

How Canadian Charities Can Maximize Giving in the Current Economic Climate

Tuesday, March 19, 2024

Lynne Wolfson
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ENVIRONICS
ANALYTICS

Today's Presenters



Jennifer Robins, MBA
Director, Business
Development



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Research Lead, Financial
Data Products

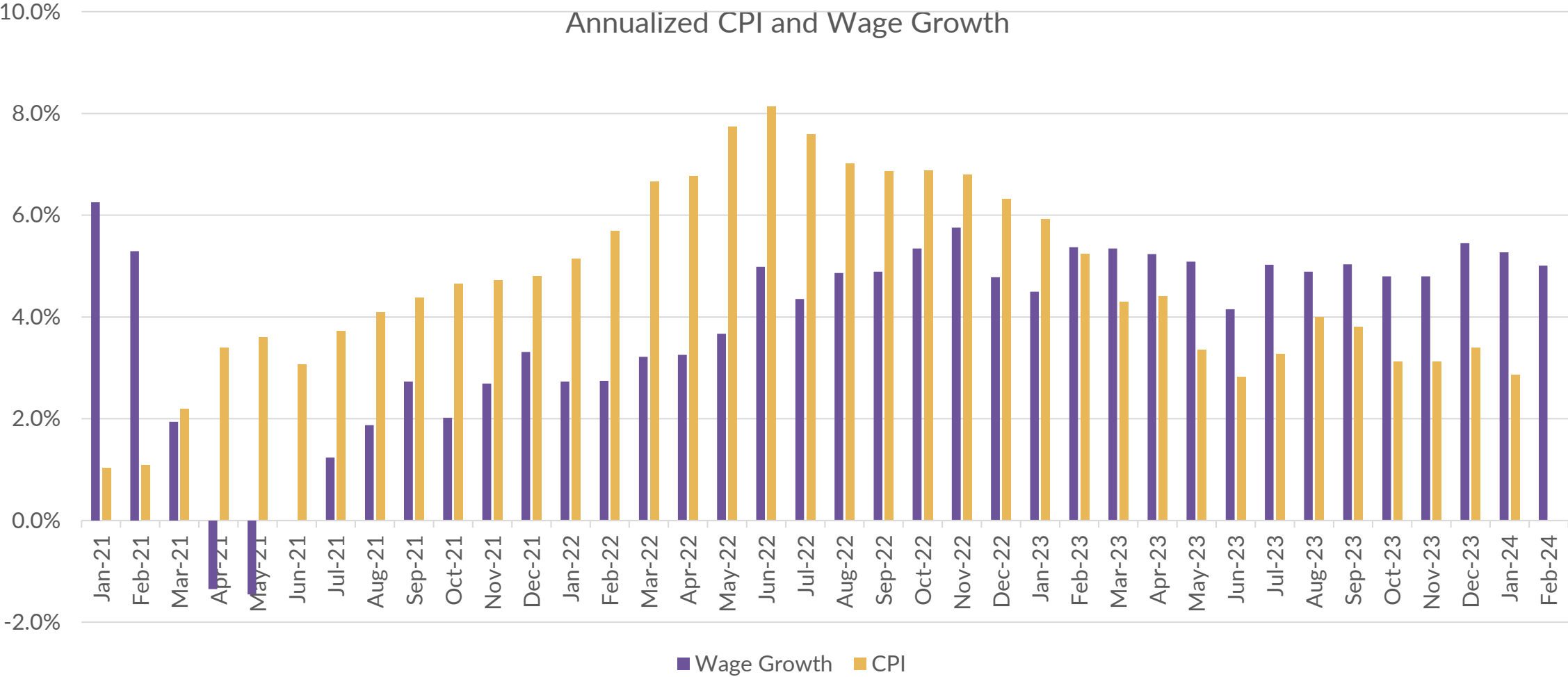
ENVIRONICS
ANALYTICS

Economic Landscape in Canada

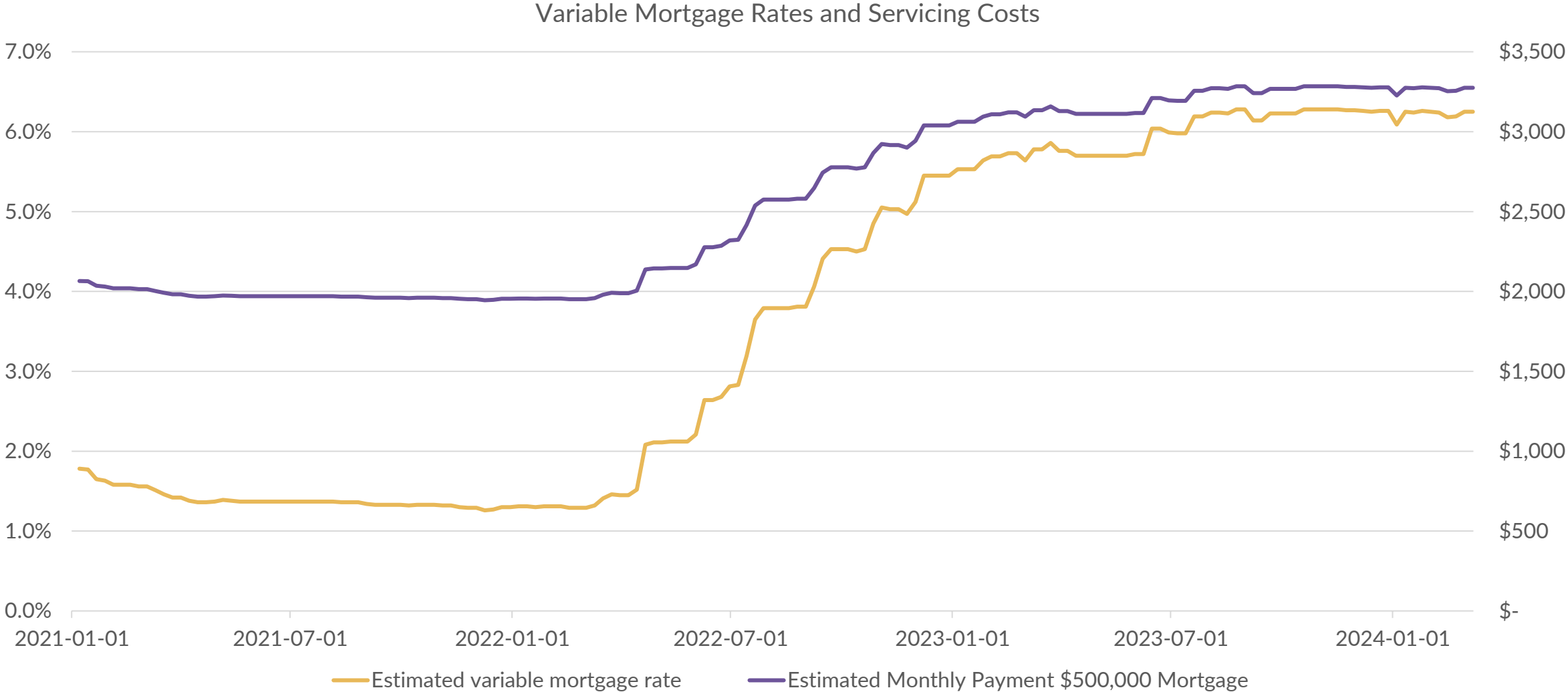
Canadian households are feeling the effects of a rapidly changing economy



Wages Catching Up with Inflation

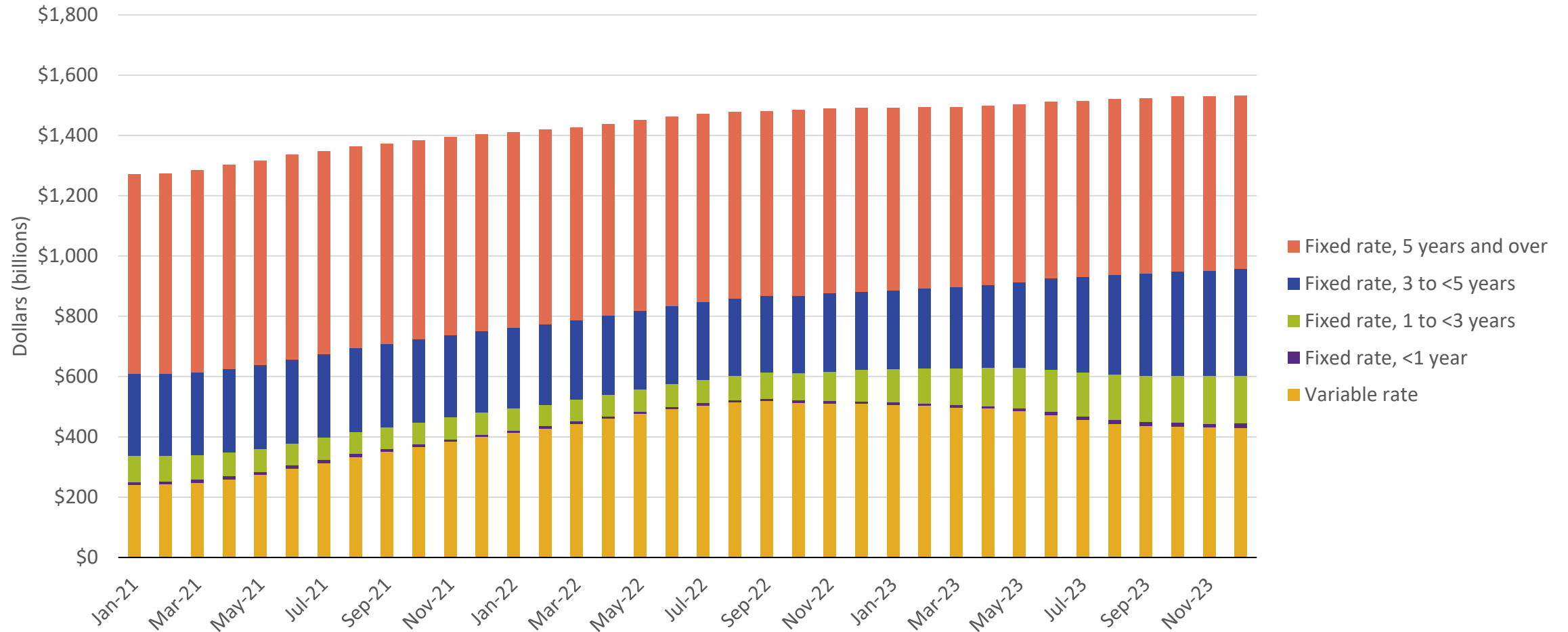


Soaring Interest Rates and Mortgage Servicing Costs



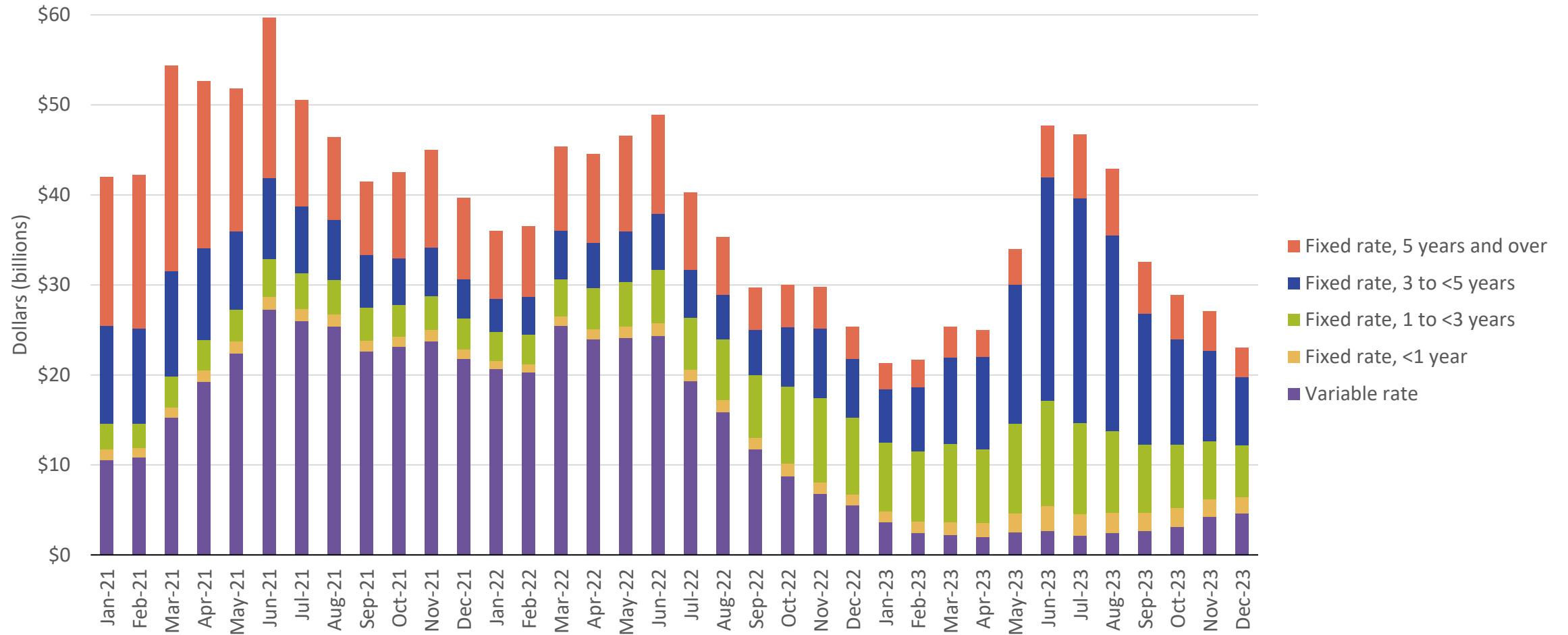
Mortgage Pipeline Refinancing Into Higher Rates

Chartered Banks - Outstanding Mortgage Balances



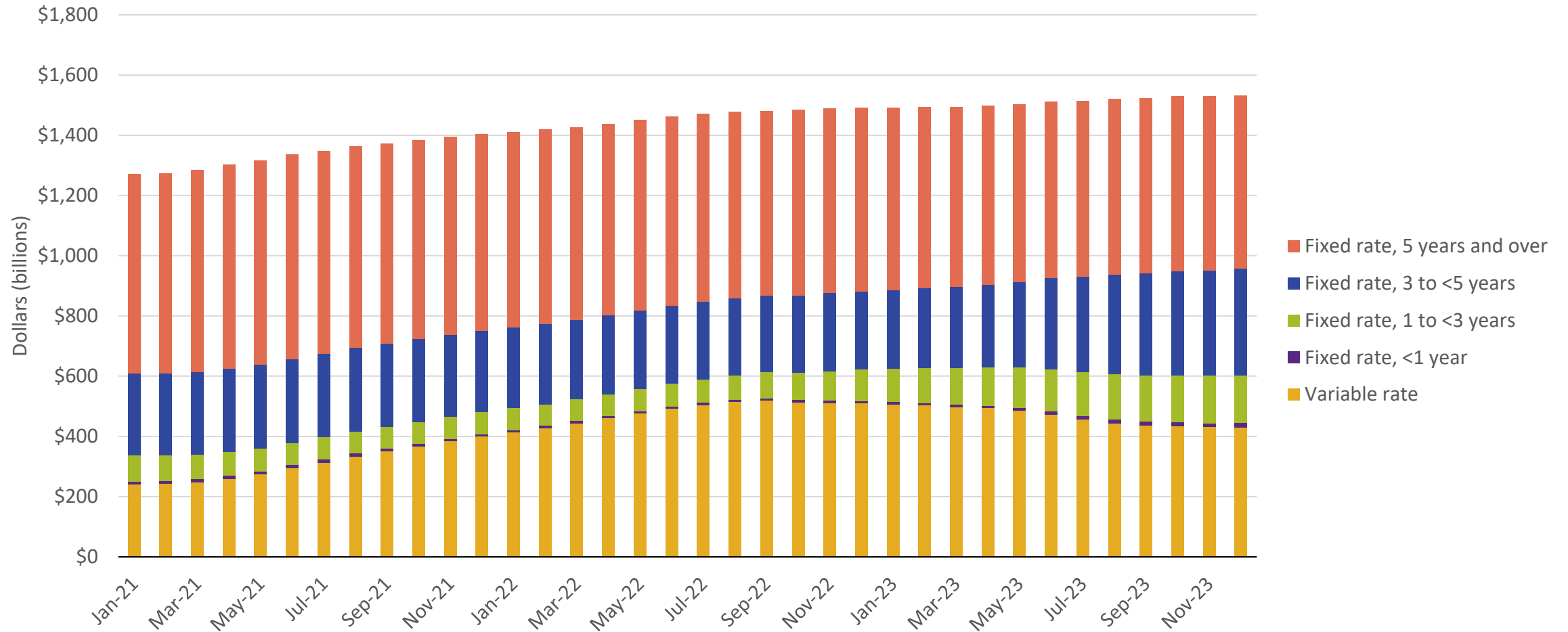
Unprecedented Variable Rate Mortgage Originations

Chartered Banks – New Mortgage Funds



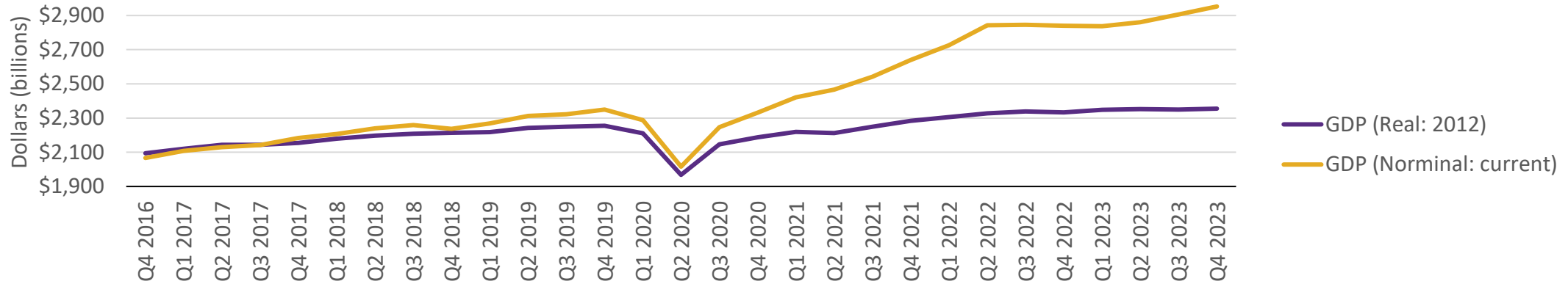
Mortgage Pipeline Refinancing Into Higher Rates

Chartered Banks - Outstanding Mortgage Balances

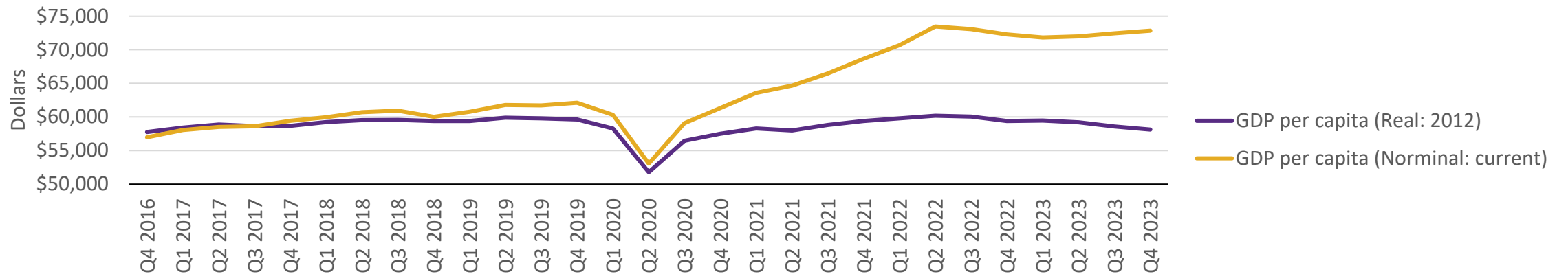


Economic Uncertainty

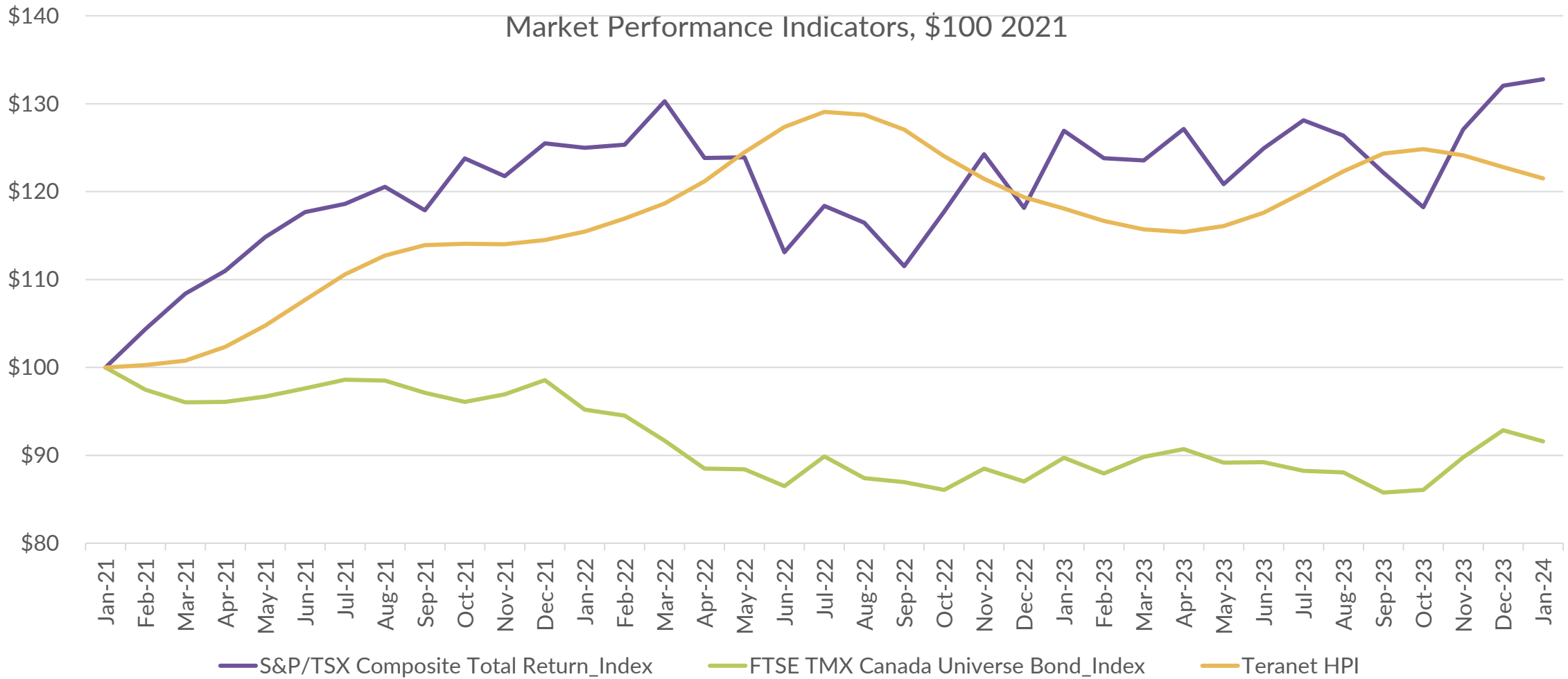
Canadian GDP - Real and Nominal



Canadian GDP per capita - Real and Nominal



Where are Markets Going?



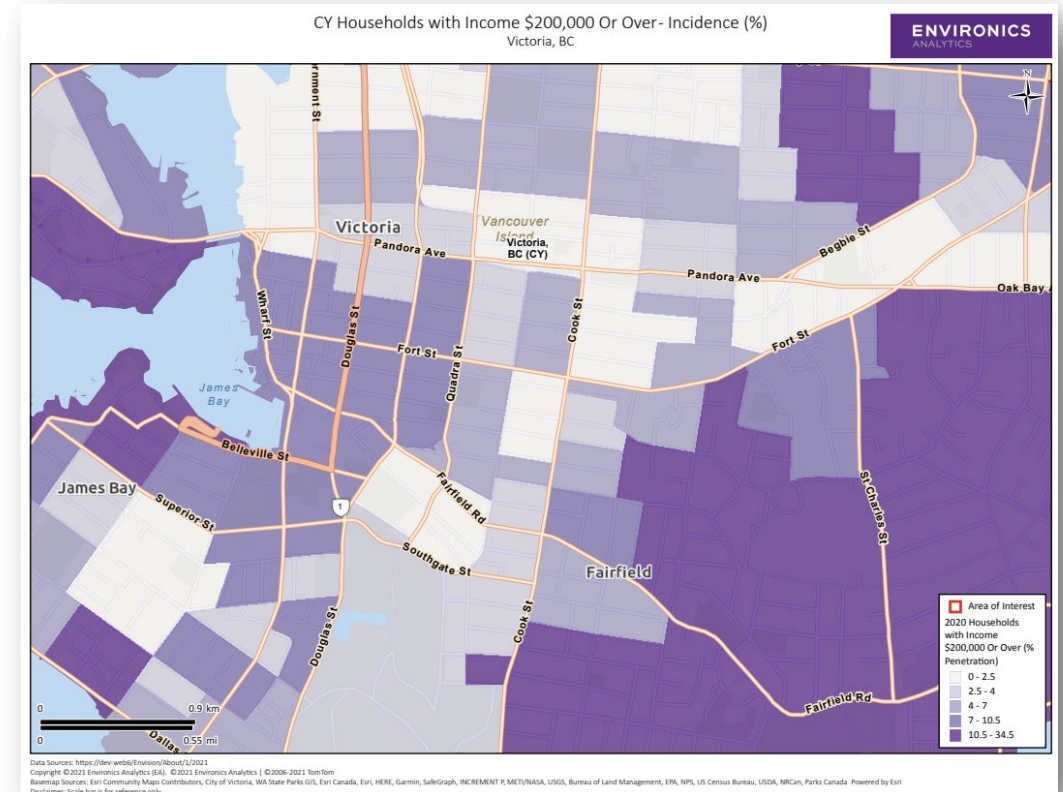
WealthScapes Suite of Products

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



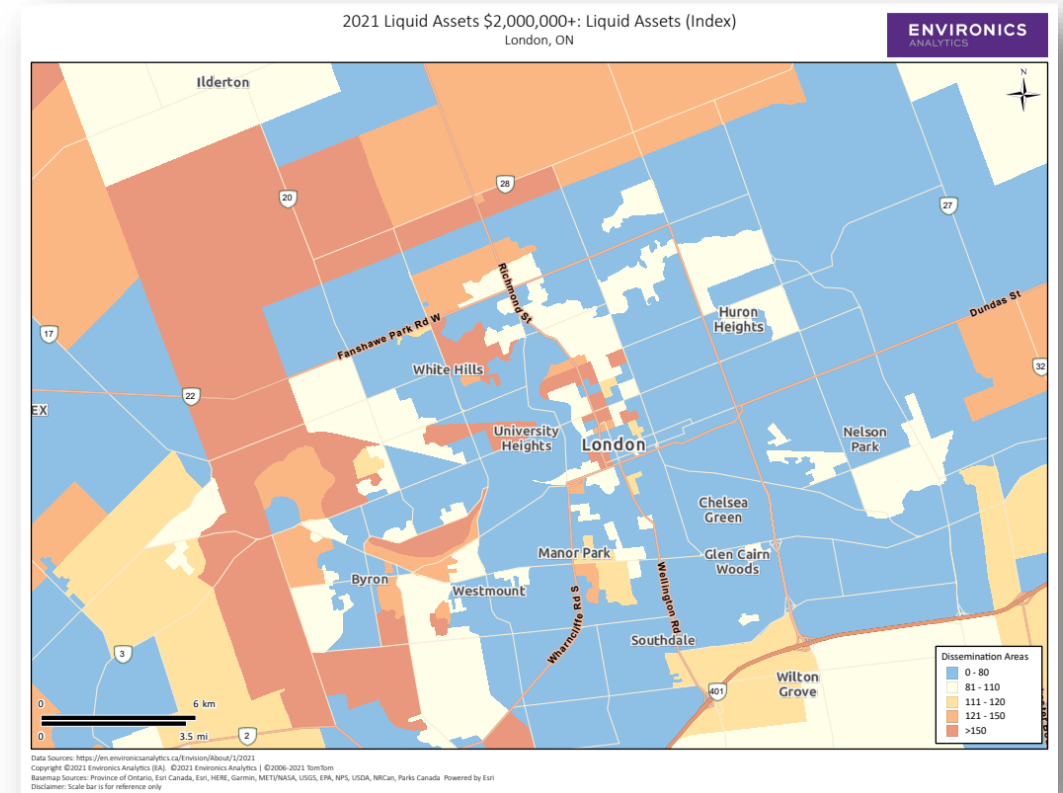
What Is It?

- 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



What Is It?

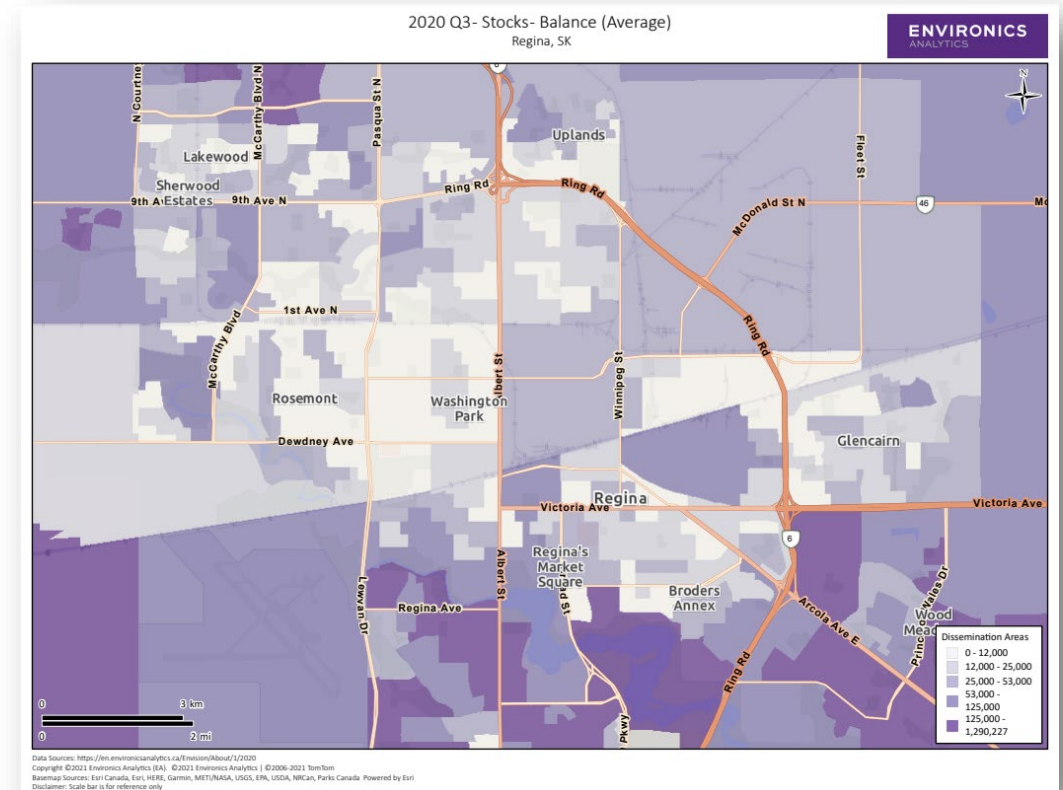
- LiquidAssets measures the distribution of households by liquid asset holdings and further classifies the distribution by maintainer age or household income
- Provides a detailed view of the liquid asset value of Canadian households as well as their overall financial position down to the dissemination area level
- Use LiquidAssets with PRIZM to calculate potential sales opportunities and find high-value prospects based on high-income levels and accumulated assets



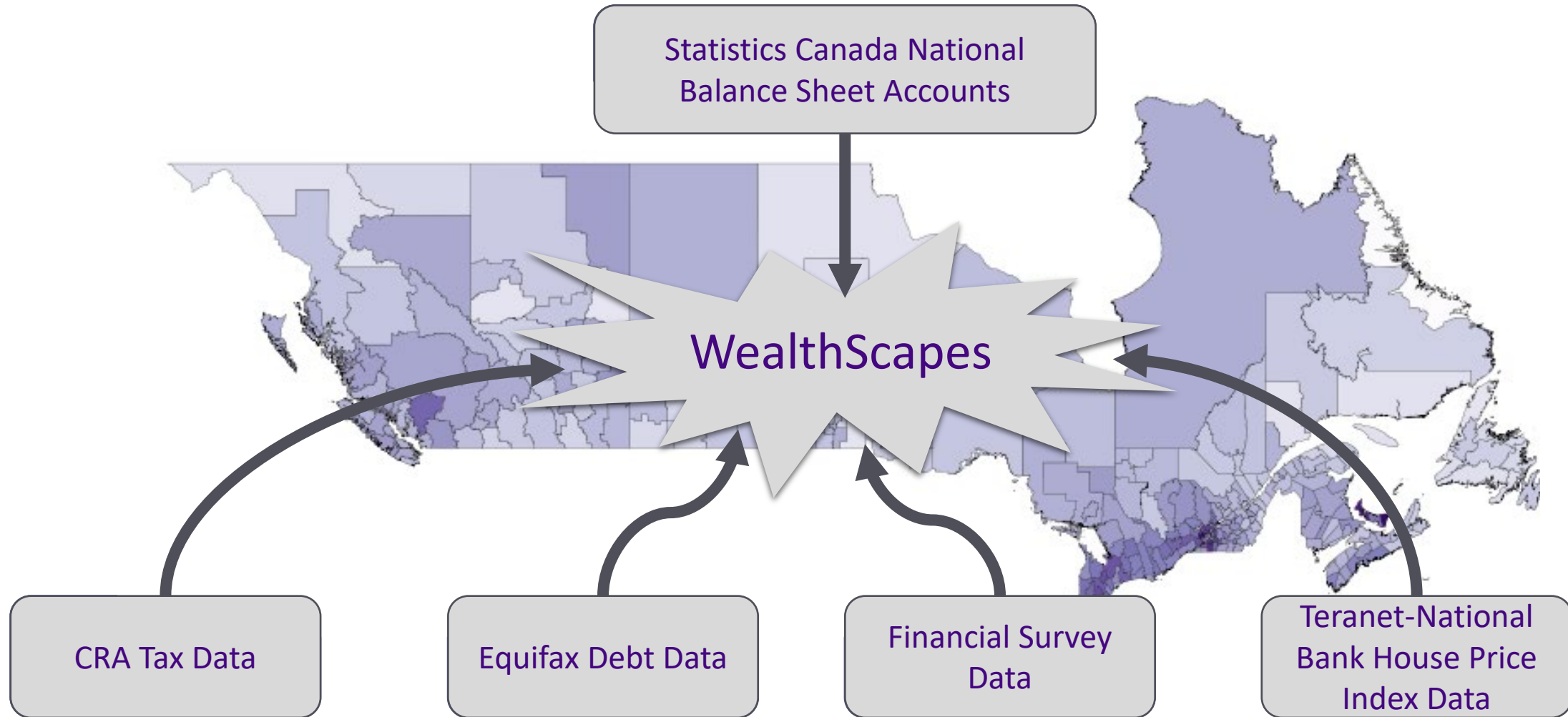
What Is It?



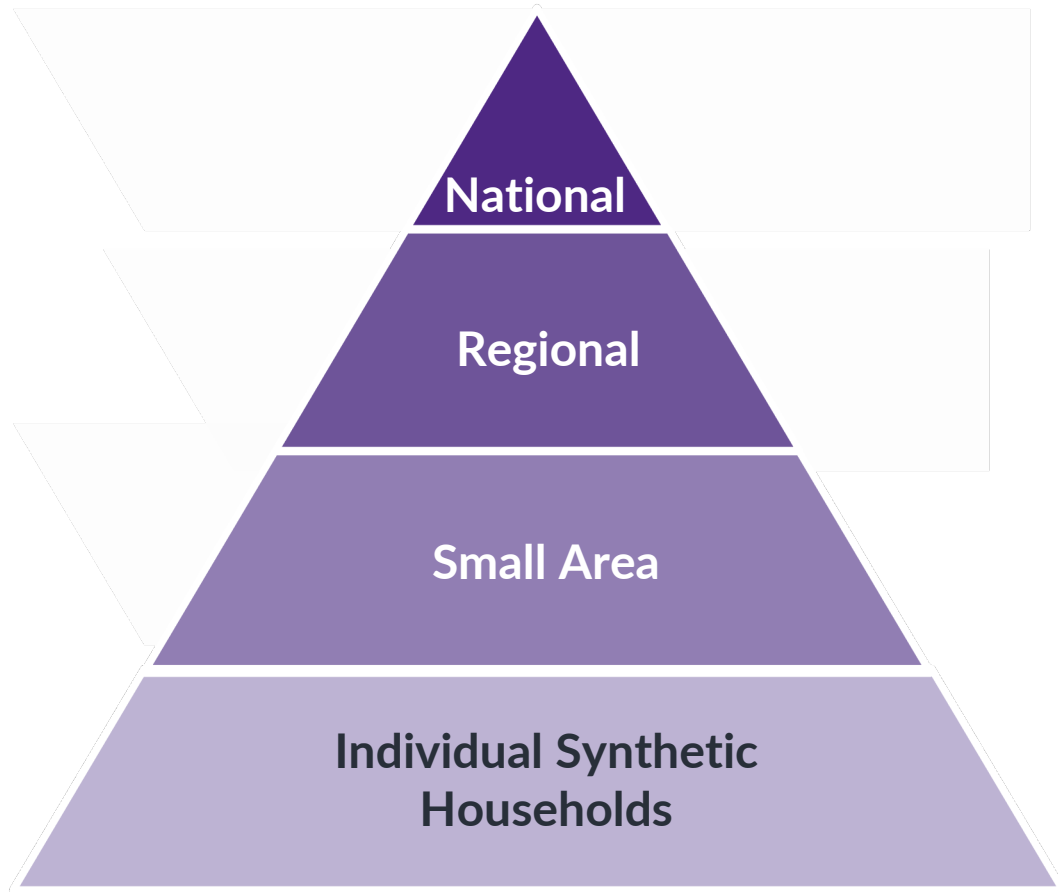
- Set of 33 variables updated quarterly at the dissemination-area level
- Quarterly estimates are modelled using inputs and control totals from:
 - Equifax
 - Teranet
 - Canadian Financial Monitor
 - Bank of Canada
 - Labour Force Survey
 - National Economic Accounts
 - DemoStats
- WealthTrends can be used by financial institutions, retailers, and governments to adjust strategies to reflect the most recent economic conditions



From Disparate Data to WealthScapes



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

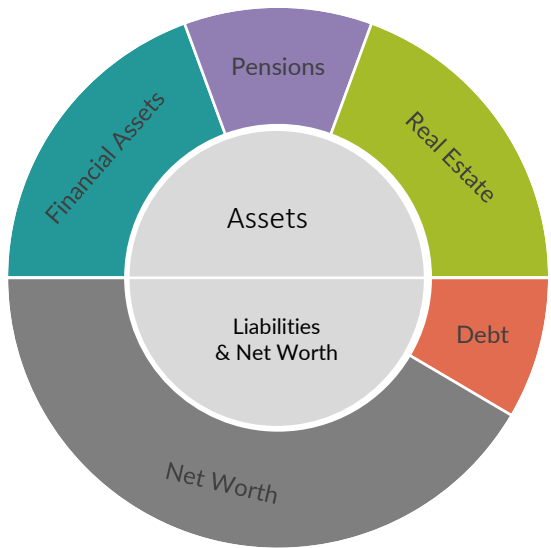
WealthScapes Suite of Products

Breaking down the household balance sheet



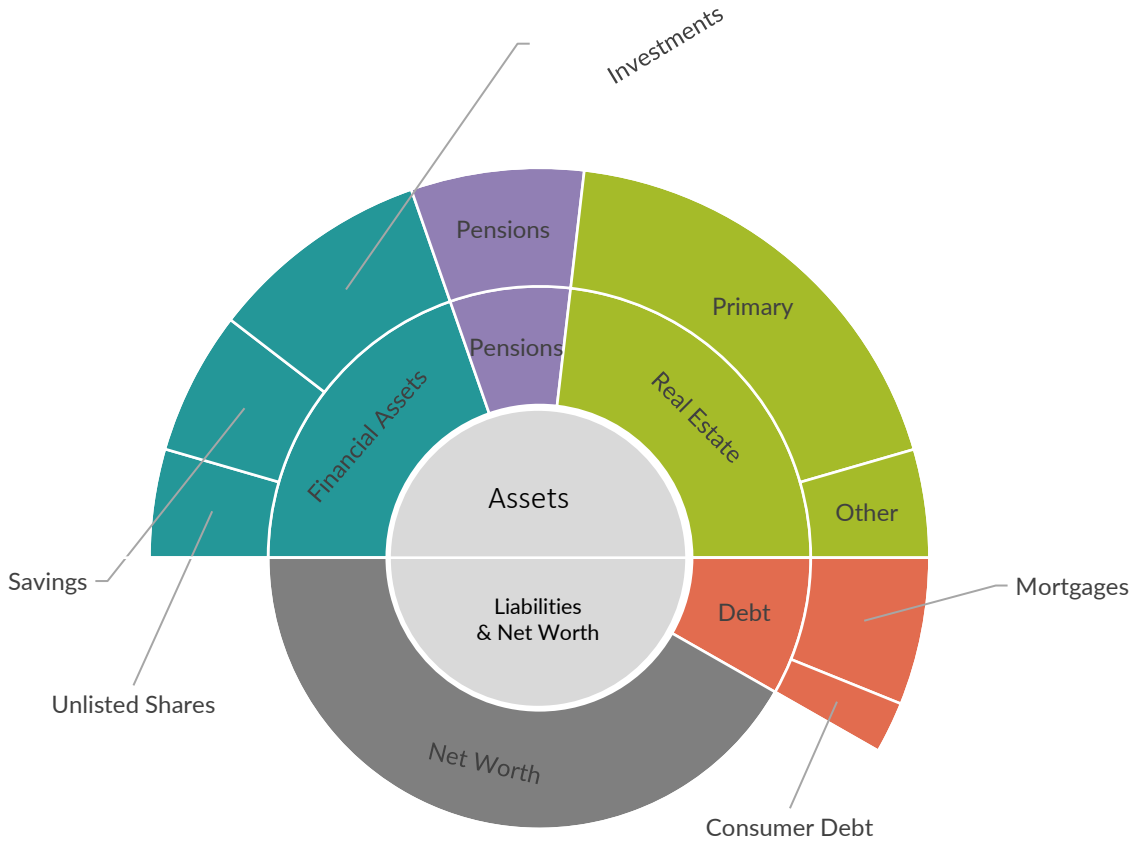
WealthScapes' View of the Household Balance Sheet 2022Q4

Financial Assets	\$ 430,993
Pensions	\$ 157,147
Real Estate	\$ 507,624
Debt	\$ 180,726
Net Worth	\$ 915,037



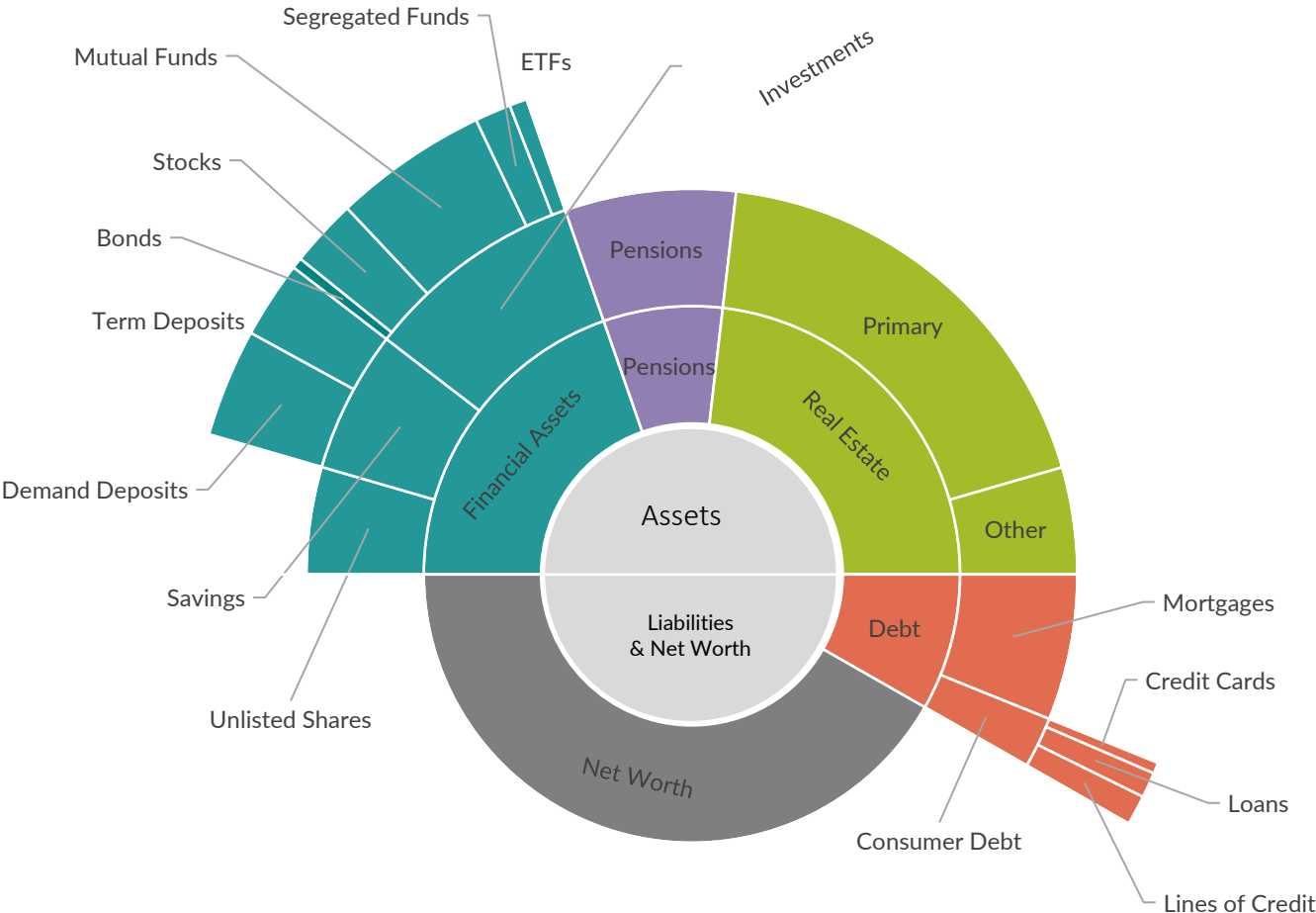
WealthScapes' View of the Household Balance Sheet 2022Q4

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

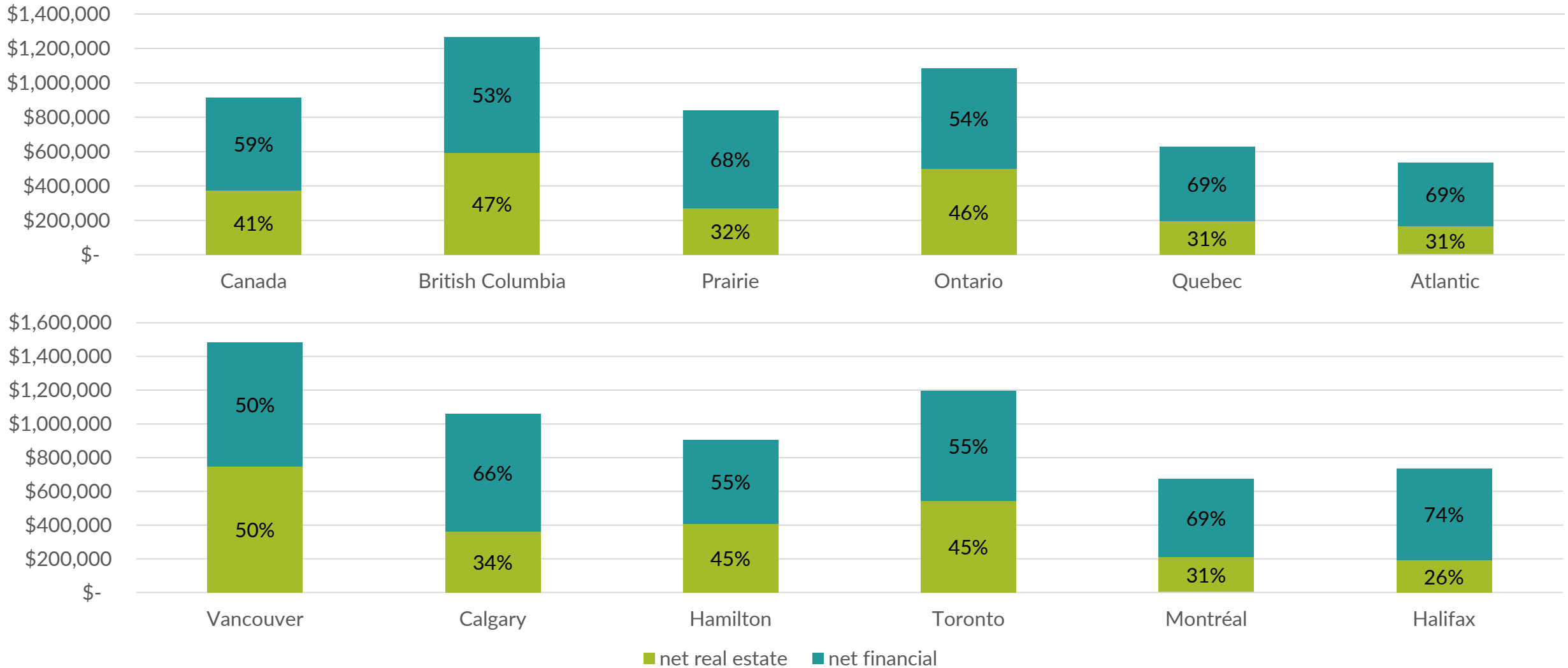


WealthScapes' View of the Household Balance Sheet 2022Q4

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

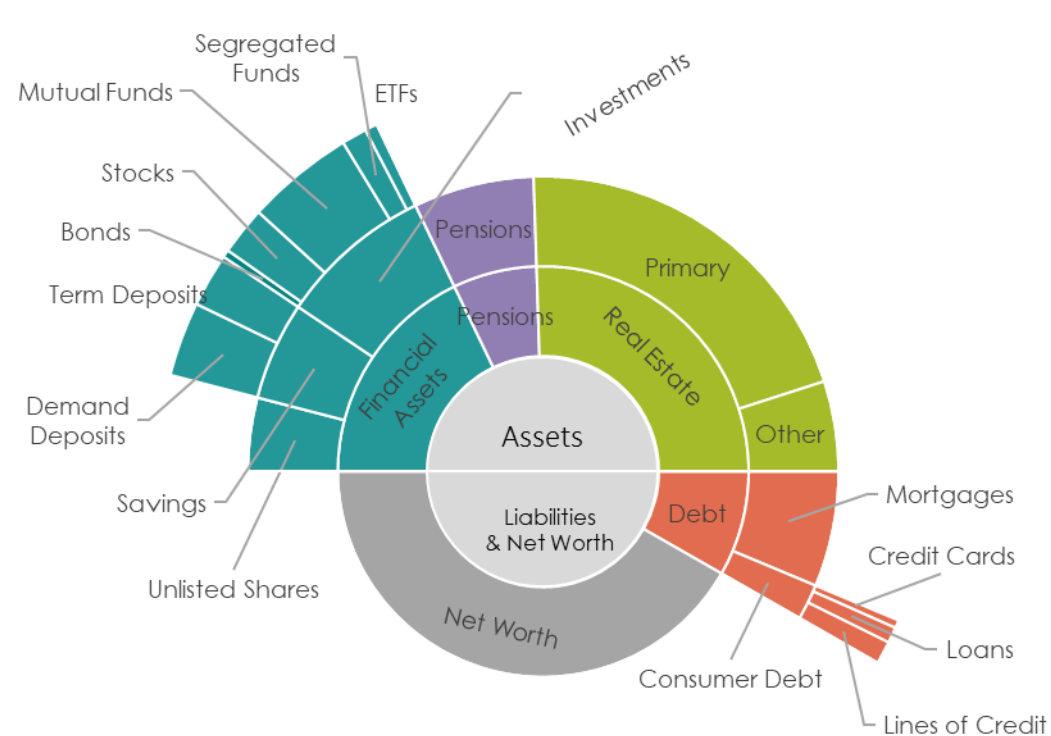


Regional Differences Between Average Household Balance Sheets

Region: Ontario

Average Net Worth: 1.1M

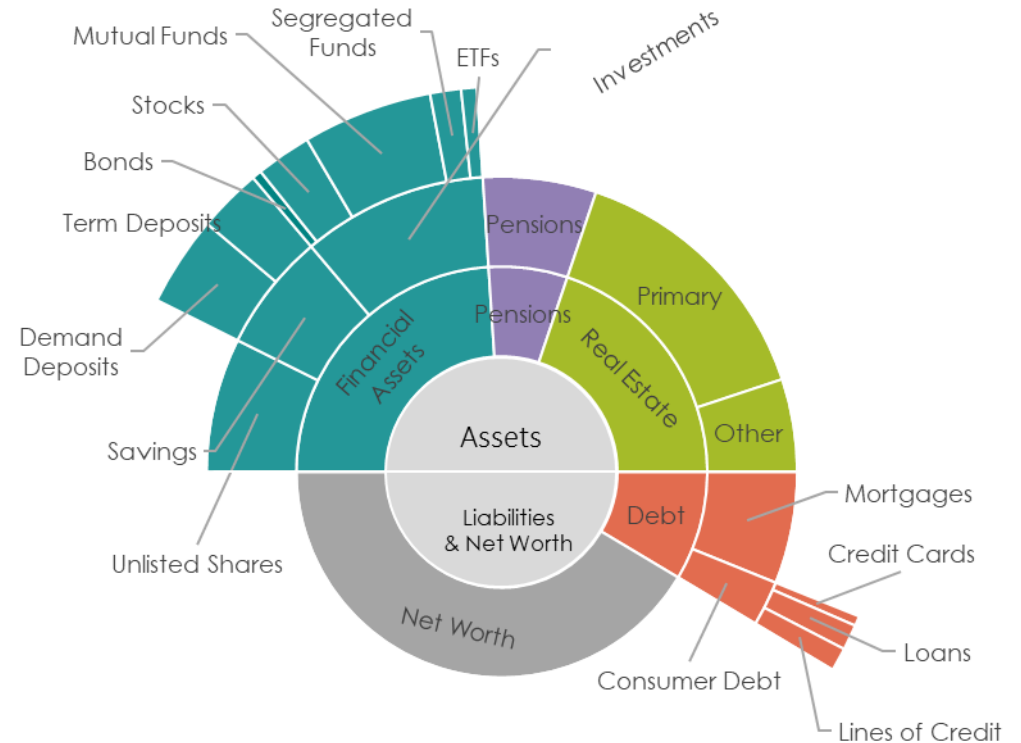
Average Disposable Income: 87.3k



Region: Alberta

Average Net Worth: 925k

Average Disposable Income: 86.6k



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**

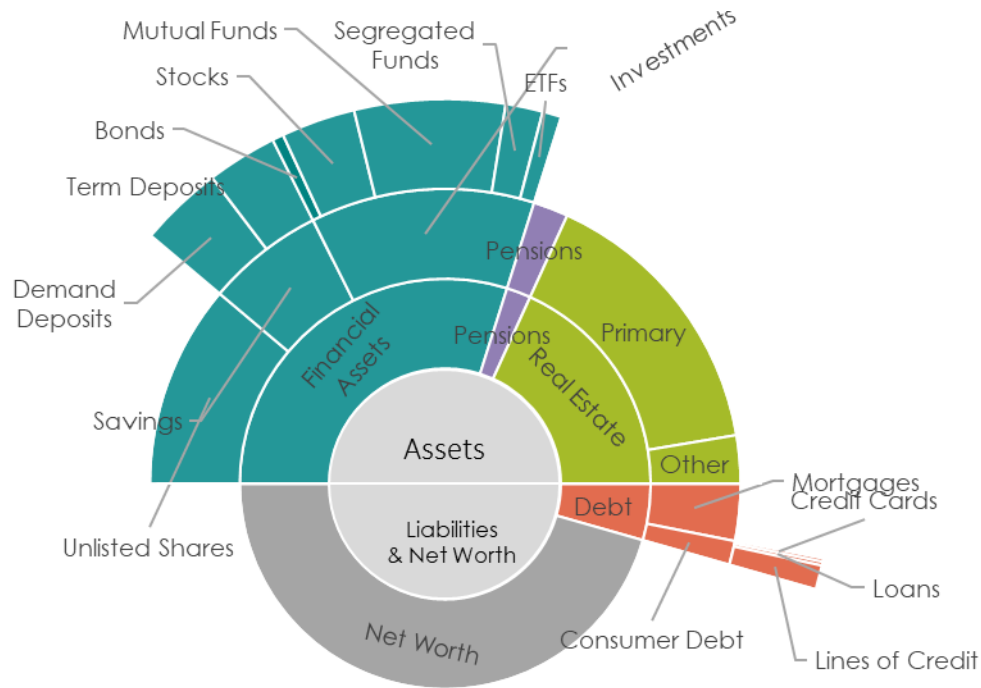
Middle-aged high-income suburbanites

Regional Differences Between Average Household Balance Sheets

Segment: The A-list

Average Net Worth: 6.0M

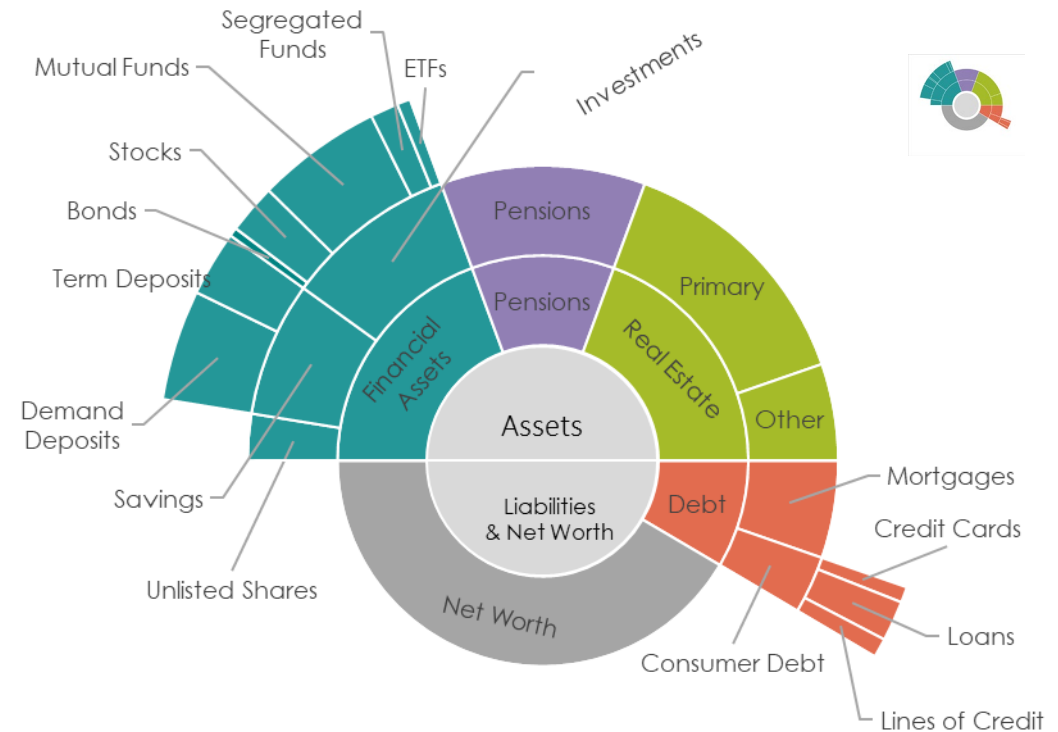
Average Disposable Income: 253.2k



Segment: Just Getting By

Average Net Worth: 300k

Average Disposable Income: 50.5k

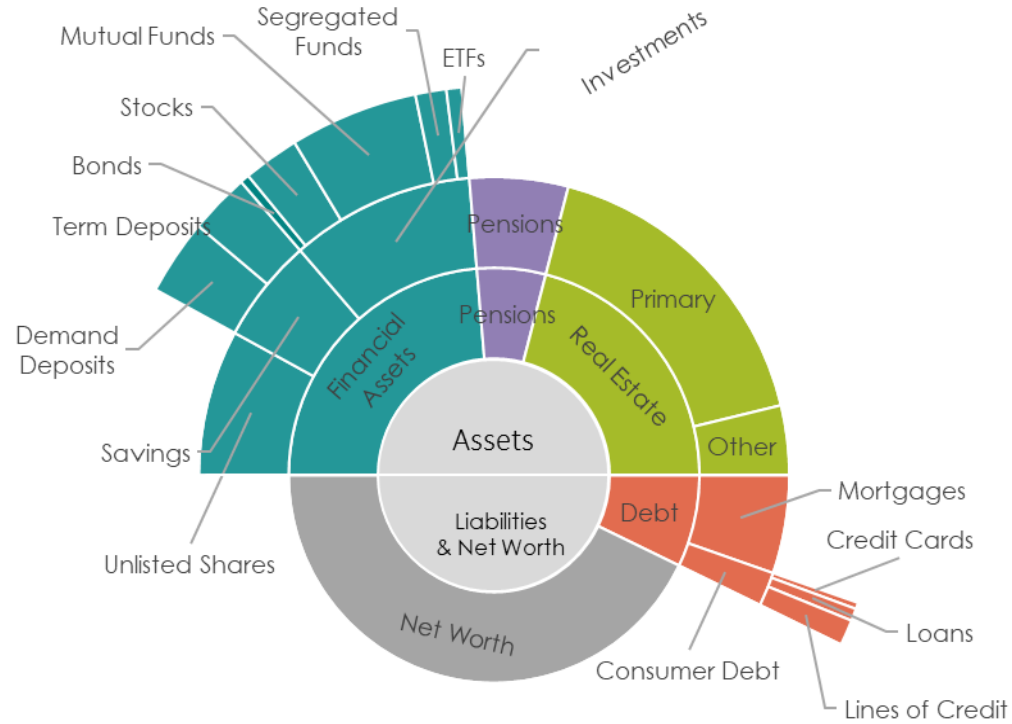


Regional Differences Between Average Household Balance Sheets

Segment: Turbo Burbs

Average Net Worth: 2.2M

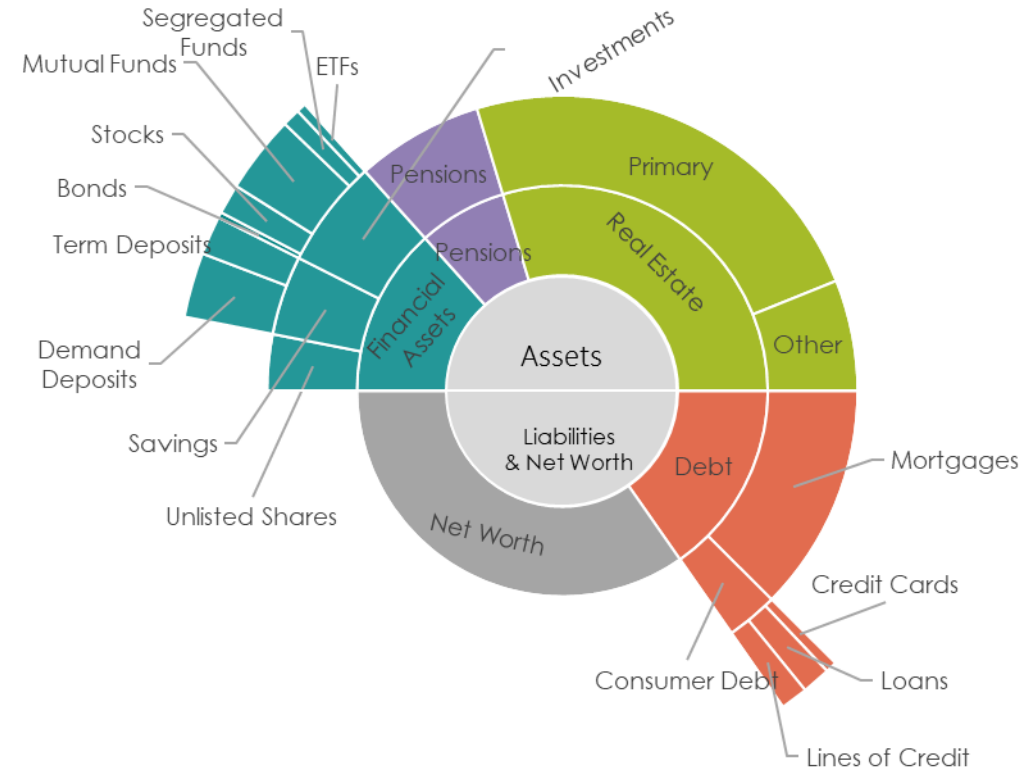
Average Disposable Income: 130k



Segment: Modern Suburbia

Average Net Worth: 780k

Average Disposable Income: 100k

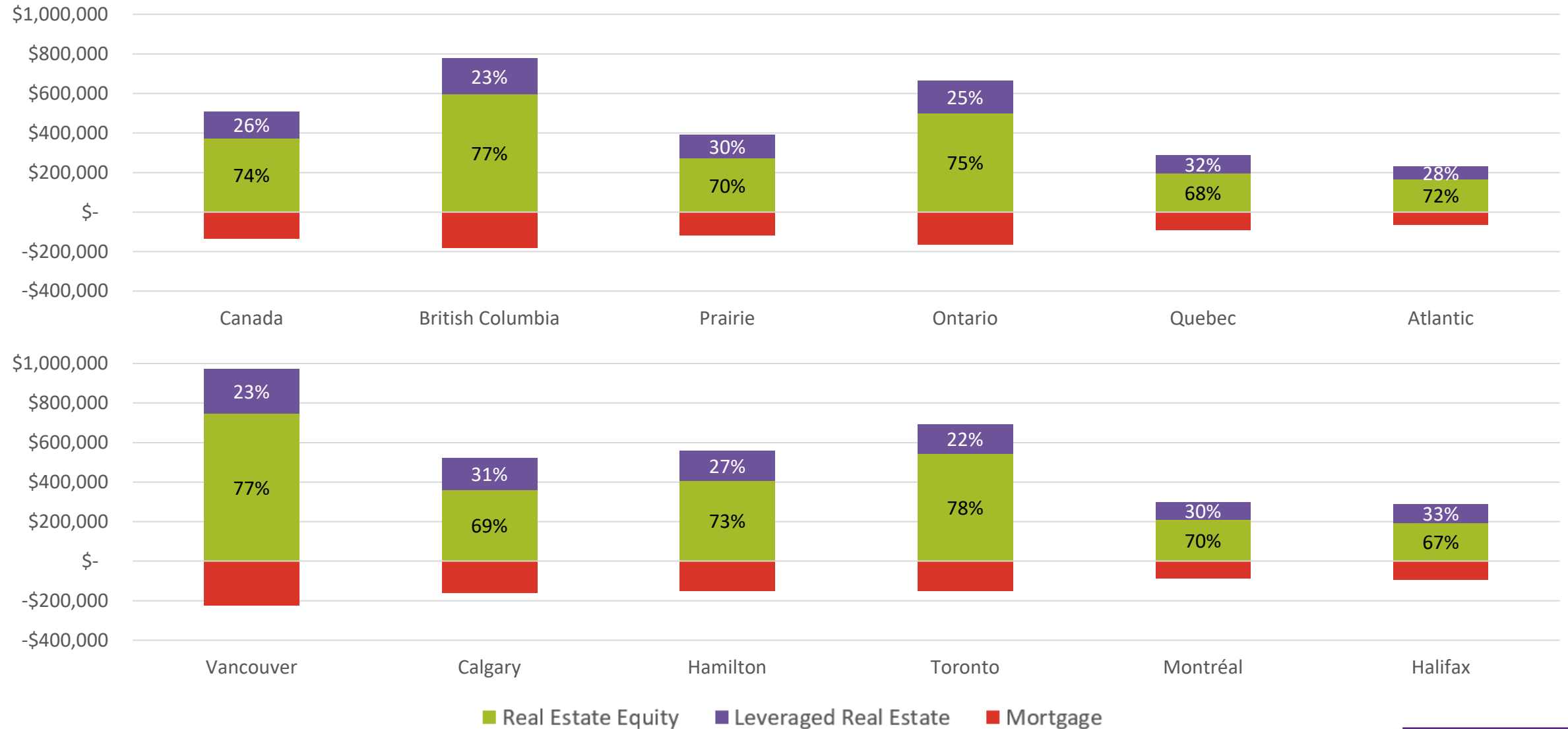


Rising Borrowing Costs

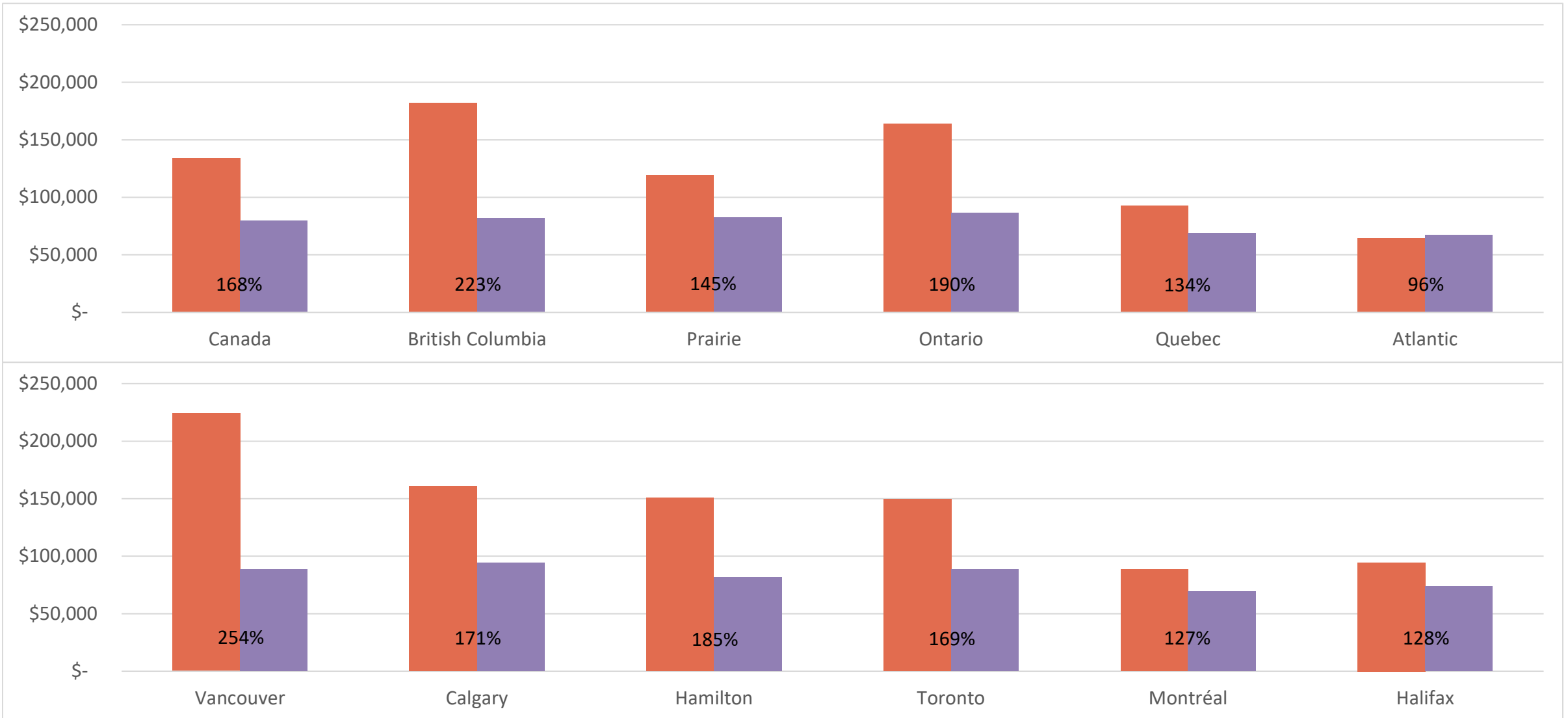
WealthScapes and LiquidAssets
Insights



Real Estate, Mortgages and Net Equity Across Regions and CMAs

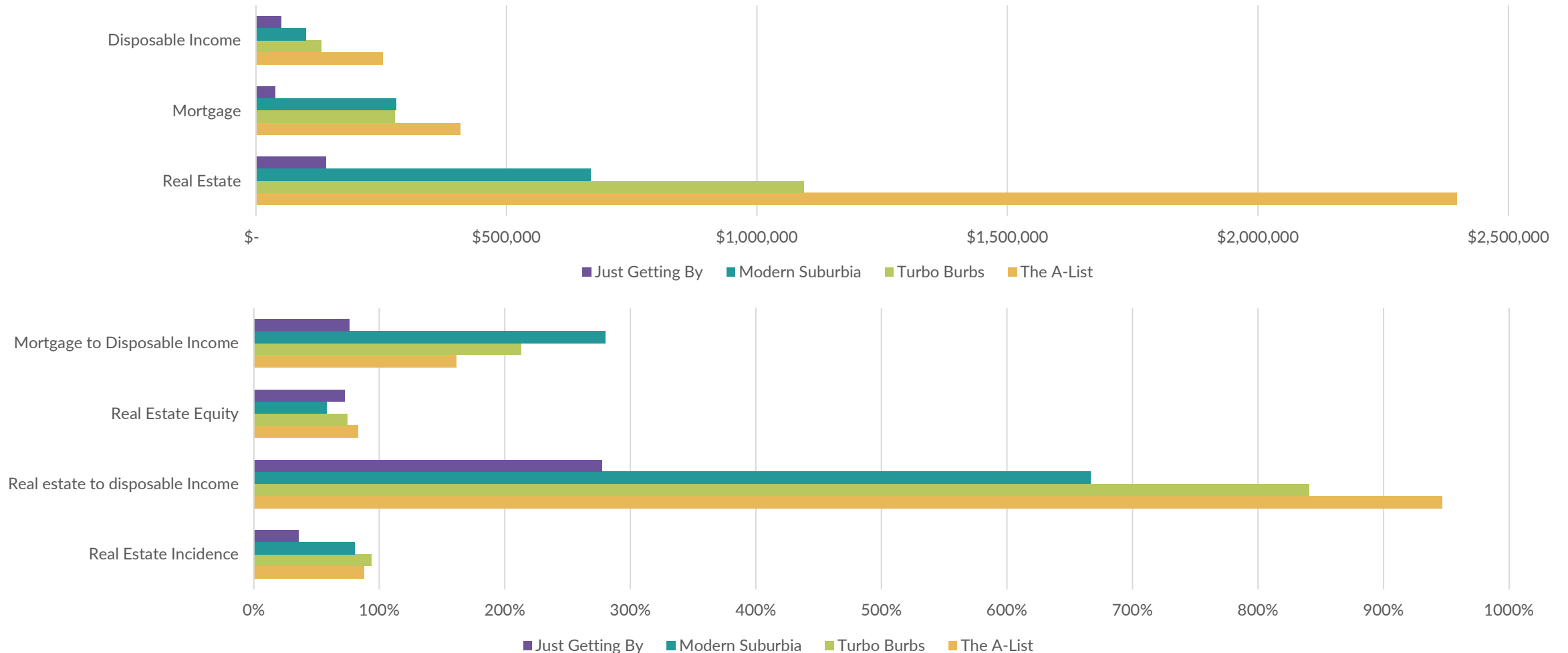


Mortgage to Disposable Income Across Regions and CMAs



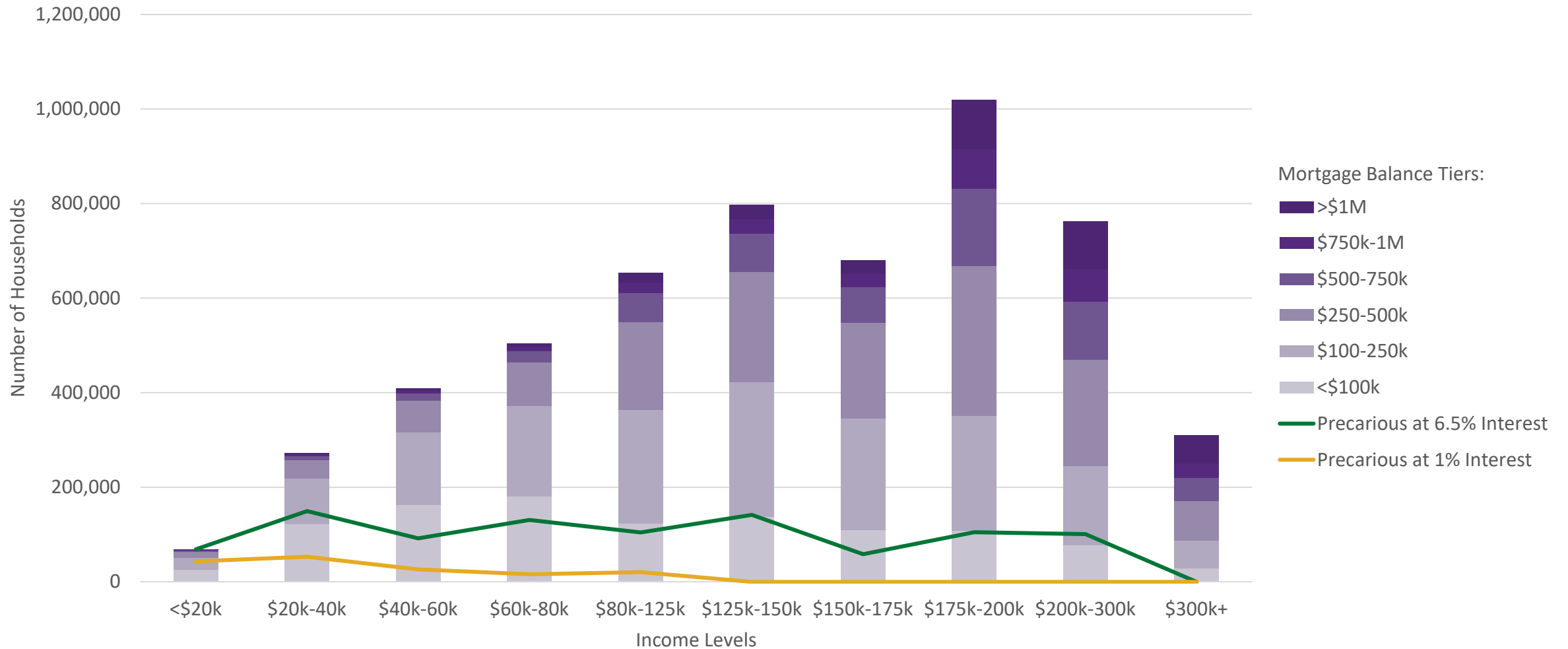
PRIZM Profiles – Real Estate Leverage and Debt Servicing

Real Estate Exposure by PRIZM Segment



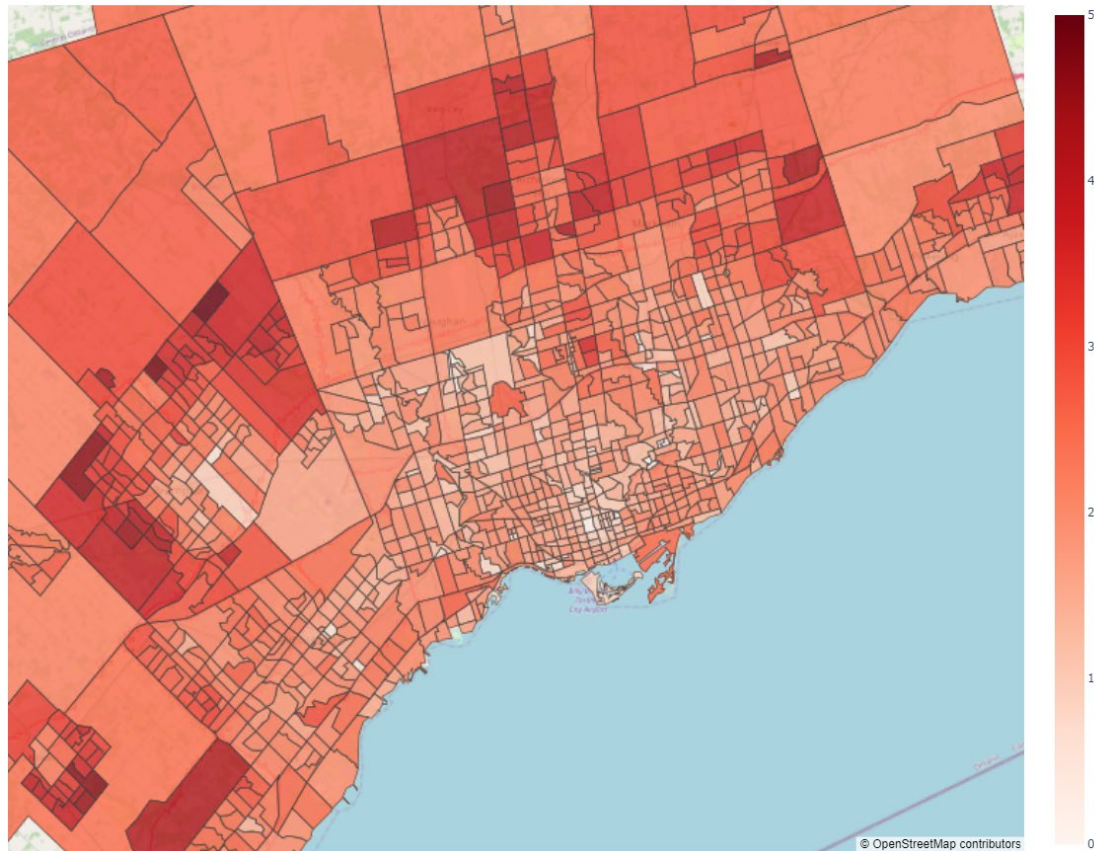
Peaking Into The Distributions – Finding Vulnerable Households

Mortgage Balance by Income, # Households

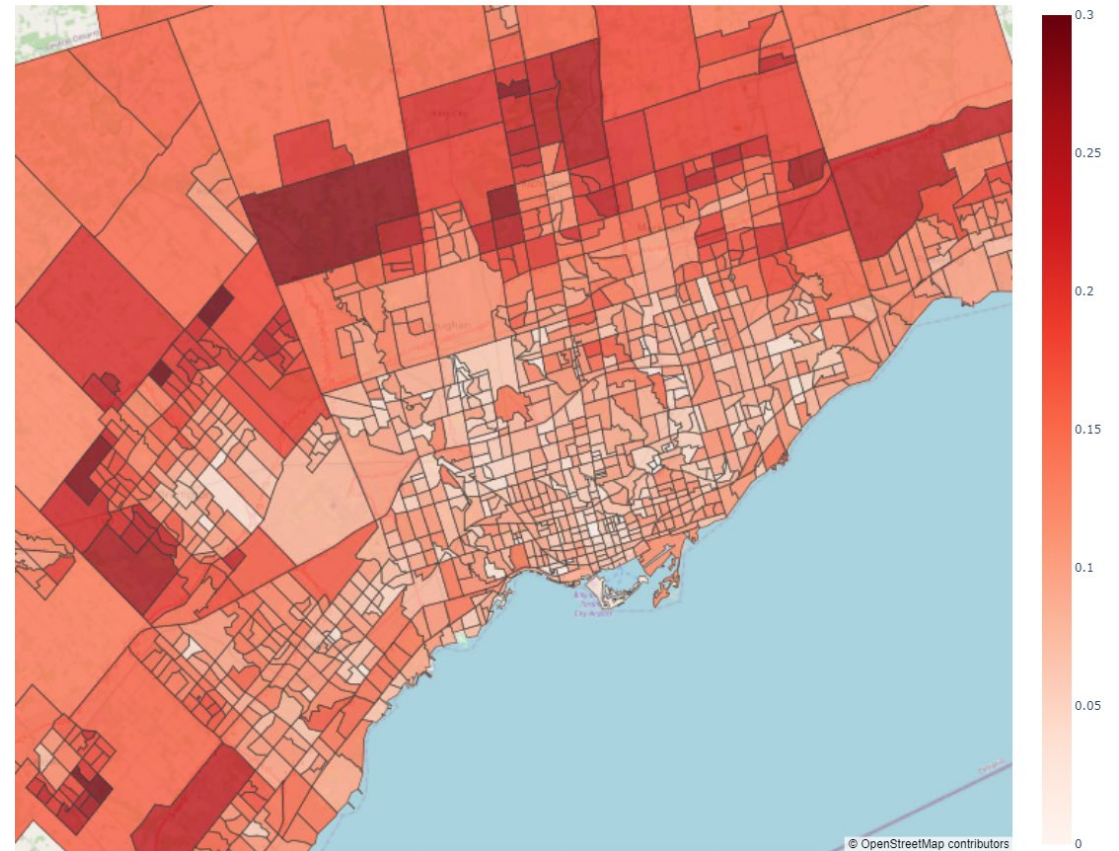


Peaking Into The Distributions – Finding Vulnerable Households

Debt to disposable income

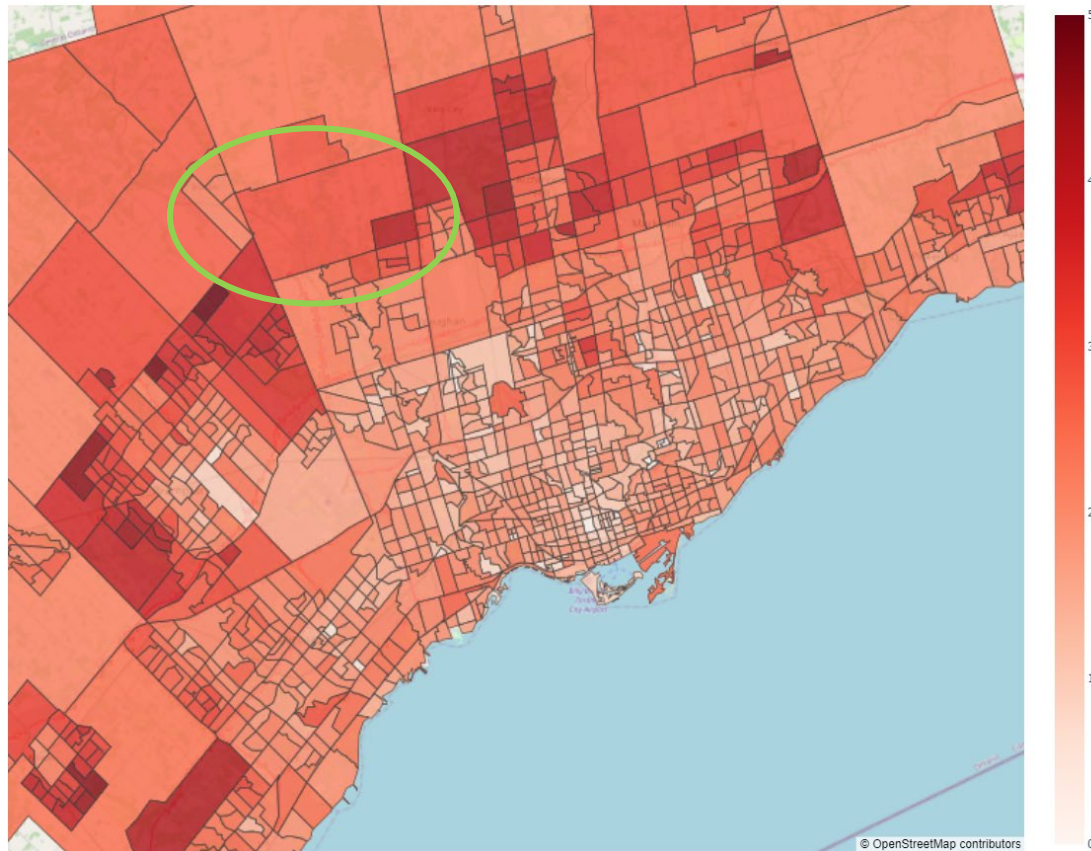


Percent at-risk households

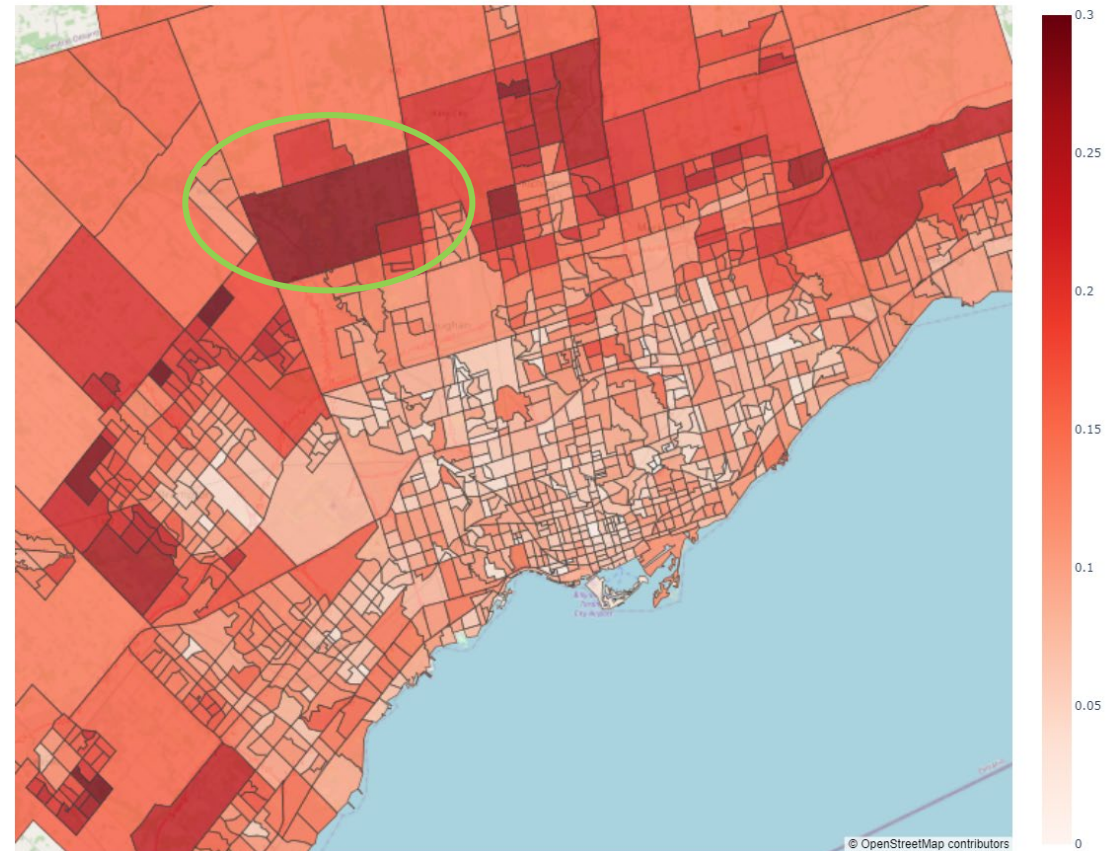


Peaking Into The Distributions – Finding Vulnerable Households

Debt to disposable income



Percent at-risk households

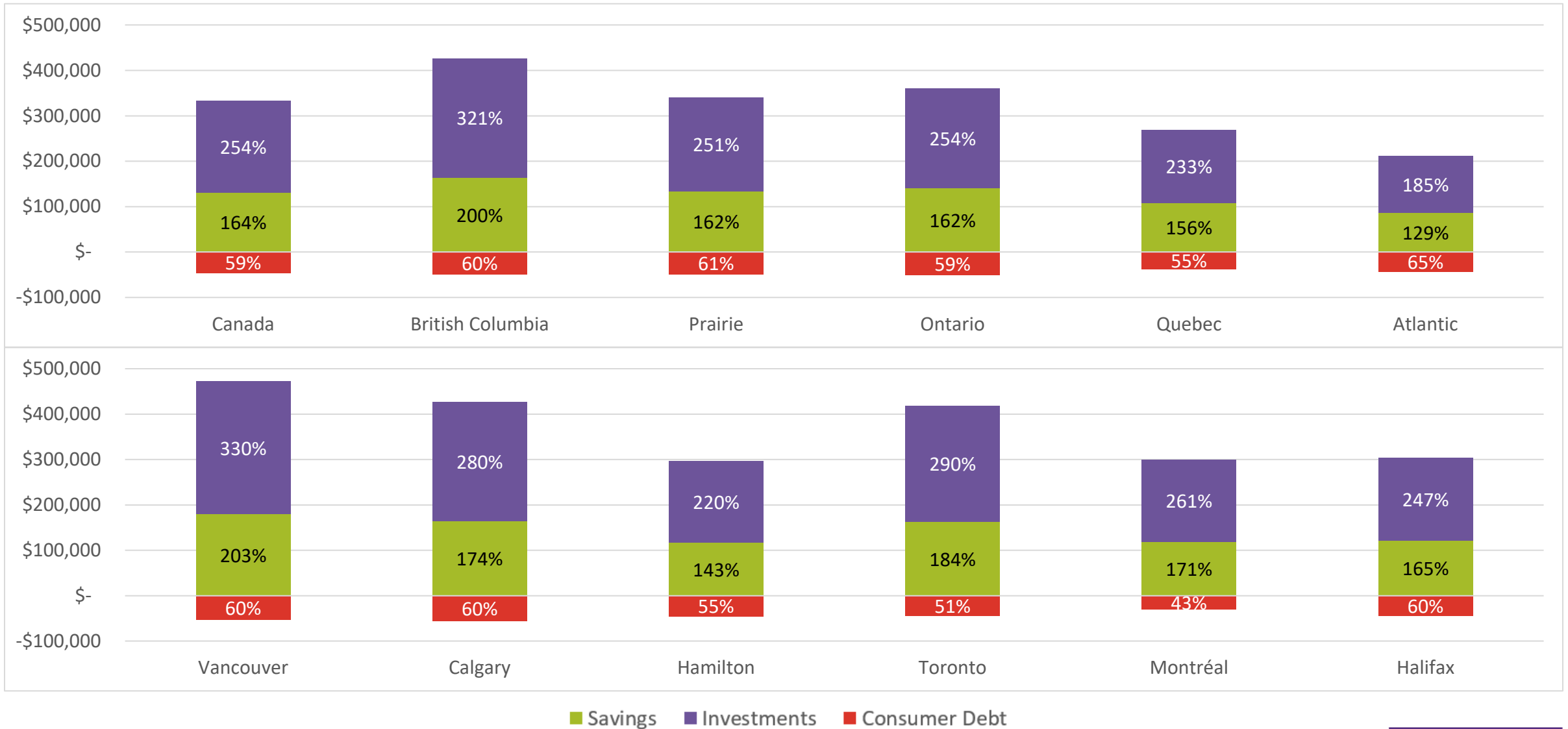


WealthScapes Suite of Products

Savings buffers and emergency funds

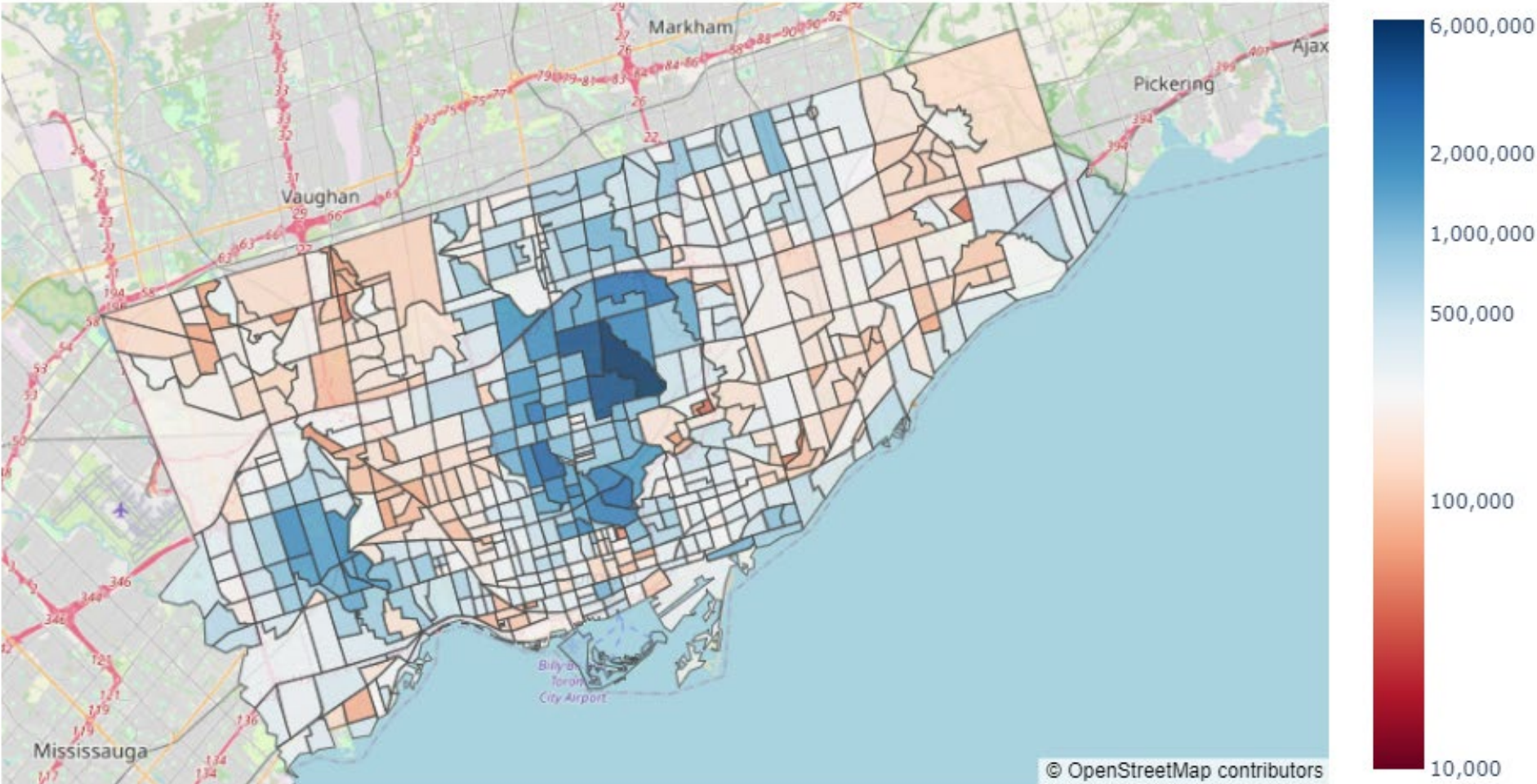


Liquid Assets and Consumer Debt by Region and CMA

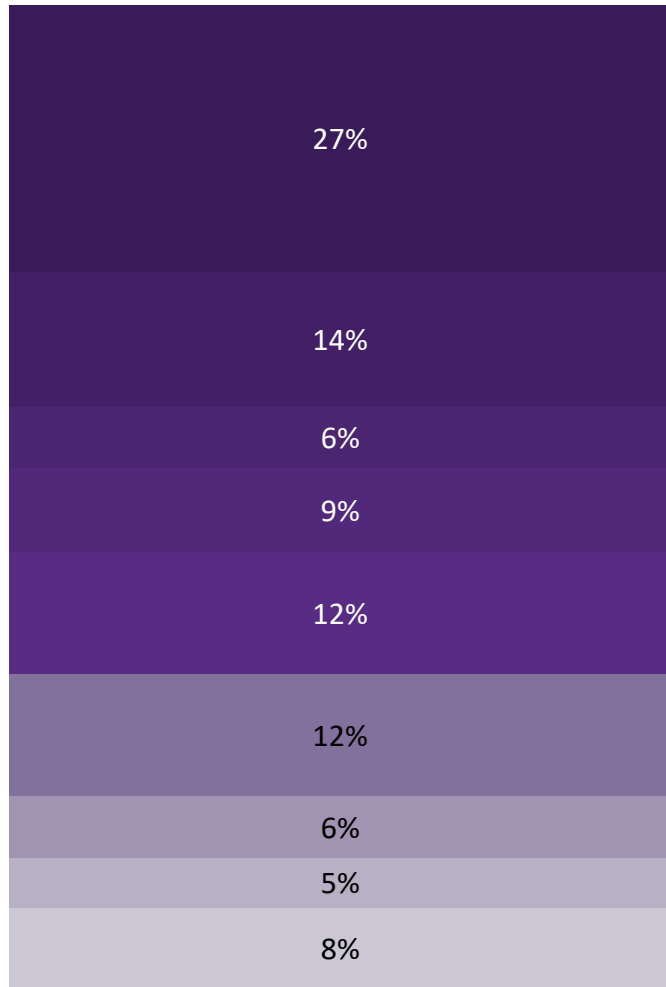


Average Liquid Assets Balances – Financially Vulnerable or Resilient?

Average Liquid Assets



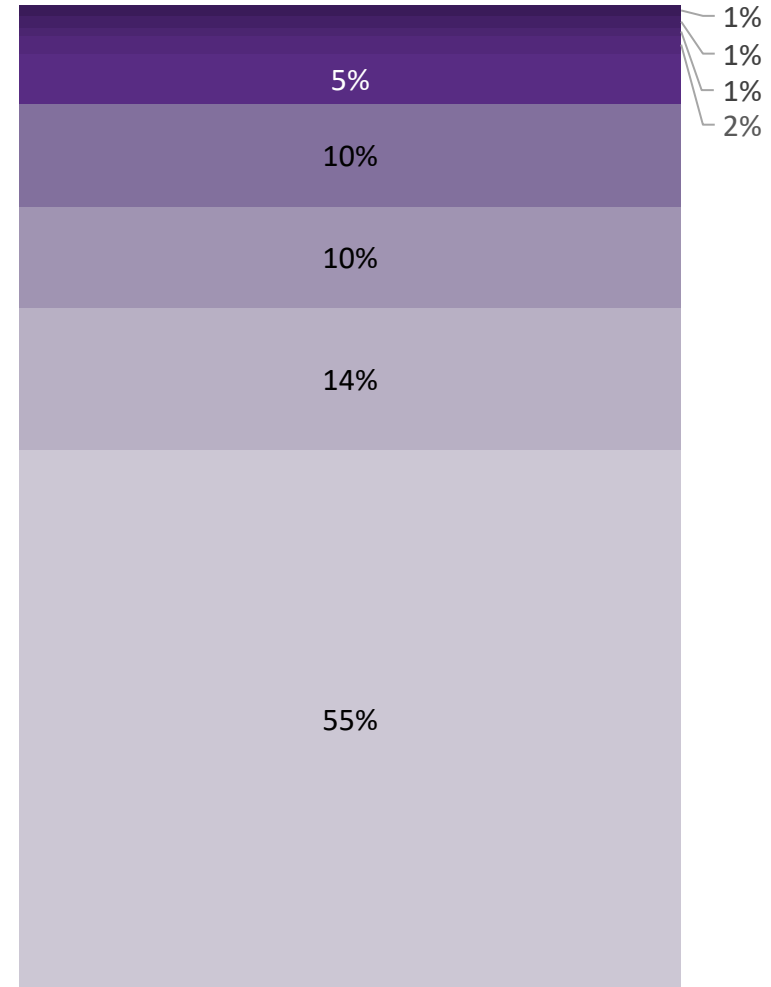
LiquidAssets by Contrasting PRIZM segments



THE A-LIST

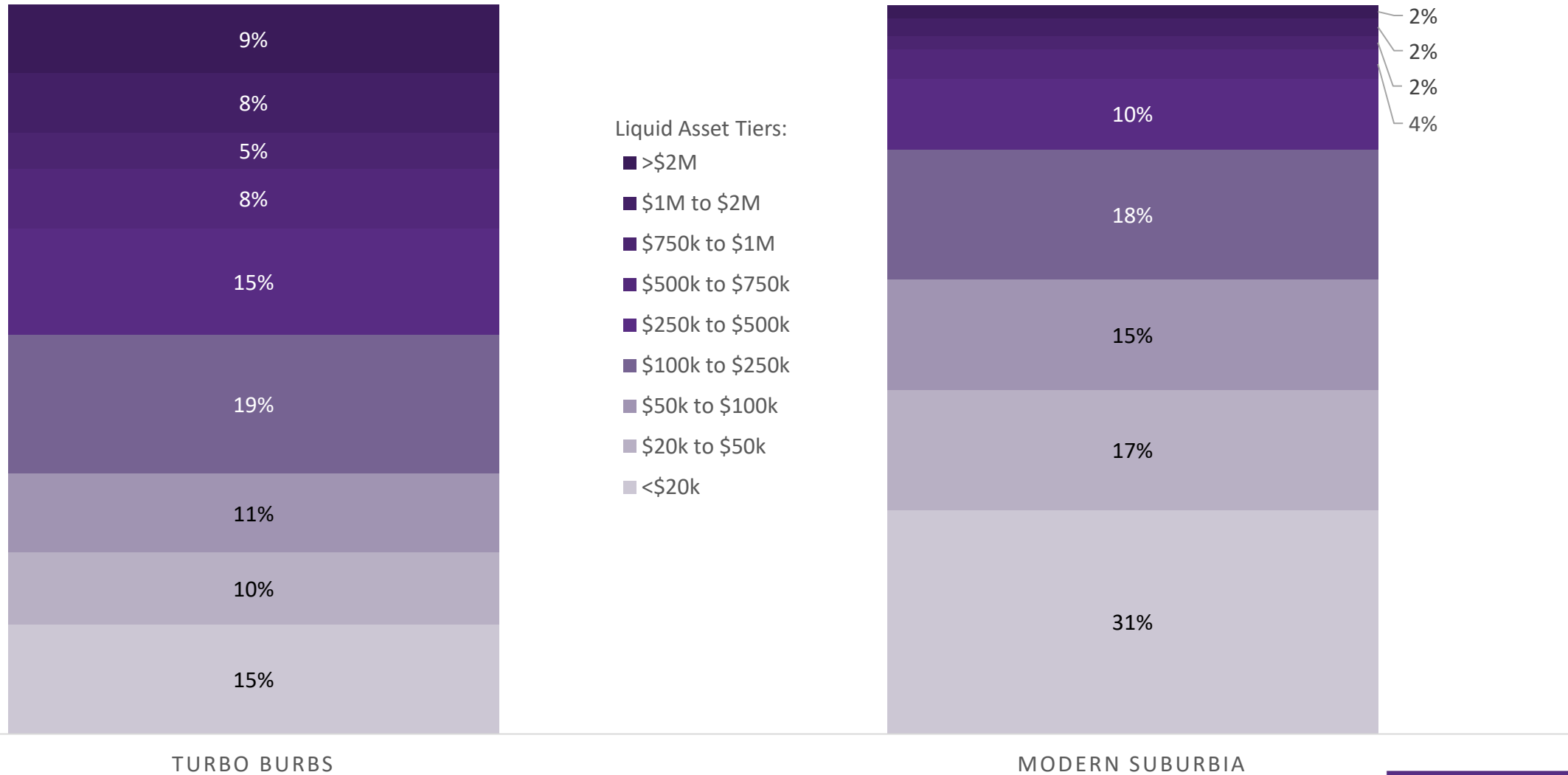
Liquid Asset Tiers:

- >\$2M
- \$1M to \$2M
- \$750k to \$1M
- \$500k to \$750k
- \$250k to \$500k
- \$100k to \$250k
- \$50k to \$100k
- \$20k to \$50k
- <\$20k



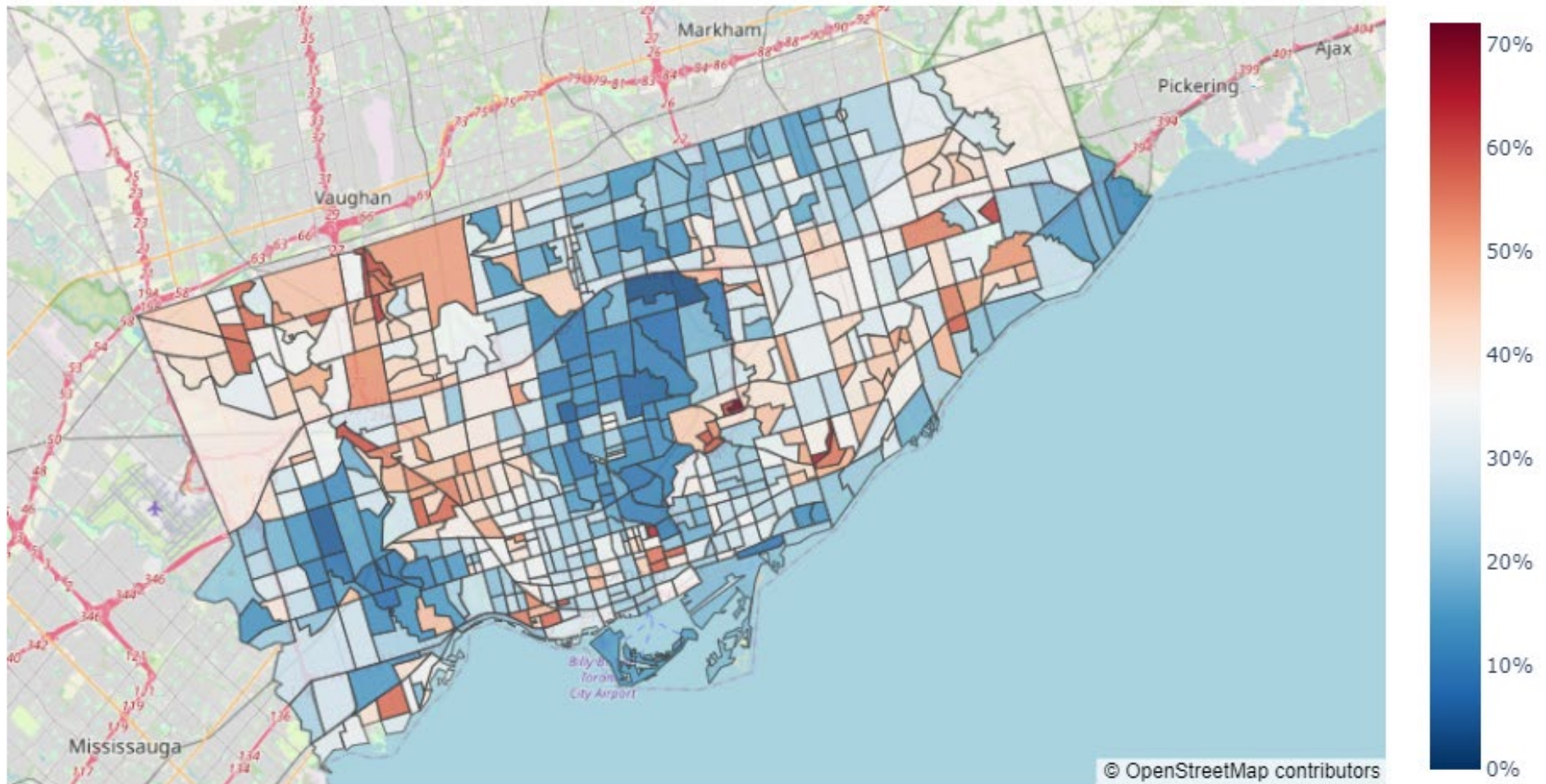
JUST GETTING BY

LiquidAssets by Contrasting PRIZM segments



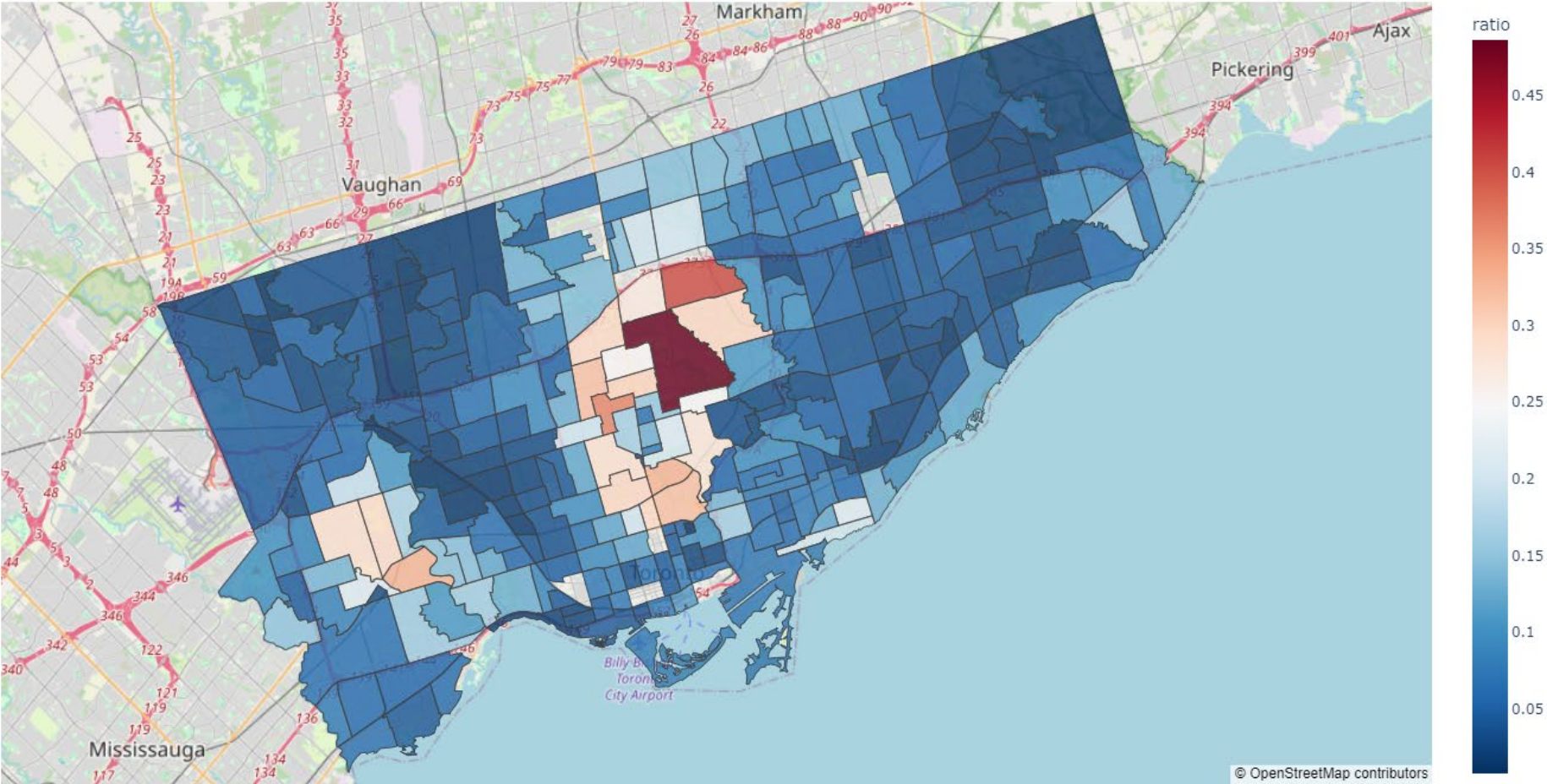
A Better Way to Look – Financially Vulnerable or Resilient?

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



A Better Way to Look – Financially Vulnerable or Resilient?

Percent of Households with More than \$1M of Liquid Assets



The Impacts on Fundraising

Fewer Charitable Donors, Less Money Donated in 2022



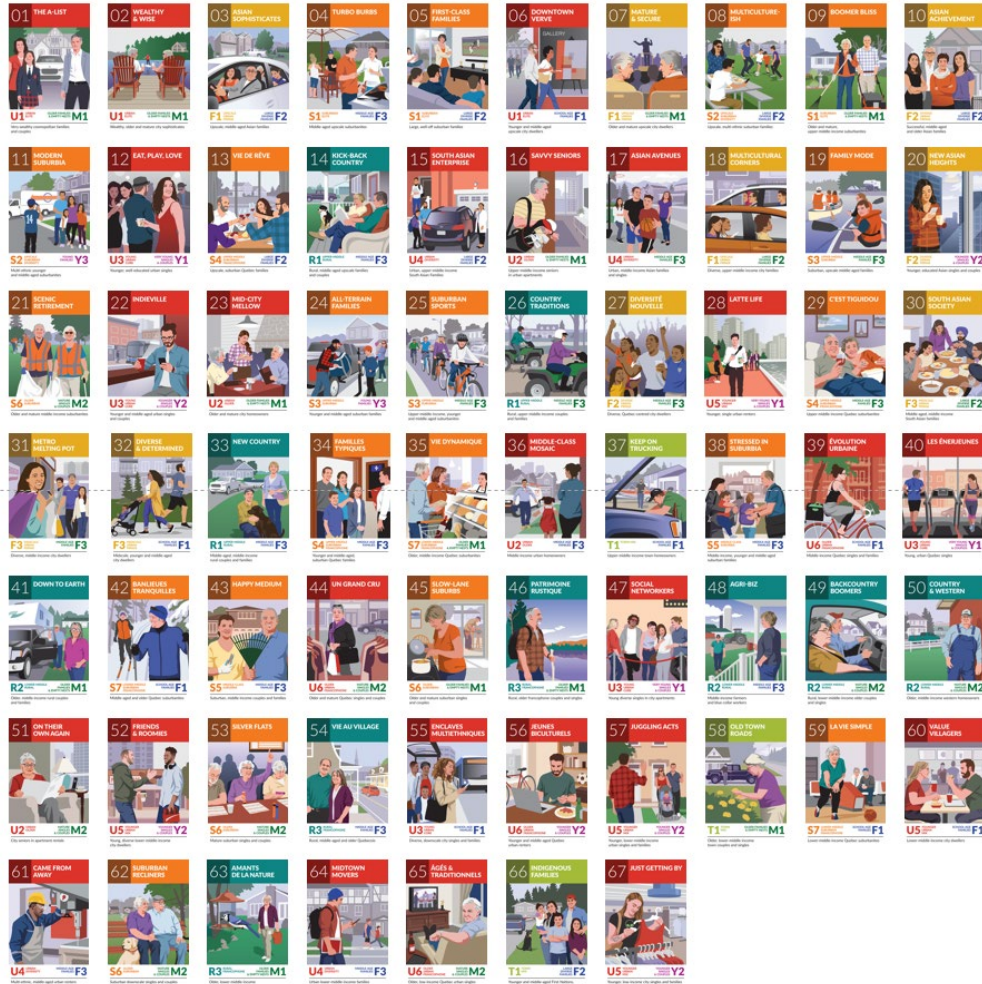
Note(s): Amounts are expressed in current dollars.

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

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

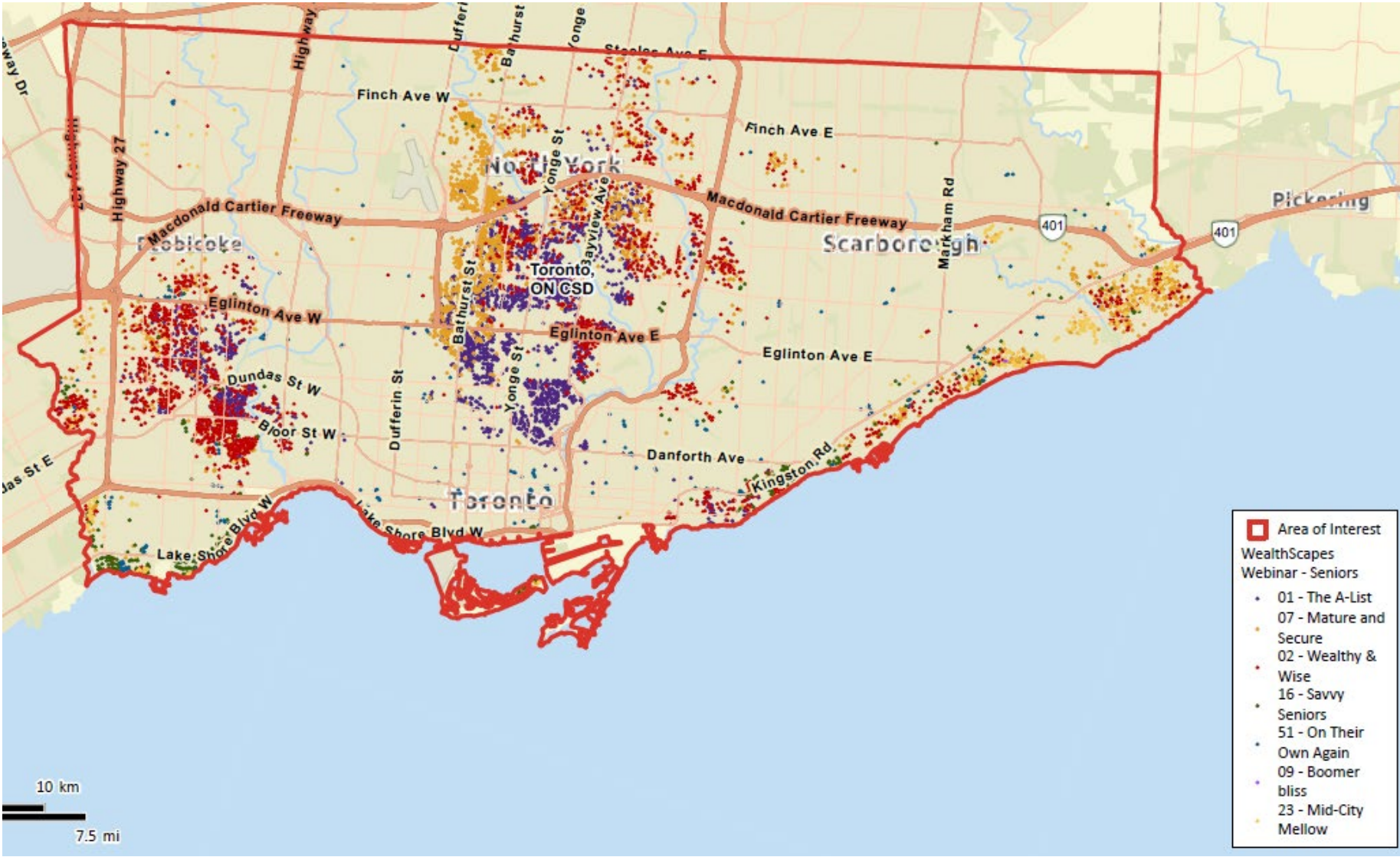
M4W 3H1 Uniqueness of each 6-digit postal code

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

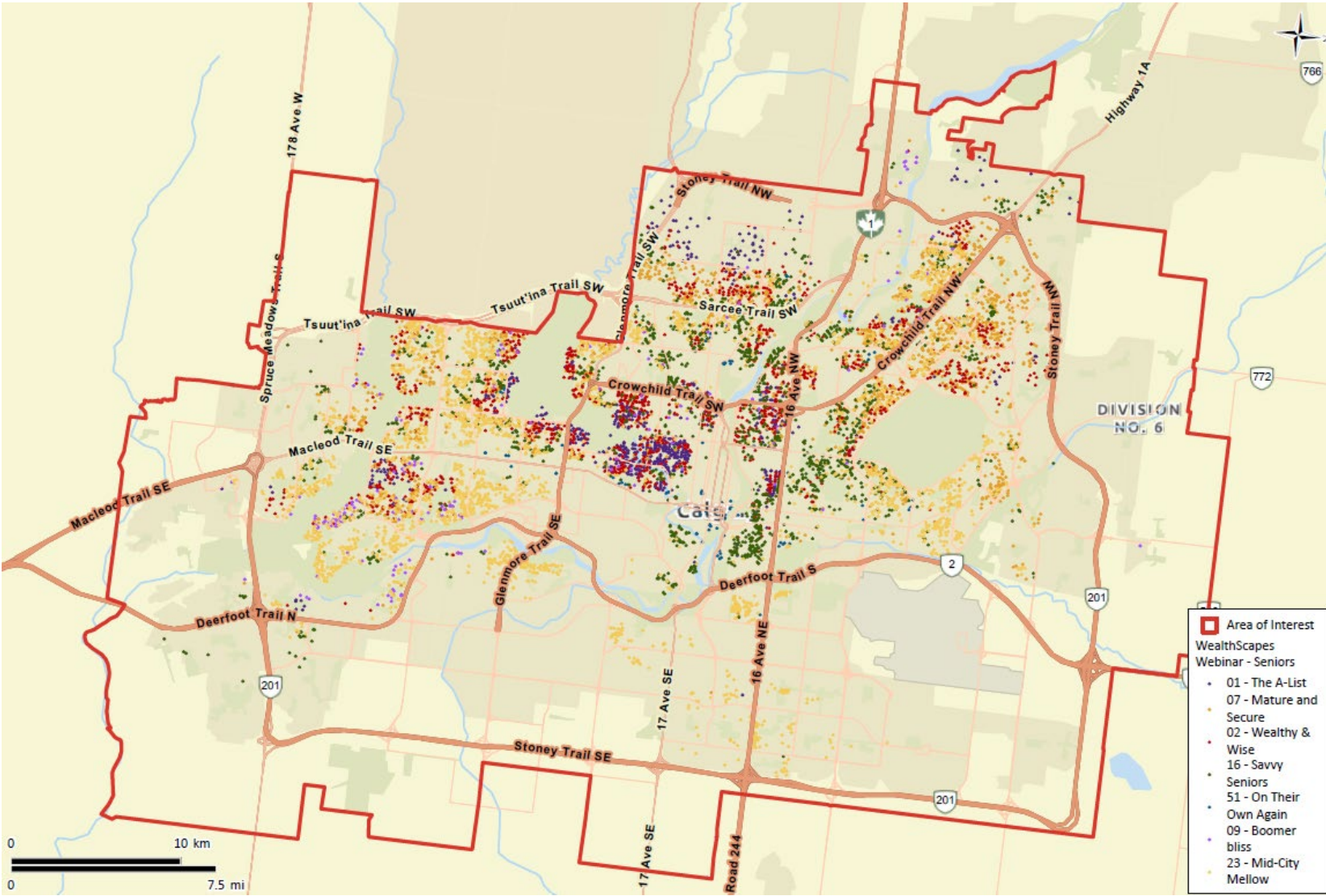
Who Are These Donors

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%

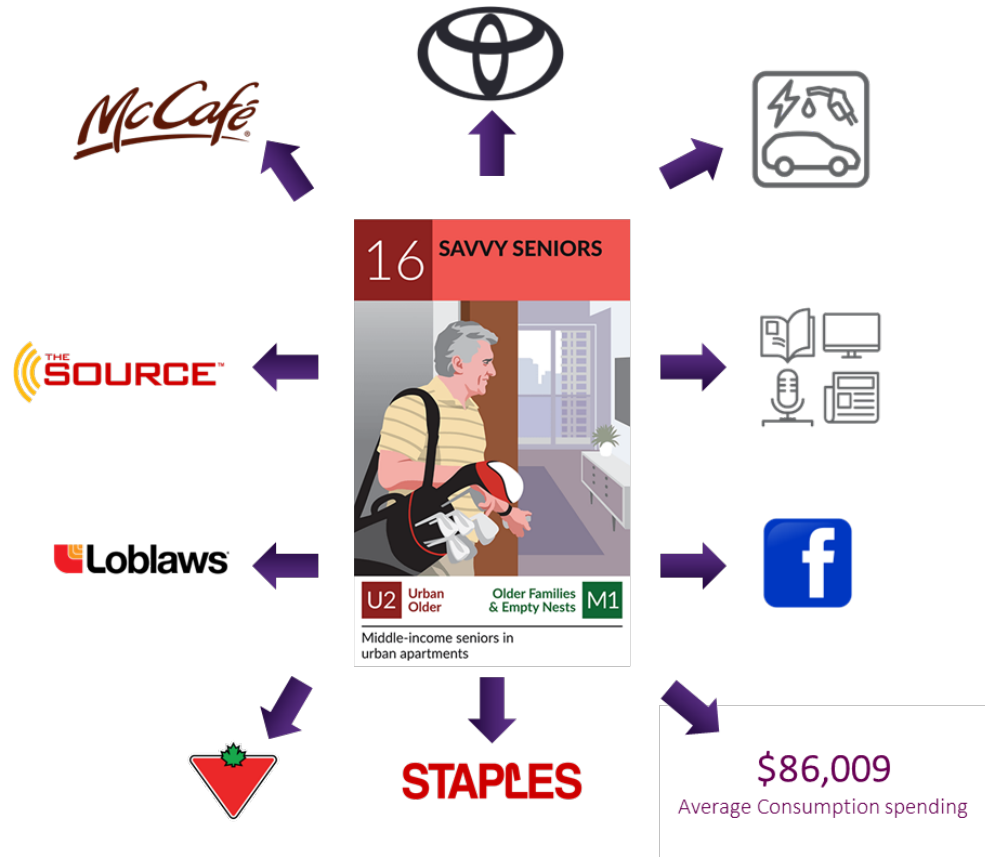
These PRIZM Segments are Found Throughout Toronto



With an Entirely Different Distribution in Calgary



How Can I Action on PRIZM?



Top Values: Legacy, Duty, Community Involvement

AMPLIFIED ACTIVATION

The “Intel Inside” in all Channels

Traditional & Digital Channels

Bell Media

ROGERS Sports & Media

kinetic

MiQ

PATISON

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

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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Lynne Wolfson

Research Lead, Financial Data
Products

