

The Impact of the Covid-19 Economy on the 0.5%



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Philanthropic Consulting, LLC



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The Population

Philanthropic attitudes and actions of the highly affluent.



The Definitions

- **High-net-worth** individual is generally someone with at least \$1 million in cash or assets that can easily be converted into cash.
- **Highly affluent** individuals are defined as having a net worth of at least US \$30-45 million in investable assets

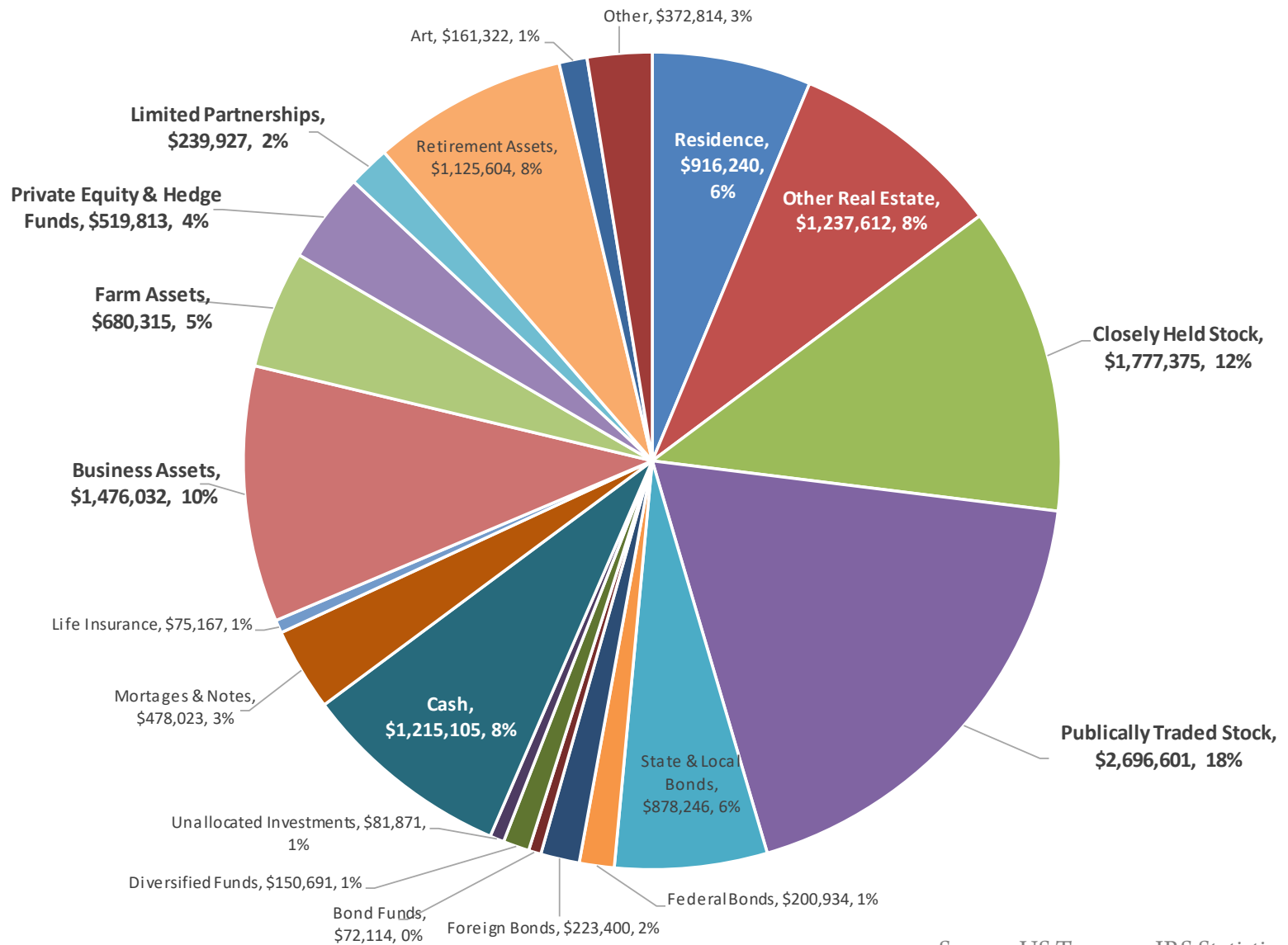
Identifying the 1% by Gross Income

Table 1.1. All Returns: Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income, Tax Year 2017 (Filing Year 2018)

(All figures are estimates based on samples—money amounts are in thousands of dollars except as indicated)

Size and accumulated size of adjusted gross income	All returns				
	Number of returns	Percent of total	Adjusted gross income less deficit		
			Amount	Percent of total	Average (dollars)
	(1)	(2)	(3)	(4)	(5)
Size of adjusted gross income					
All returns	152,903,231	100.00	\$11,009,900,155	100.0	\$72,006
No adjusted gross income	2,030,316	1.33	-\$232,238,464	[1]	-\$114,385
\$1 under \$5,000	9,752,106	6.38	\$25,230,099	0.2	\$2,587
\$5,000 under \$10,000	10,789,563	7.06	\$81,447,661	0.7	\$7,549
\$10,000 under \$15,000	11,594,637	7.58	\$145,001,169	1.3	\$12,506
\$15,000 under \$20,000	10,665,270	6.98	\$186,097,793	1.7	\$17,449
\$20,000 under \$25,000	9,983,829	6.53	\$224,218,126	2.0	\$22,458
\$25,000 under \$30,000	8,824,548	5.77	\$242,450,897	2.2	\$27,475
\$30,000 under \$40,000	15,209,009	9.95	\$529,629,959	4.8	\$34,823
\$40,000 under \$50,000	11,915,599	7.79	\$533,337,760	4.8	\$44,760
\$50,000 under \$75,000	20,958,446	13.71	\$1,286,848,073	11.7	\$61,400
\$75,000 under \$100,000	13,508,353	8.83	\$1,170,354,458	10.6	\$86,639
\$100,000 under \$200,000	19,951,450	13.05	\$2,707,840,958	24.6	\$135,722
\$200,000 under \$500,000	6,215,046	4.06	\$1,770,815,570	16.1	\$284,924
\$500,000 under \$1,000,000	1,010,203	0.66	\$679,941,585	6.2	\$673,074
\$1,000,000 under \$1,500,000	222,611	0.15	\$268,740,908	2.4	\$1,207,222
\$1,500,000 under \$2,000,000	90,527	0.06	\$155,813,355	1.4	\$1,721,181
\$2,000,000 under \$5,000,000	129,868	0.08	\$386,043,696	3.5	\$2,972,585
\$5,000,000 under \$10,000,000	31,628	[2] < 0.5%	\$216,163,537	2.0	\$6,834,562
\$10,000,000 or more	20,223	[2] < 0.5%	\$632,163,016	5.7	\$31,259,606

Diversified Asset Allocation



Source: US Treasury, IRS Statistics

<https://www.irs.gov/statistics/soi-tax-stats-all-top-wealthholders-by-size-of-net-worth> 5

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The Numbers

Dow Jones Industrial Average



• Source: Yahoo Finance

The Market over Three Years

Standard & Poor's 500

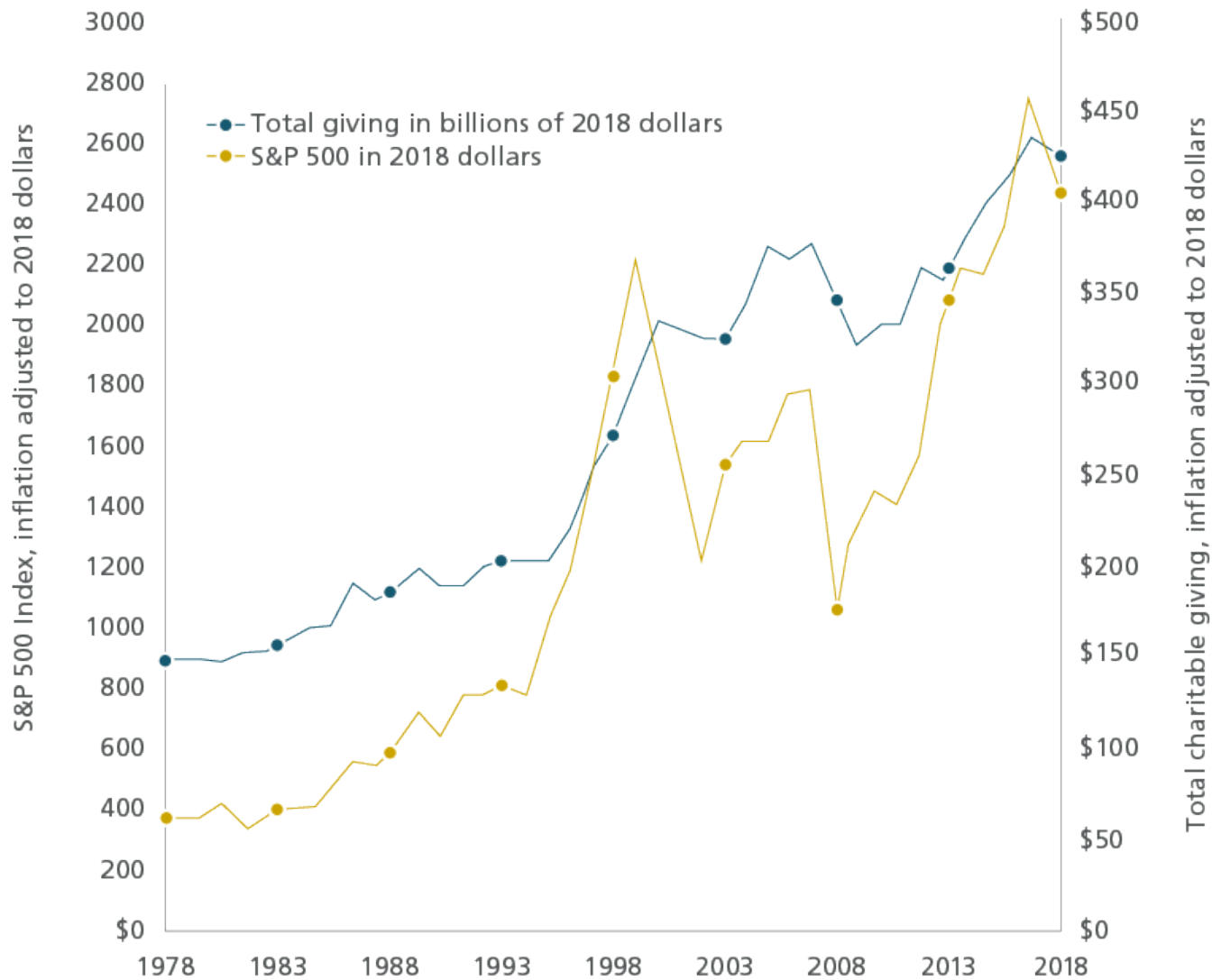
Date	S&P 500 Close	One Year Change	Two Year Change
3-Apr-18	2,614.45		
3-Apr-19	2,873.40	9.90%	
3-Apr-20	2,488.65	-13.39%	-4.81%

Dow Jones Industrial

Date	Dow Jones Close	One Year Change	Two Year Change
3-Apr-18	24,033.36		
3-Apr-19	26,218.13	9.09%	
3-Apr-20	21,052.53	-19.70%	-12.40%

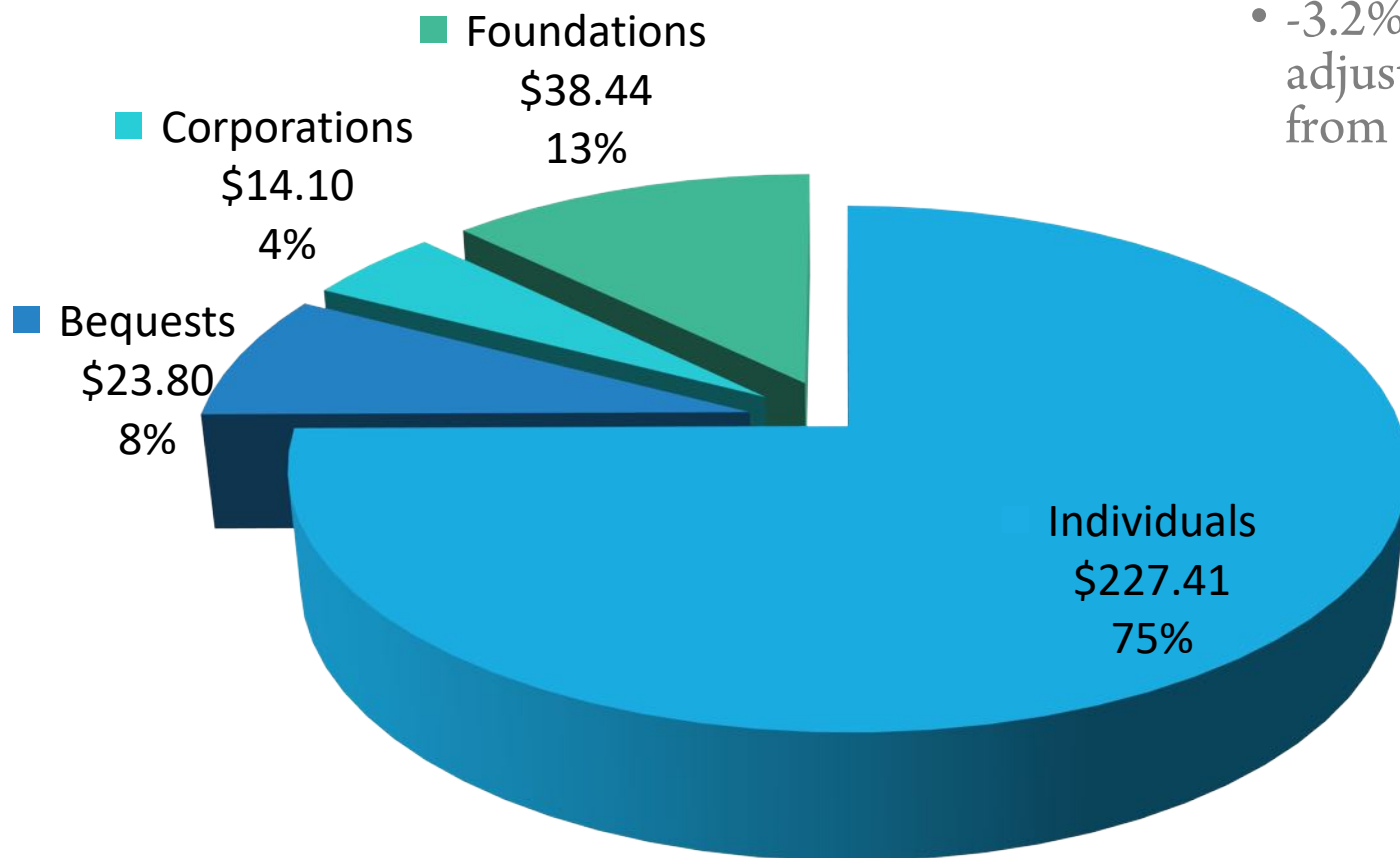


The Market & Philanthropic Impact





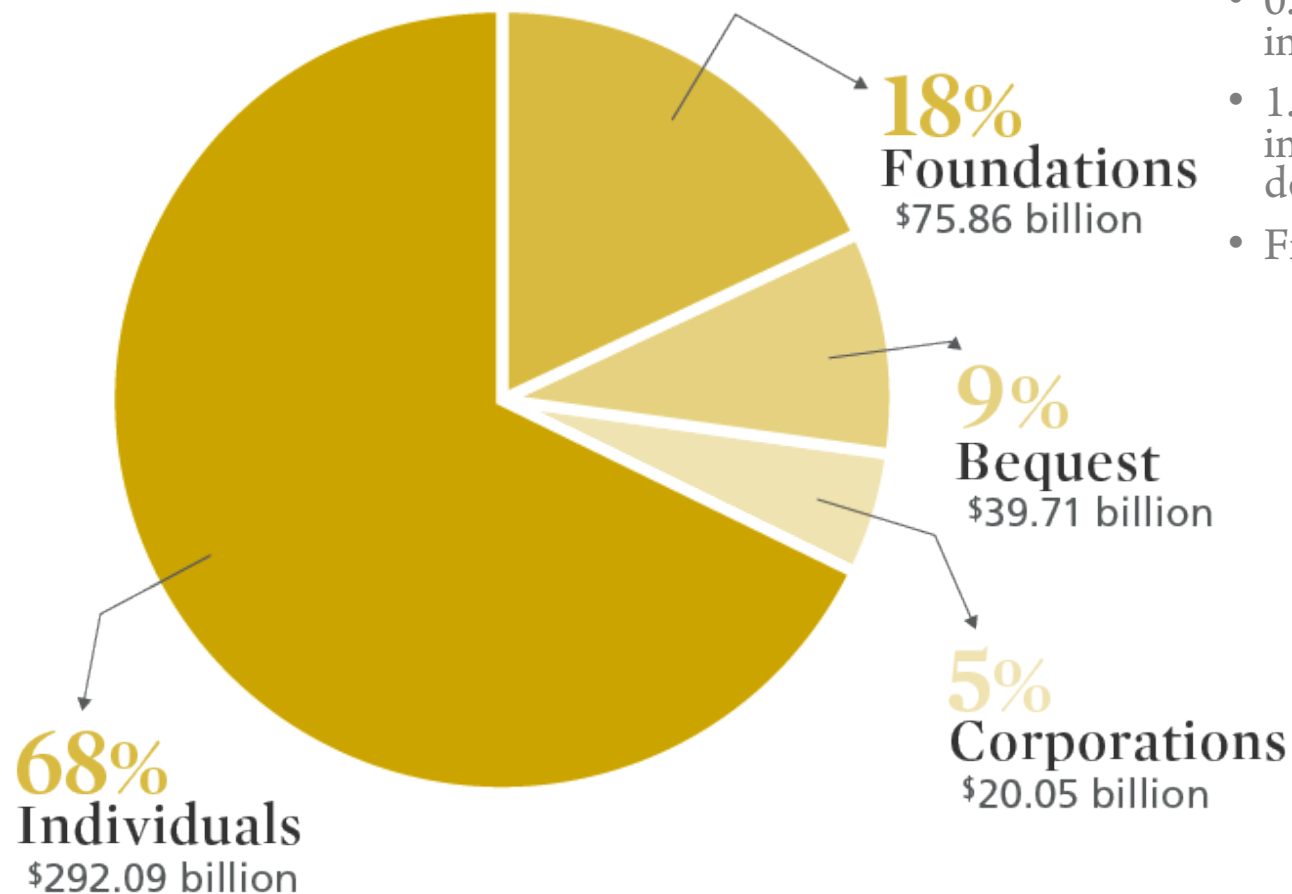
2009 Contributions: \$309.75 Billion



- 3.2% inflation adjusted dollars from 2008

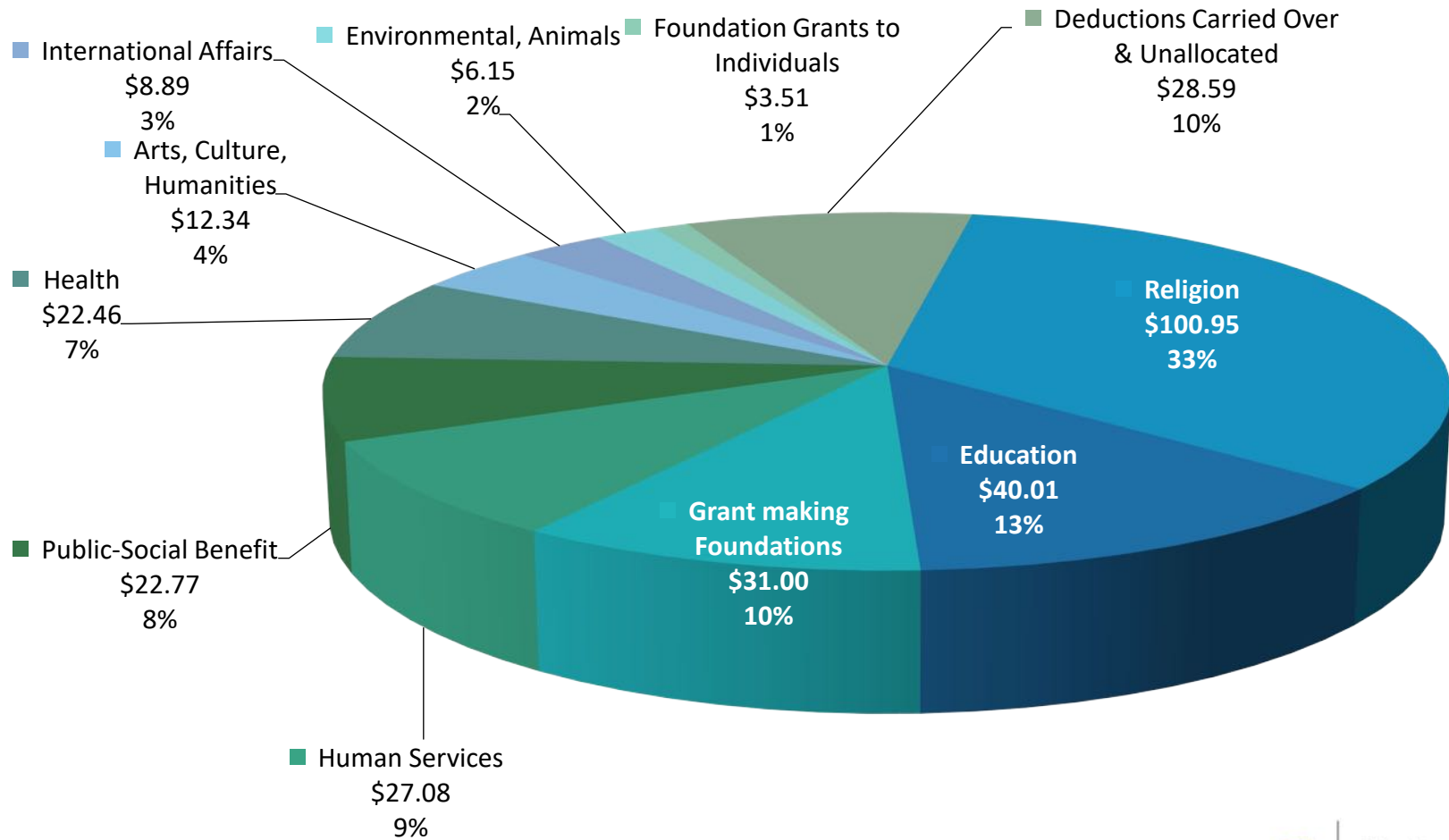


2018 \$427.7 Billion Contributions by Source

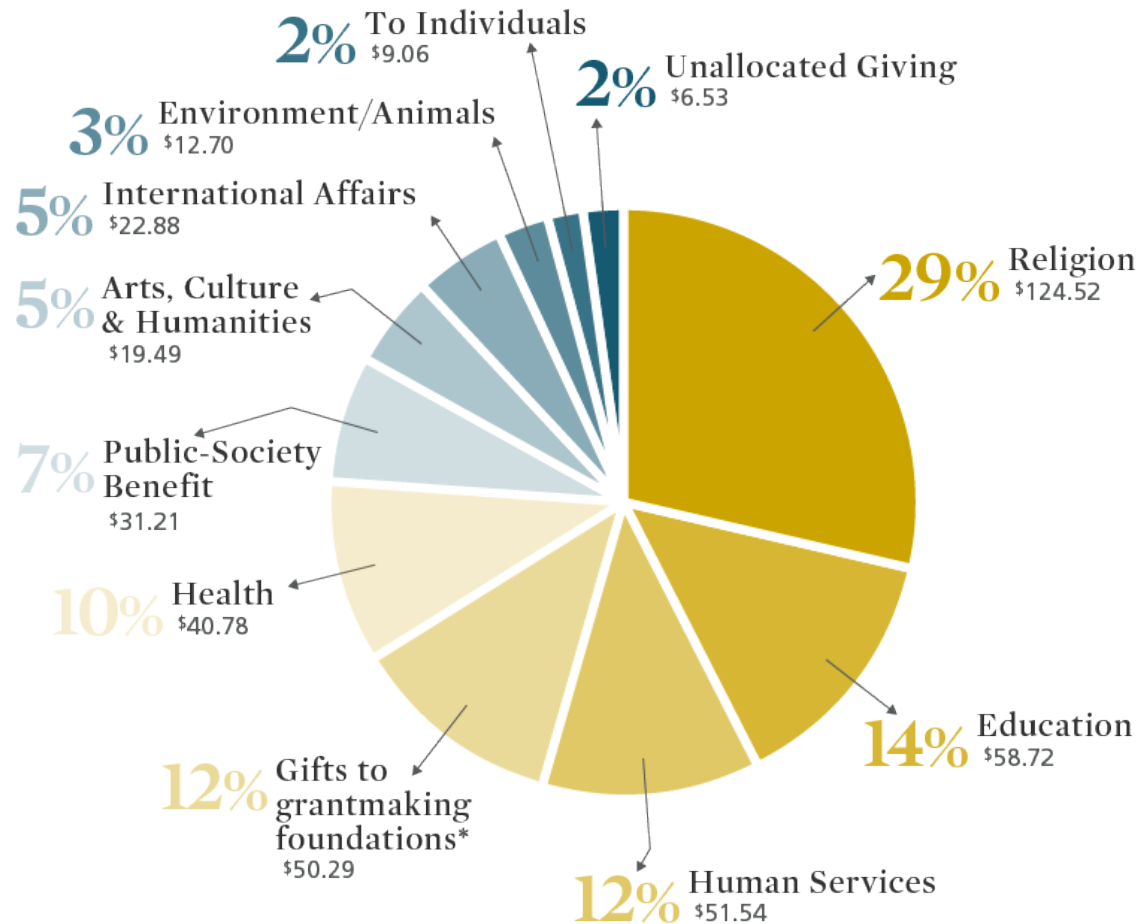


- 0.7 percent increase in current dollars
- 1.7 percent decrease in inflation-adjusted dollars
- From 2017

2008: Contributions by Destination

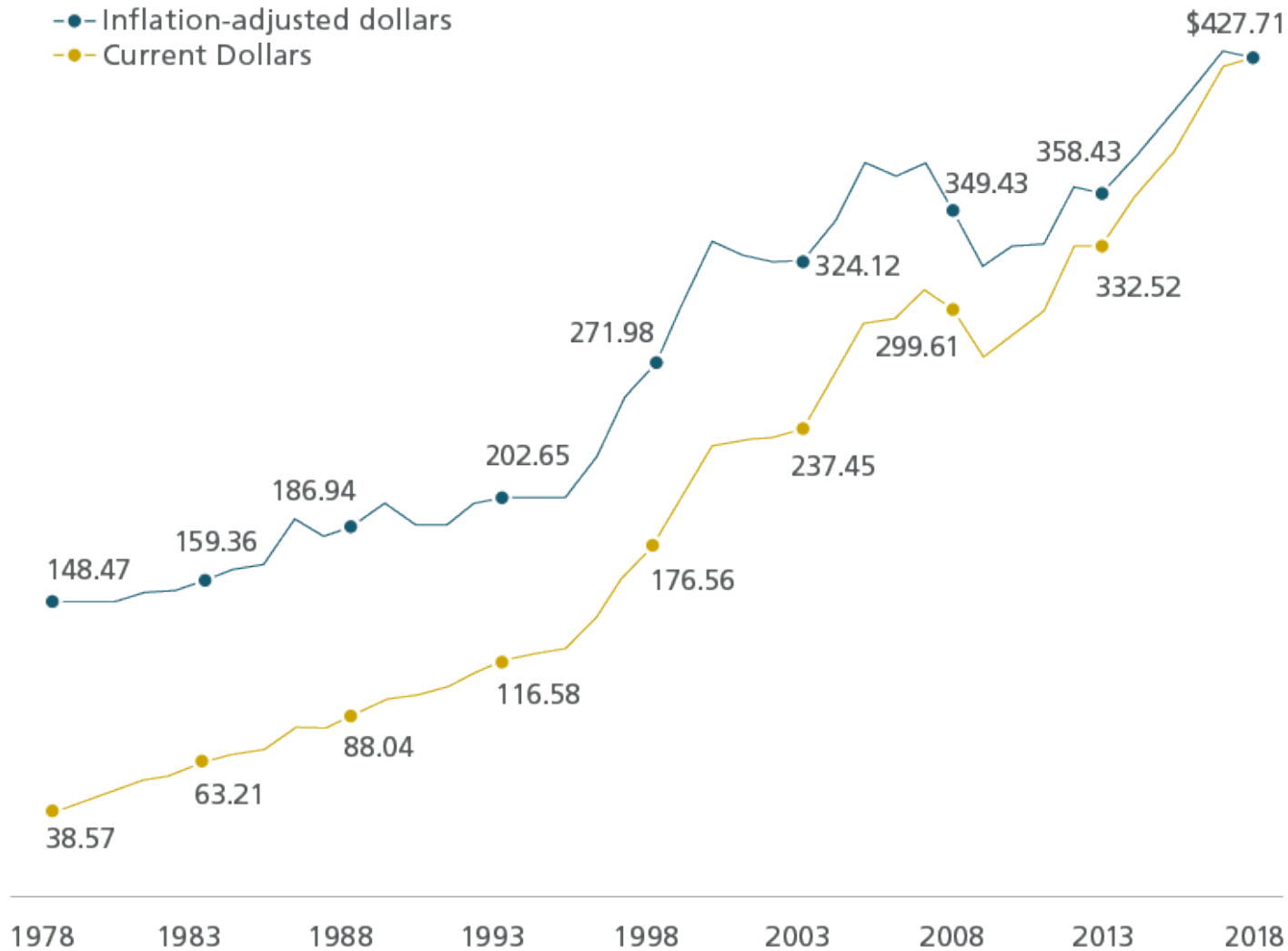


2018: Distribution of Charitable Giving



* Estimate developed jointly by Candid (formerly Foundation Center) and Giving USA
** Includes gifts to non-grantmaking foundations, deductions carried over, contributions to organizations not classified in a subsector, and other unallocated

Trends in Giving

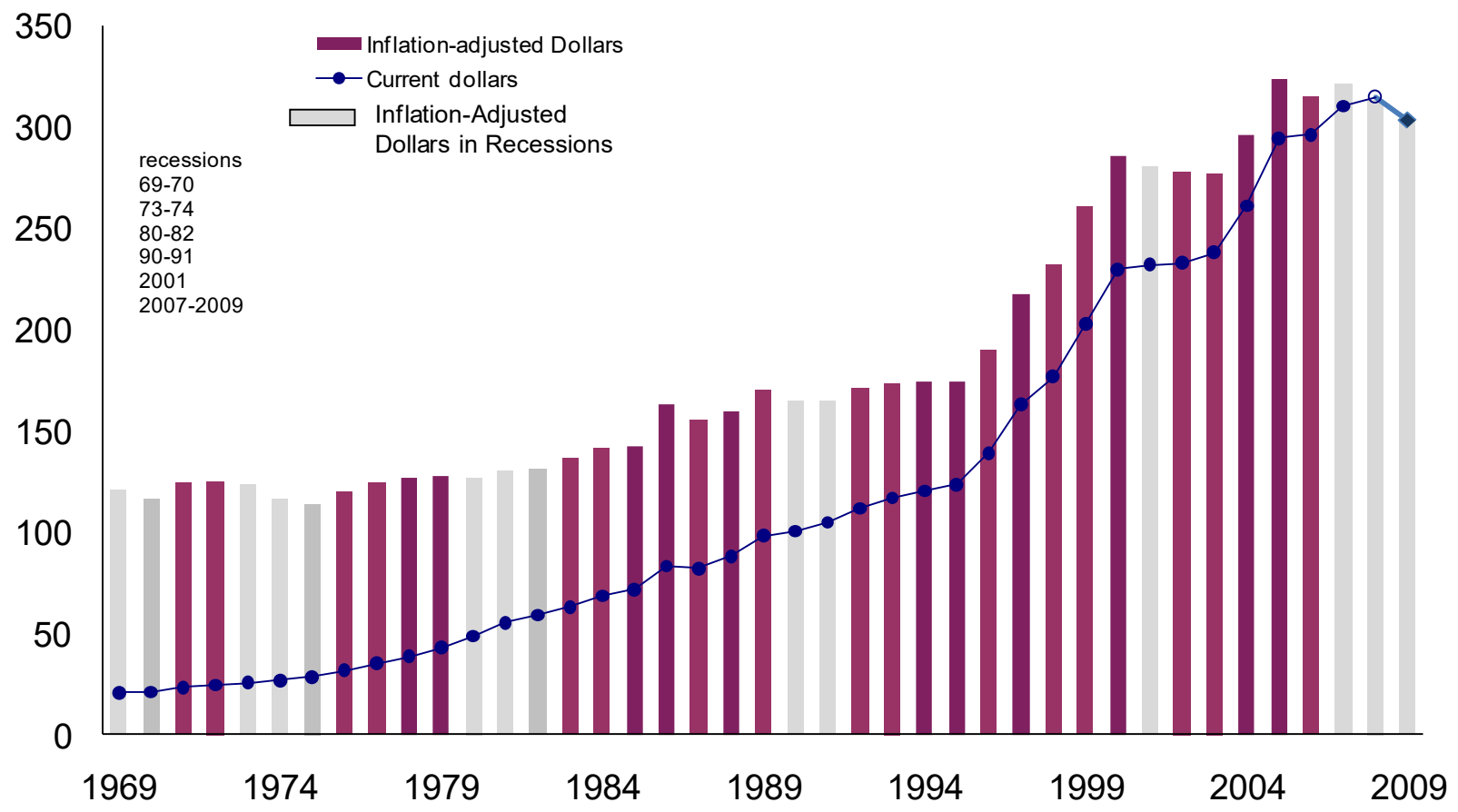




Recession Giving

Total giving: 1969-2009
(billions of dollars)

- Giving declined in 2009 for the first time



2010 / 2020 Parallels: Individual Mega & Principal Gifts

Gift Range: Donors	2008	2009	2010	Two Year Delta	2018	2019	2020	Two Year Delta
\$50 Million +	21	18	16	-23.81%	42	40	10	-76.19%
\$1 Million - \$49 Million	448	314	274	-38.84%	676	755	93	-86.24%
Total	469	332	290	-38.17%	718	795	103	-85.65%

Gift Range: Millions \$	2008	2009	2010	Two Year Delta	2018	2019	2020	Two Year Delta
\$50 Million +	\$2,727	\$2,221	\$1,360	-50.13%	\$5,414	\$4,404	\$1,017	-81.22%
\$1 Million - \$49 Million	\$2,777	\$1,663	\$1,925	-30.68%	\$5,113	\$4,920	\$745	-85.43%
Total	\$5,504	\$3,884	\$3,285	-40.32%	\$10,527	\$9,324	\$1,762	-83.26%

- Data Source: Chronical of Philanthropy & Candid
- Aggregated by Visionary Philanthropy

2010 / 2020 Parallels: Bequests

Million Dollar Bequests	2008	2009	2010	Two Year Delta	2018	2019	2020	Two Year Delta
Deceased	103	98	61	-40.78%	91	82	7	-92.31%
Total	103	98	61	-40.78%	91	82	7	-92.31%

Million Dollar Value	2008	2009	2010	Two Year Delta	2018	2019	2020	Two Year Delta
Bequest Value	\$11,553	\$480	\$626	-94.58%	\$711	\$898	\$82	-88.47%
Total	\$11,553	\$480	\$626	-94.58%	\$711	\$898	\$82	-88.47%

- Data Source: Chronical of Philanthropy & Candid
- Aggregated by Visionary Philanthropy

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Client Survey

Response to the Market and the Economy

“I have moved a great deal of cash into individual stocks and funds.”



“I sold a bunch of stock to get the cash. Lost almost \$500,000 but I want the liquidity.”



“None of my people are panicking because of the market - They are diversified and educated.”

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Client Survey

Response to the Question:

How has this Affected your Charitable Giving?



“This is not the time to get into new business with the market where it’s at. It’s important to help the things we are already invested in and believe in.”



“I have enough, my kids and grand kids are taken care of. We are increasing our giving significantly. We are giving to new charities, ones that are going to save lives RIGHT NOW .”



“Right now my focus is on saving the company. I plan on giving at the same level, as of now. I can not say the same for my corporate giving.”

Covid-19 Responses

Seattle Foundation: \$3 million from *Connie and Steve Ballmer* to support the Covid-19 Response Fund, which will support community-based organizations in Washington's greater Puget Sound region that are helping individuals affected by the coronavirus outbreak.

Foundation for the Carolinas and United Way of Central Carolinas: \$1 million from *Howard Levine* to back the two organizations joint Covid-19 Response Fund, which will assist people who have been affected by the coronavirus pandemic.

Second Harvest of Silicon Valley: \$1 million from *Sheryl Sandberg and Tom Bernthal*, to help the food bank establish the Covid-19 Emergency Fund.

Give2SF COVID-19 Response and Recovery: \$1 million from *Gordon and Ann Getty* to support food security, access to housing, and financial security for workers and small businesses

\$20 Million Commitment

CORONAVIRUS

Prominent NYC Couple Commits \$20M to Help Families of City Healthcare Workers

Leon Black, founder of an equity firm, and his wife, Debra, an award-winning Broadway producer, teamed up with the Mayor's Fund and donated \$10 million to create Healthcare Heroes

Published April 7, 2020 • Updated on April 7, 2020 at 7:15 pm

Debra and Leon Black Family and Aramark Launch “NYC Healthcare Heroes” in Partnership with the Mayor’s Fund, Robin Hood and American Red Cross to Provide Shelf-Stable Food, Household Supplies and Health Products to NYC’s 100,000+ Healthcare Heroes

HEALTHCARE HEROES



Supporting Healthcare Workers on the Front Lines of the COVID-19 Outbreak



The Answer

- There is NO ONE ANSWER.
- If someone says they **know** what is going to happen with the market in the short term – They Don't.
- If someone says they **know** what all **Highly affluent** individuals are going to do - They Don't.

The Reality

- Highly affluent have different motivations,
- They are business owners, inherited wealth,
- They are liberal and conservative, old, *really old*, and mostly white.
- They are more financially diversified now than during past financial market downturns.
- They want to know what you are doing. They want information.



At this moment, please don't be "that guy..."

"Jason, I just sent you the Annual Fund form letter I got from _____.

I don't, I just..., I mean, what the @#*&!

WHAT on earth were they thinking sending it out??"

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Discussion

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Thank you!

For more information contact Jason Blumenthal at
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Visit the web site: www.visionaryphilanthropy.com/resources