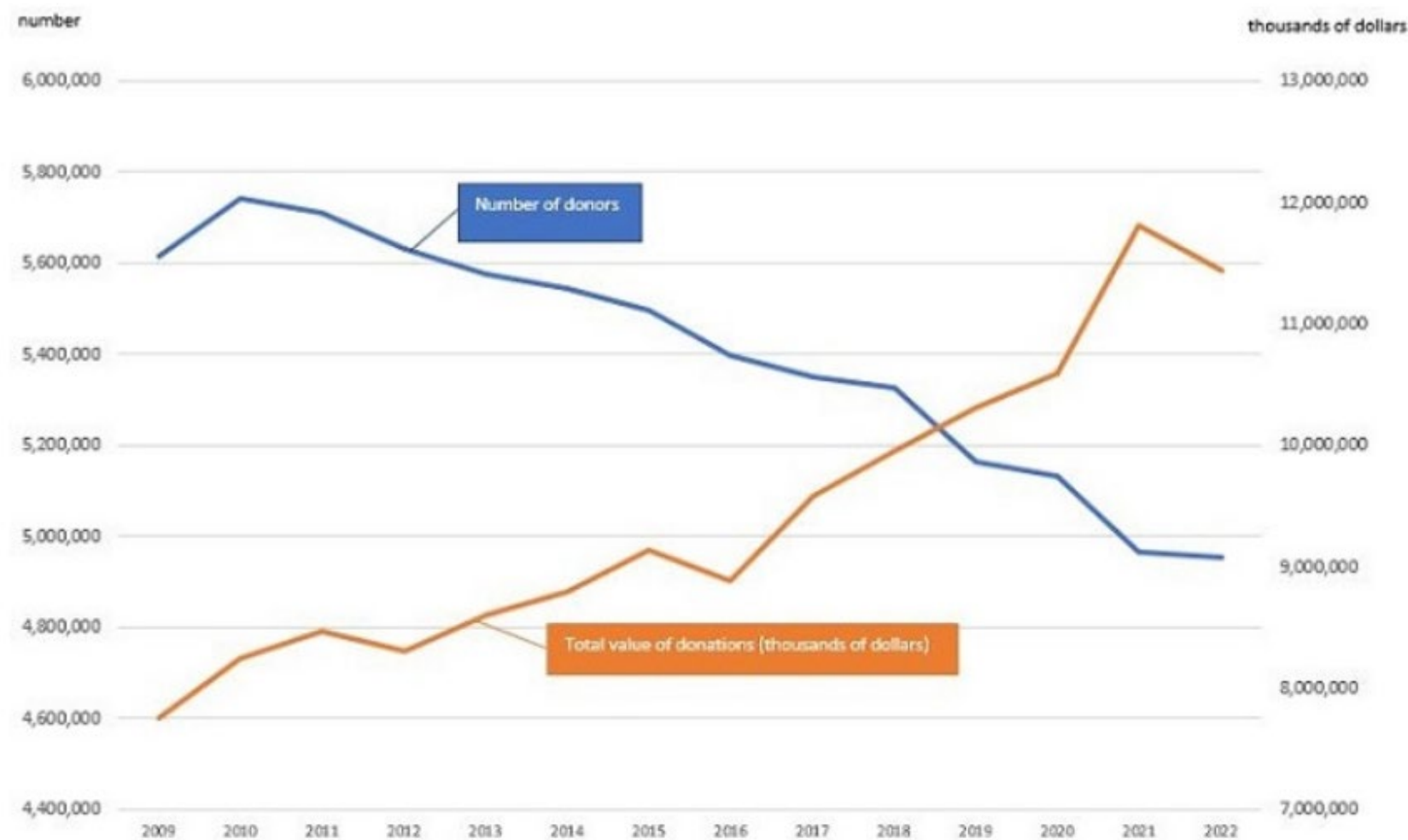
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The Impacts on Fundraising

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Fewer Charitable Donors, Less Money Donated in 2022

Note(s): Amounts are expressed in current dollars.
Source(s): Income and Financial Data of Individuals, Preliminary T1 Family File (4106), table 11-10-0130-01.

Other Key Insights from 2022 Tax Filer Data

- 34.2% of charitable donors were aged 65 and older, and for every $100 donated, $48 came from those 65 and older.

- Men are more likely to declare charitable donations than women, however 36.6% of all donations are made by women and this has been increasing YOY.

- BC and Ontario are leading the decrease in charitable donations. Manitoba has the highest proportion of tax-filer donors at 19%.

- The median income of charitable donors is $71,240, which is significantly higher than the median of all tax filers at $41,930

Source: Statistics Canada 2024

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Using PRIZM to Identify Prospective Donors
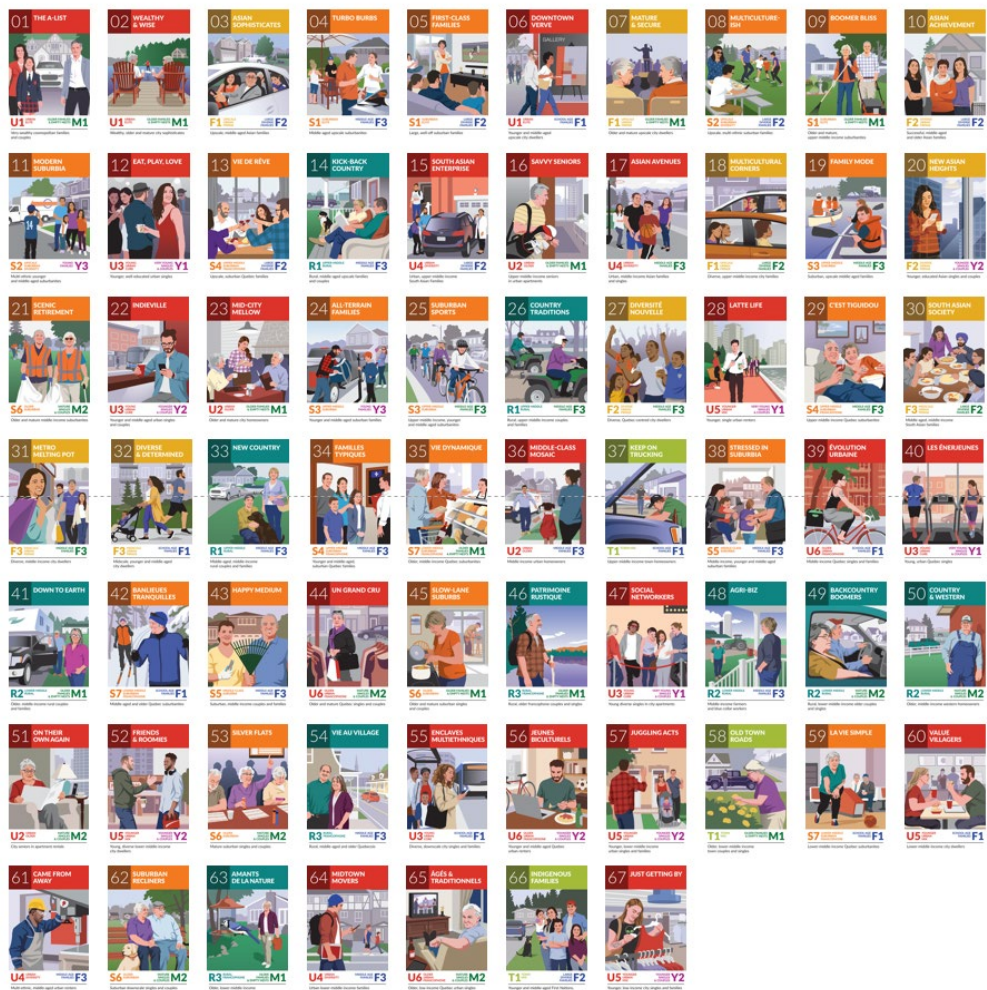
The PRIZM segmentation system classifies Canada's neighbourhoods at a postal code-level into actionable, lifestyle segments.

PRIZM Captures:

Aging population

Increased cultural diversity

More urban lifestyles; Emerging urban Fringe

Emergence of younger lifestyles

Evolving household types

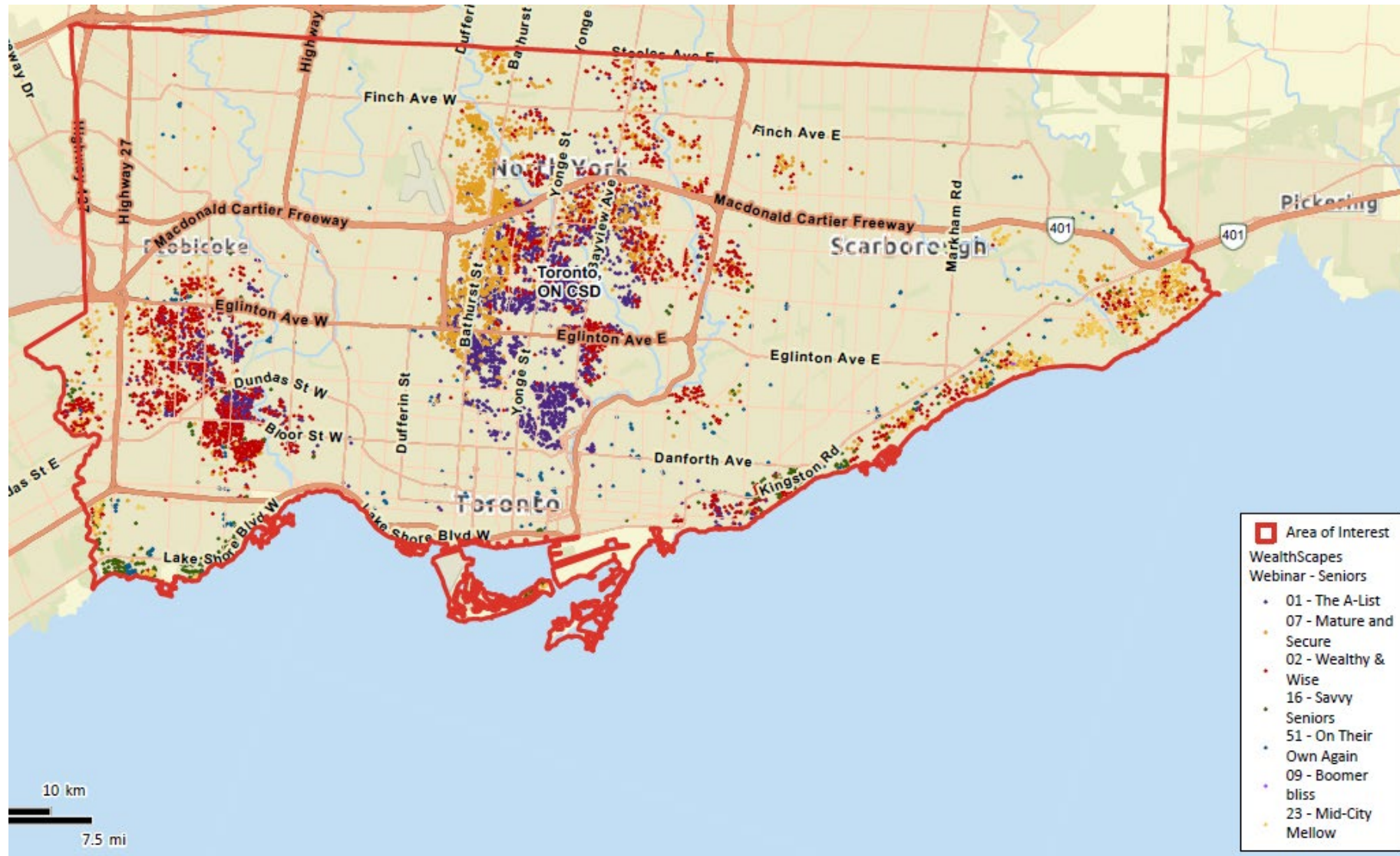M4W 3H1   Uniqueness of each 6-digit postal code

PRIZM acts as a data currency/common language that can be used across the organization to align on targeting priorities

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Who Are These Donors

PRIZM Segment	Average Donation $	% of Discretionary Income
01 – The A-List	$5,346	2.3%
07 – Mature and Secure	$1,742	1.8%
02 – Wealth & Wise	$2,282	1.8%
16 – Savvy Seniors	$1,093	1.6%
51 – On Their Own Again	$705	1.6%
21 – Scenic Retirement	$993	1.5%
09 – Boomer Bliss	$1,192	1.5%
23 – Mid-City Mellow	$1,070	1.5%

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These PRIZM Segments are Found Throughout Toronto

Legend:
- **Area of Interest**
- WealthScapes Webinar - Seniors
  - 01 - The A-List
  - 07 - Mature and Secure
  - 02 - Wealthy & Wise
  - 16 - Savvy Seniors
  - 51 - On Their Own Again
  - 09 - Boomer bliss
  - 23 - Mid-City Mellow

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With an Entirely Different Distribution in Calgary

How Can I Action on PRIZM?

16 SAVVY SENIORS

U2 Urban Older — Older Families & Empty Nests M1

Middle-income seniors in urban apartments

$86,009
Average Consumption spending
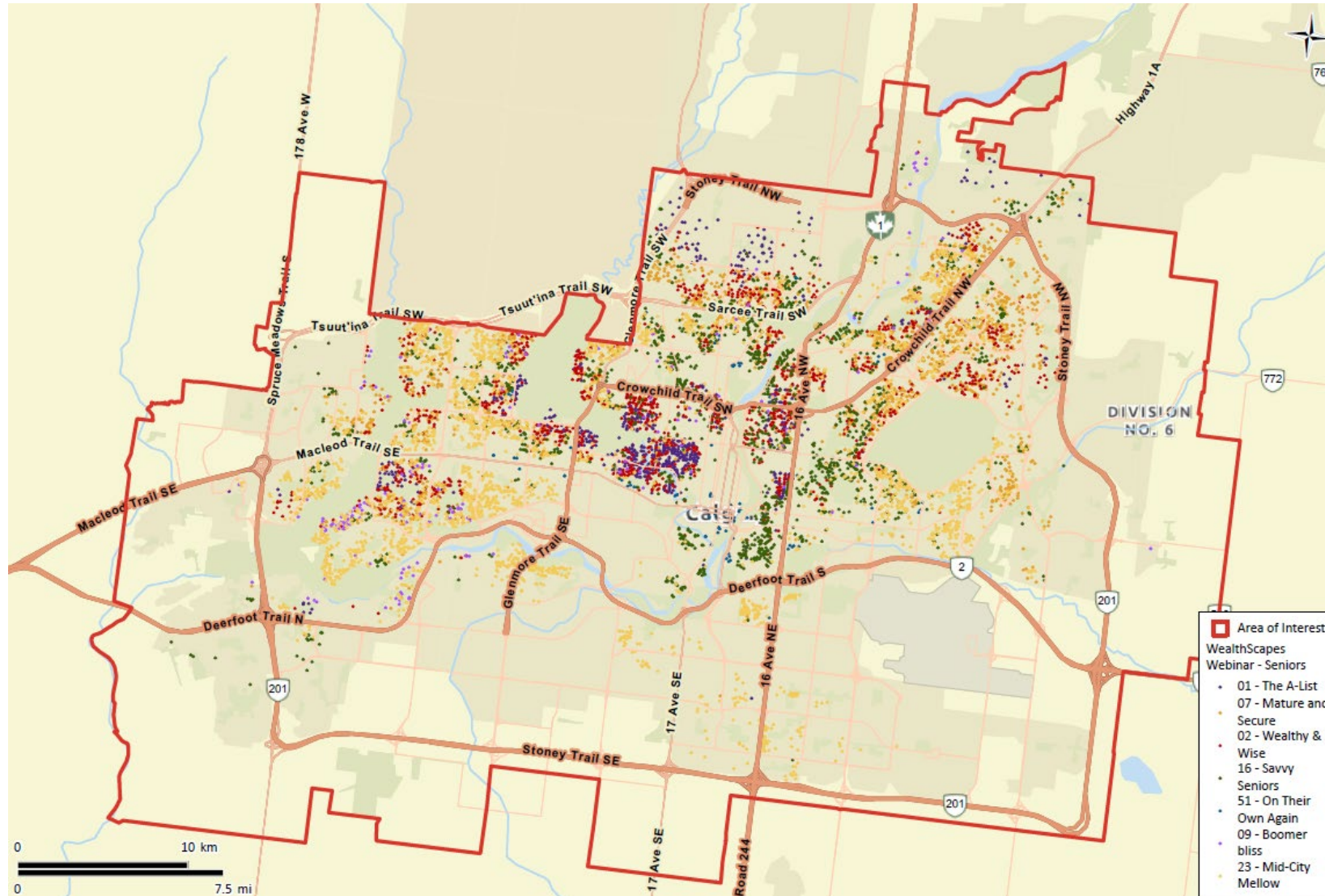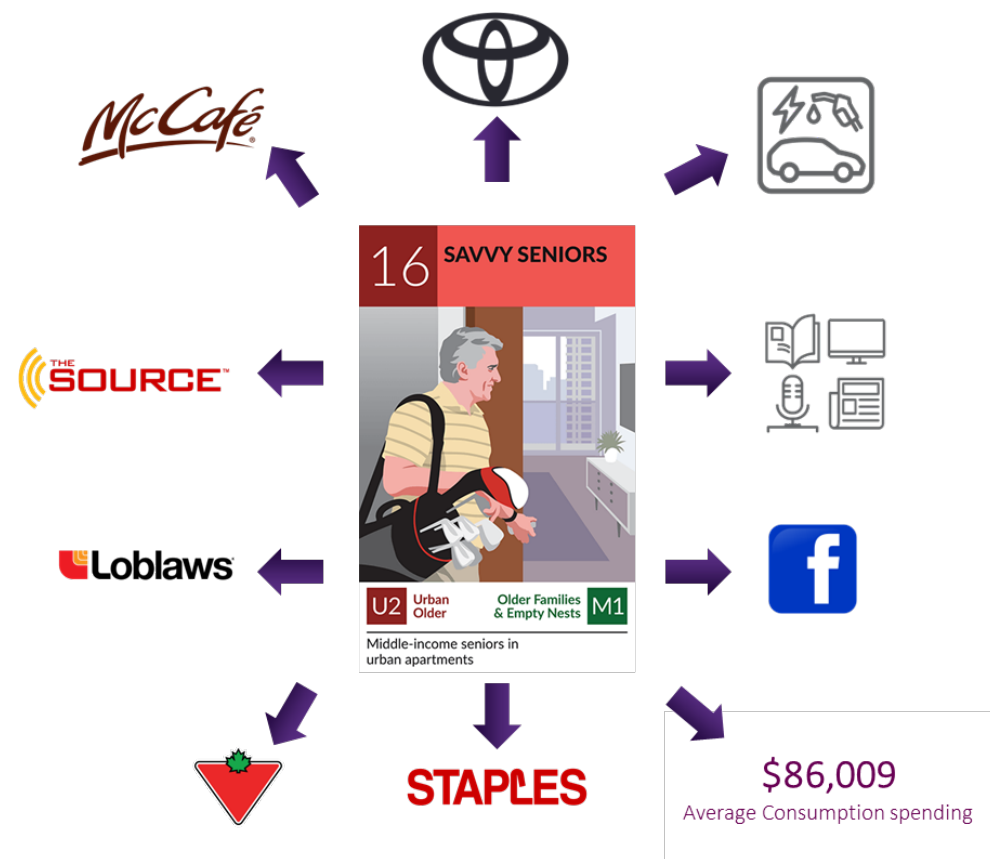
Top Values: Legacy, Duty, Community Involvement

AMPLIFIED ACTIVATION

The "Intel Inside" in all Channels

Traditional & Digital Channels

Bell Media · Rogers Sports & Media · kinetic · MiQ

PATTISON · Corus. · FINECAST · M32

amazon · Hivestack · cynch

eyeota · theTradeDesk · VISTAR MEDIA

Data Collaboration

EAVault
Clean Room Services

- Strategic Partnerships
- M&A
- Campaign Activation
- Media Measurement & Attribution

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Key Takeaways

- It's not just you, things are a little bit doom and gloom!
  - ➢ Larger mortgages / newer homeowners feeling the pinch the most

- Although the number of donors are declining, donation dollars are still up (some silver linings here).
  - ➢ Planned Giving
  - ➢ The usual donors are still giving

- Focus on your people
  - ➢ Who they are
  - ➢ How to communicate with them
  - ➢ Where they are

Questions

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Director, Business Development
Jennifer.Robins@environicsanalytics.com

Lynne Wolfson
Research Lead, Financial Data Products

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