

How to Utilize Financial, Charitable Giving, and Real Estate Information in your Prospect Research

Wealth capacity is the primary factor influencing a major gift prospect’s overall ability to give. However, high net worth individuals have tactful ways of distributing their wealth among **public and private sources**. Fortunately for a development pro such as yourself, fundraising intelligence platforms like iWave aggregate multiple databases to source real estate, financial, and other wealth indicators to inform major gift asks.

Wealth indicators are important to development teams, as they are often used to generate an estimated capacity rating or an **“ask” amount**.



When calculating a prospect’s capacity to give, consider this three-step process:

-  1 Collect as much wealth information as possible from as many sources as possible. This includes real estate data, stock information, luxury assets, income or salary, and any type of donation records, be it charitable or political.
-  2 Take a conservative approach when calculating capacity. Generally speaking, a capacity rating is an estimation of a prospect’s giving ability to all nonprofit causes over a five-year period.
-  3 Cross-reference wealth data with other indicators such as **propensity** to give and **affinity** for your cause.

It is worth noting that the following tips and formulas are general “rules of thumb” to help provide an estimation. Capacity ratings are an art, not a science. The best strategy is to experiment with different formulas to learn what works best for your unique organization.

Tip: Hover your cursor over the terms in black, bold text to view the definition. 

Income and Salary Information



When looking for signs of a high **net worth**, your first instinct might be to identify a prospect's salary or **annual business income**. Although this number alone won't tell you everything about a prospect's wealth capacity, but it will help point you in the right direction.

To learn about the incomes of individual prospects, use **corporate databases** such as [Thomson Reuters](#), [Dun & Bradstreet](#), [Manifold Data Mining](#), [RelSci](#), or [DatabaseUSA.com](#)[®], all of which are available within [iWave](#).

Tip: If you want to identify wealthy executives in your region, try building a list of high-income individuals using any of iWave's corporate databases. Simply specify your ideal income range and geography.

ESTIMATING WEALTH CAPACITY USING INCOME

DATASETS:

- Thomson Reuters
- Dun & Bradstreet
- DatabaseUSA.com[®]

Last Known Yearly Compensation Figure × 5% (0.05)

Note: If there are multiple records, the most conservative calculation would use the lowest non-zero value.

DATASET:

Manifold Data Mining
(Canadian prospects)

Median Income Variable × 10% (0.1)



Real Estate Holdings

When it comes to calculating wealth capacity, real estate holdings are the most frequently used source of information. This is because, for over 80% of the population, real estate information is the only data point available. Don't despair though! Real estate information provides key insight regarding a major gift prospect's personality, net worth, debt, and other factors which affect their willingness to give to your cause.

Within iWave, you'll find millions of commercial and residential property records in the U.S. (provided by [CoreLogic](#)) and in Canada (provided by [Manifold Data Mining](#)).

Real estate holdings information helps you:

- prospect for new donors by zip code, street name, or asset range
- find multiple properties for a single donor, regardless of what state they reside in
- determine capacity to give by researching current property values and mortgage details, including how much of the mortgage is still outstanding
- see changes in purchase, sale, and mortgage information for a given property over time
- discover which properties have been paid off “**free and clear**”



Tip: If you're new to research, some real estate terms can be confusing. iWave created a [real estate glossary](#) and [FAQ](#) to help you make sense of your results.

ESTIMATING WEALTH CAPACITY USING REAL ESTATE

Property Values	Primary Residence Multiplier	Additional Property Multiplier
< \$500,000	5% (0.05)	7.5% (0.075)
\$500,000-\$999,999	7.5% (0.075)	10% (0.1)
≥ \$1,000,000	10% (0.1)	15% (0.15)

$$(\text{Primary Residence} \times \text{___}) + (\text{Additional Property} \times \text{___})$$

BONUS CAPACITY! If the **Total Value of Mortgages** is 50% or less of the **Total Value of Real Estate**, increase capacity by 5%.

$$\text{Total Value of Real Estate} \times 5\% (0.05)$$



For Canadian prospects, use the **Value of Median Dwelling**, found in Manifold Data Mining, and multiple it by the Primary Residence percentages listed in the table above.

Insider Filings

Publicly available stock information from the [US Securities and Exchange Commission](#) and [SEDAR](#) in Canada provides insight into a prospect's liquidity, which allows you to make more timely donation requests.

With iWave's Insider Filings, you can:

- search **insider transactions** and **security** ownership by individuals, companies, or alumni
- scan information such as security type, number of shares traded, price, and remaining securities
- set alerts that will notify you of a prospect's wealth-creating events such as acquiring and disposing of stock



ESTIMATING WEALTH CAPACITY USING INSIDER FILINGS

STEP 1: Calculate the individual Holdings Values

Take the most recent acquisition or disposal transaction for each distinct **ticker value** of Insider Filings transactions in a profile. If there are multiple transactions on the same day, use the sequence number to take the final transaction for the day.

$$\text{Transaction Price} \times \text{Shares Remaining} = \text{Holdings Value}$$

EXAMPLES

Ticker ABC: \$10 Transaction Price, 50,000 Shares Remaining $\$10 \times 50,000 = \$500,000$

Ticker XYZ: \$25 Transaction Price, 100,000 Shares Remaining $\$25 \times 100,000 = \$2,500,000$

STEP 2: Calculate the Total Holdings Value

Add the individual holdings values together.

EXAMPLE

$\$500,000$ (Ticker ABC) + $\$2,500,000$ (Ticker XYZ) = $\$3,000,000$ Total Holdings Value

STEP 3: Multiply the sum by 5%

$$\text{Total Holdings Value} \times 5\% (0.05)$$

EXAMPLE

$\$3,000,000 \times 0.05 = \$150,000$ capacity

Giving History

Wealth capacity isn't just about looking at an individual's financial assets. One of the best ways to learn about a prospect's capacity to give is by looking at their giving history! By using iWave's charitable donations dataset, [VeriGift](#), or one of its [political giving](#) datasets, you'll be able to see a prospect's recent donations. These datasets let you view key information like donation amount, recipient, year, and type of gift, all of which help paint a complete prospect picture. To learn more about donations information, dive into iWave's [Charitable Giving Data Cheat Sheet](#).



ESTIMATING WEALTH CAPACITY USING CHARITABLE DONATIONS

(Total Known Donations ÷ # of Years) × 5

└── Average Total Donations by Year ─┘

EXAMPLE

\$25,000 Total Known Donations in 2017

+ \$100,000 Total Known Donations in 2018

\$125,000 Total Donations ÷ 2 Years = \$62,500 → \$62,500 (average) × 5 = \$312,500

ESTIMATING WEALTH CAPACITY USING POLITICAL DONATIONS

Highest Total Election Cycle Contributions × 20

HINT: A typical election cycle is every two years starting with odd years.

Luxury Assets

When determining wealth capacity, it's important to identify multiple **evidences of wealth**.

Wealth, available within iWave, contains indicators, including:

- a prospect's profession (**C-level executive**, doctor, lawyer, fund manager, etc.)
- a prospect's threshold of liquid assets (\$1-2M, \$2-5M, \$5-10M, \$10M+, etc.)
- a prospect's ownership of assets associated with wealth, including yachts, aircrafts, luxury or exotic cars, etc.
- if a prospect is a specialized investor, such as a hedge fund manager or real estate investor

ESTIMATING WEALTH CAPACITY USING LUXURY ASSETS

Two pieces of information can be used to calculate wealth capacity using iWave's **Prospects of Wealth** dataset: net worth and income. Use whichever calculation produces the higher result.

Net Worth × 5% (0.05) OR **Income × 10% (0.1)**

Tip: Net worth and income are often estimated in a range, so using the lowest end of the range as your input is the most conservative approach.



Want to See Your Capacity Ratings Generated by iWave?
Contact us for a free demo of iWave Wealth Screening.

ABOUT iWAVE

iWave is the industry's top-rated fundraising intelligence platform. Our prospect research and wealth screening solutions help you identify top prospects and determine their capacity and inclination to give to your cause. iWave gives you access to billions of wealth and philanthropic records, and fully customizable screens, scores, and profiles. Using iWave you can present the right ask to the right person at the right time, empowering you to fundraise with confidence.