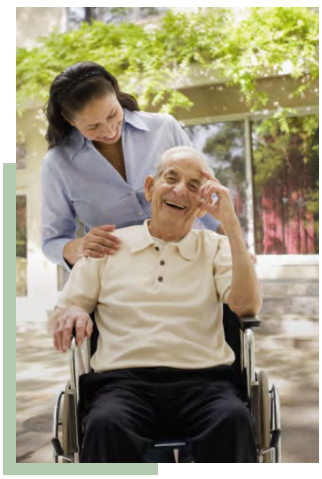
The Future of Philanthropy in Los Angeles: A Wealth of Opportunity



A REPORT BY THE CALIFORNIA COMMUNITY FOUNDATION

DECEMBER 2011

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Center for Rural Entrepreneurship

energizing entrepreneurial communities

The RUPRI Center for Rural Entrepreneurship is the focal point for energizing entrepreneurial communities where entrepreneurs can flourish. Created in 2001 with founding support from the Kauffman Foundation and the Rural Policy Research Institute (RUPRI), the RUPRI Center is located jointly in Nebraska and North Carolina. Working with economic development practitioners and researchers, the RUPRI Center conducts practice-driven research and evaluation that serves as the basis for developing insights into model practices and other learning.

To learn more about the RUPRI Center, visit energizingentrepreneurs.org

CALIFORNIA COMMUNITY FOUNDATION

California Community Foundation (CCF) is a public, charitable organization serving Los Angeles County since 1915, and playing several roles in the community today. It encourages philanthropy by individuals, families, companies and organizations, and serves as a steward of their funds and legacies. It makes grants to nonprofits in the arts, education, health care, housing and neighborhoods, and human development, and collaborates in addressing the needs of vulnerable populations such as adults with developmental disabilities. It actively engages in community problem solving with business, civic, government and other organizations.

For more information, visit calfund.org facebook.com/calfund and youtube.com/calfundtv

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For more information about the methods used in the report or to request additional data, please contact CCF at (213) 413-4130 or info@calfund.org.

PREFACE

One of the greatest resources of Los Angeles County is its remarkable diversity – diversity of its people, its communities and neighborhoods, its nonprofits and its wealth. The residents and communities of Los Angeles County with the greatest needs continue to struggle with the impacts of the recession, the subsequent cuts in government budgets and a weakening nonprofit sector. But a new study from the California Community Foundation projects that L.A. is just beginning a trillion-dollar transfer of wealth that could transform the nonprofit sector.

This is not an opportunity to fix things today. This is an opportunity to plan our futures, to plan for the sustainability of our community's ability to serve people who have the greatest needs.

Clearly, the current challenges of L.A.'s most vulnerable and the unemployed are among the most urgent and important priorities of our community. However, we tend to procrastinate in our preparations for the future because of the priorities of the present – even when times are good. This is especially true of the nonprofit community. Financial sustainability has been a hand-to-mouth existence for most nonprofits in good times and bad. The future *can* seem irrelevant, with the overflowing needs at the doorsteps of our social service agencies, clinics and local charities. But the sustainability of our nonprofit safety net will depend on what we do today about the future. This report provides a bit of hope about a future that is awash in dire predictions about the economy and our communities.

A record-setting transfer of wealth is occurring now. It will continue and grow over the next decade and the next half century. L.A. will see one of the single largest transfers of wealth of any other major metropolitan area in the country and perhaps the world.

This is not an opportunity to fix things today. This is an opportunity to plan our futures, to plan for the sustainability of our community's ability to serve people who have the greatest needs—both basic and critical needs.

It is the hope of this report to catalyze a process to prepare our nonprofits to acquire a portion of this transfer of wealth from individuals who support their missions. It is also the hope of this report that we can help our wealthier community of donors and funders to understand the great needs that exist here in L.A. and to give where they live.

This report contains excerpts from a 2011 study on wealth and the transfer of wealth in Los Angeles County by the RUPRI Center, commissioned by the California Community Foundation (CCF), and raises questions about how individuals, families, nonprofit organizations and communities might evaluate and respond to this unprecedented opportunity to build the future of L.A.

REPORT SUMMARY

More Than $1 Trillion Changing Hands in L.A. County within 50 Years

Despite the recession, Los Angeles County residents have an estimated net worth of almost $1.3 trillion. This net worth is a result of assets gained over a lifetime, savings and investments. By 2020, residents will transfer almost $114 billion between generations and an estimated $1.4 trillion by 2060, according to a 2011 study by the RUPRI Center, commissioned by the California Community Foundation (CCF).

CCF funded the study in order to understand how the current economy was impacting the predicted transfer of wealth (TOW) and ultimately how it might impact future philanthropy and the local nonprofit community. The RUPRI Center's TOW team analyzed historical trends and current data to develop likely scenarios of how many assets currently exist in households across the county. Using conservative estimates of economic growth, the team estimated the value of assets over the next 10 and 50 years – the transfer of wealth opportunity.

L.A.'s Wealth Will Grow Larger and Faster

The most surprising finding of the study is that L.A. County, unlike almost all large metropolitan areas, will experience unprecedented growth in its wealth and potential philanthropy over the next five decades. By 2060, the L.A. transfer of wealth is predicted to be 424 percent higher than Chicago, 590 percent higher than Cleveland and 1303 percent higher than Philadelphia. See chart on page 8 of the key findings.

This is largely due to two unique and related factors that define the future of L.A.'s wealth. First is the increasing presence of entrepreneurs who start and grow new businesses. In 2010 the Los Angeles Metro Area had the highest level of entrepreneurial activity among America's 15 largest cities, according to the Kauffman Foundation's *2010 Kauffman Index of Entrepreneurial Activity*.[1]

Second, L.A. is a preferred destination for high net worth and highly educated immigrants. According to the report, they are attracted by:

- Higher education and research talent
- Economic and political safe harbor
- Pacific Rim connection
- Large and growing immigrant communities

L.A.'s growing and future wealth is being driven by U.S.-born and immigrant entrepreneurs.

? Will these new sources of wealth create philanthropy that will invest in L.A.'s nonprofit sector?

Divide between the Wealthy and Poor is Also Growing

The twin phenomena of growing wealth and wealth transfer in Los Angeles also illustrates the increasing disparity between the haves and the have-nots at the extremes.

Consider these facts:

- More than 1.25 million households (38.2 percent) in the county have zero or negative transferrable net worth (almost two of every five homes)
- The top .6 percent of households (19,528) has almost one-third of the county's wealth—average of $21 million per household
- The top 3.2 percent (105,548 households) has almost two-thirds of the county's wealth

? How can the philanthropic community work collectively with donors, funders and foundations to bridge this divide?

[1] Fairlie, *Robert W. Kauffman Index of Entrepreneurial Activity,* 1996-2010, Kauffman Foundation, March 2011.

Converting the Transfer of Wealth into Philanthropy will be Challenging

The wealth and transfer of wealth in L.A. stokes the debate about needs and resources in the community. While there may be resources to address many needs, converting accumulated assets into philanthropy presents many challenges.

While L.A. is increasingly prepared for catastrophic disasters, it must also become better prepared for the enormous opportunities that lie ahead.

Nonprofit Organizations: Building a Legacy of Self-Sustainability

First, the nonprofit community in L.A. is poorly prepared to capture this transfer of wealth from individual donors, both their existing donors and new donors from the entrepreneurial community. While the current financial environment is extremely challenging for nonprofits, large and small, a new emphasis has to be placed on capturing the transfer of wealth in order to sustain and potentially grow organizational capacity.

Second, the nonprofit community needs to devote greater attention and efforts on individual donors, planned giving and relationship development. Most nonprofits rely heavily on government and foundation support and have not made a shift to individual donors. Unfortunately, very few nonprofits have a planned giving strategy or have established a Legacy Society, a membership group for donors with estate plans, bequest intentions or charitable giving vehicles.

? Are nonprofits in L.A. able to shift their focus from the challenges they must deal with to the wealth growth and transfer opportunity that's building up?

? If not with planned giving programs, how do L.A. nonprofits intend to connect with wealthy individuals to establish legacies that carry on their memory and charitable goals?

Tradition of Philanthropy

The wealthy in L.A. County are also underprepared. According to the *2010 Bank of America Merrill Lynch Study of High Net Worth Philanthropy,* 79 percent have no established charitable giving vehicles, and 53 percent have no philanthropic provisions in their estates.[2] More than 72 percent of the children of wealthy families are not involved in the family's charitable decisions.

Neither nonprofits nor families seem to have a sense of urgency or understand the consequences of their inaction.

? How are philanthropic adults transferring their values as well as assets to the next generation?

Donors: Giving Where We Live

In light of growing wealth and wealth transfer and the needs and nonprofits that exist in Los Angeles County, giving to L.A. should increase. After all, the world's needs, causes, issues and challenges reside in Los Angeles.

L.A. has a reputation as uncoordinated and unwieldy when it comes to philanthropy so national funders avoid us, and local foundations don't all concentrate their giving locally. Of the metro regions awarded grants from the top 50 U.S. foundations, L.A. received about $781 million in 2009, while New York metro received $1.5 billion, San Francisco received $943 million and Boston metro received $716 million.[3] Based on per capita numbers, L.A. received just over $60, compared to San Francisco's $218, Boston's $157 and New York's $80.

[2] Center on Philanthropy at Indiana University, *2010 Bank of America Merrill Lynch Study of High Net Worth Philanthropy.* November 2010.

[3] Foundation Center. *Funding by Geographic Center – Domestic – 2009*

National foundations also need to understand how to navigate the 19,000 active nonprofits and find ways they can make a difference here.

There are, however, 2,412 private and community foundations in L.A. County. What percentage of their grantmaking stays in Los Angeles? The 38 Los Angeles-based foundations included in Foundation Center's 2007 Grant Database gave a minority of their grants to L.A. County Nonprofits.[4] Why don't they invest here?

In addition, many individual donors are not aware of the needs or opportunities for giving locally. A strong and compelling case for "giving where we live" has to be made.

What will it take for more financially successful families and individuals to give back by supporting L.A. nonprofits?

Businesses: Investing Philanthropically in L.A.

Many major corporations recognized long ago the strong bonds that local giving can build with a community. In 2010, the Wells Fargo Foundation gave $17.3 million to 1,600 schools and nonprofits in the greater Los Angeles area.[5] Unfortunately, only 5 percent of the top 100 companies headquartered here have formalized their philanthropy through a foundation.

L.A.'s business community is, however, dominated by small companies. Giving by new companies is still in an embryonic stage. Entrepreneurs and immigrant business owners may not know how to give and the business advantages of being philanthropically active. Sustained outreach is required to build bridges between the nonprofits and new businesses, entrepreneurs and prospective donors.

Conclusion

The growing transfer of wealth in Los Angeles County represents an unprecedented opportunity for local nonprofits, high net worth households, emerging businesses and the philanthropic sector to work together to understand and address the growing needs of the region. L.A.'s remarkable wealth generation will be spurred by new people and ideas, creativity and entrepreneurship. Those same qualities can aid L.A. nonprofits in reaching out to high net worth families, businesses and new donors; building legacy societies; and creating a sustainable future for themselves and the communities they serve.

CCF hopes this report will inspire conversations, actions and partnerships around the transfer of wealth where L.A.'s needs and opportunities are addressed.

[4] Ferris, Glenn, & Moore. *Foundations for Los Angeles, 2007: An Analysis of the Scale, Scope and Reach of Foundation Philanthropy in Los Angeles County.* USC Center for Philanthropy & Public Policy. 2010.

[5] http://www.reuters.com/article/2011/04/26/idUS262503+26-Apr-2011+BW20110426

Just to put this in perspective,
$5 billion would fund all of the operating expenses for more than 75 percent of L.A.'s active nonprofits (approximately 15,000 of the 19,000 nonprofits) for the next 10 years!

Five percent is a conservative national estimate of the philanthropic portion of the transfer of wealth. See page 15 for more information.

Possibilities for addressing key needs include:

1. Report to the L.A. Community
CCF will disseminate the findings of this report to obtain feedback and to spur action among its constituencies.

2. Build Nonprofit Planned Giving Capability
To increase the self-sustainability of L.A.'s nonprofit sector, CCF plans to begin a planned giving educational campaign and provide a free planned giving kit to assist any nonprofit in launching a planned giving program. For those nonprofits with planned giving, this campaign would give renewed emphasis to strengthening their efforts.

3. Start an L.A. Giving Pledge
Los Angeles should consider starting an L.A. giving pledge campaign, to invite any L.A. donors, funders or foundations to pledge to give at least half of their wealth to L.A. nonprofits.

4. Understand the Emerging Wealth of L.A.
This report introduces new information about the growth of entrepreneurial wealth that is emerging from both the longstanding and immigrant communities. CCF calls on L.A. philanthropic, business and academic sectors to conduct additional research to better understand these trends and opportunities.

Estimated $1.4 Trillion to be Transferred in L.A. County by 2060

Despite the recession, Los Angeles County residents have an estimated net worth of nearly $1.3 trillion. By 2020, they will transfer almost $114 billion between generations and an estimated $1.4 trillion by 2060, according to a study by the RUPRI Center, commissioned by the California Community Foundation (CCF).

L.A.'s Wealth Will Grow Larger and Faster

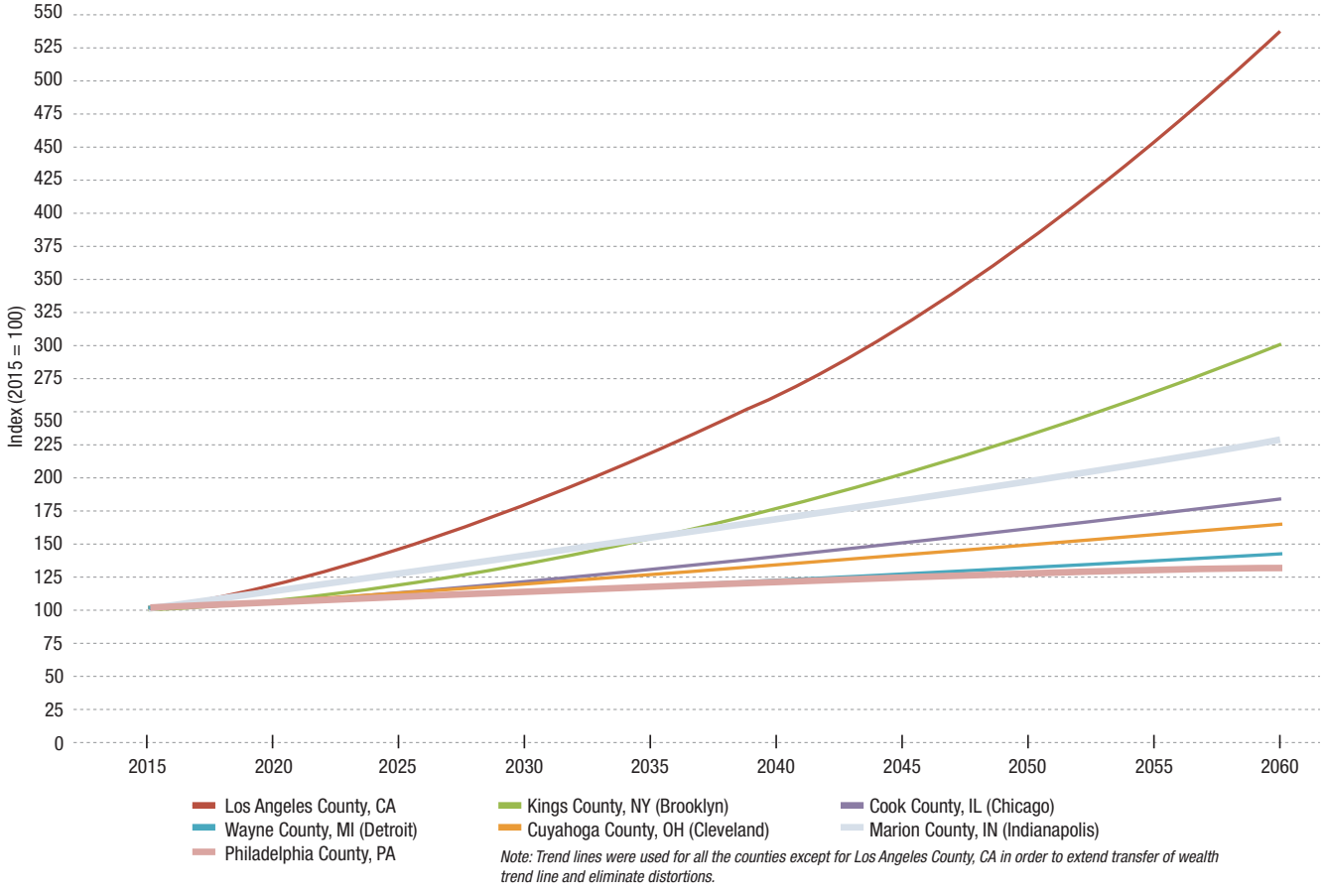
Los Angeles is experiencing a massive transfer of wealth, one that grows larger and faster than that of almost any other major metropolitan area in the country. That movement of personal assets is predicted to grow 8.7 percent per year over the next 50 years. By 2060, it will be 424 percent higher than Chicago, 590 percent higher than Cleveland and 1303 percent higher than Philadelphia.

Figure 1 – Summary Findings for Los Angeles County

Finding	Total Estimated Value
2010 Current Net Worth	$1.284 Trillion
2010-2020 TOW Opportunity	$113.53 Billion
2010-2060 TOW Opportunity	$1.384 Trillion

The movement of personal assets is predicted to grow 8.7 percent per year over the next 50 years.

Figure 2 – Transfer of Wealth: 2010-2060, L.A. vs. Other Cities



Note: Trend lines were used for all the counties except for Los Angeles County, CA in order to extend transfer of wealth trend line and eliminate distortions.

High Net Worth Households

Most households give back to their communities in some form, making donations of time and funds to churches, local schools and assorted other causes and charities. According to the 2007 Center on Philanthropy Panel Study, 65.5 percent of U.S. households gave to charities in 2006, with an average giving level of $2,213 per donor household.[6]

While a broad-based fundraising approach is important, the potential for significant charitable giving is shaped by wealth capacity. Higher net worth households simply have greater capacity to give because they control more wealth.

There are communities in L.A. where high net worth households dominate and where transfers of wealth are already occurring. In 2010, it was estimated that L.A. County was home to 254,270 households with current net worth (CNW) of more than $1 million, and nearly 20,000 households had a CNW of more than $10 million.[8] According to *TNS Financial Services' 2005 Affluent Market Research Survey,* Los Angeles County is home to more millionaires than any other county in the nation.[9]

According to the *Los Angeles Business Journal's* list of the 50 wealthiest Angelenos, L.A. is home to 31 billionaires, who together hold an estimated $76.5 billion of wealth.[7]

? Will families and individuals become philanthropic once they have become financially successful?

Figure 3 – High Net Worth Households by CNW: L.A., California & U.S.

2010 Estimated High Net Worth Households									
Net Worth Group Millions	Los Angeles County					State of California		United States	
	Number of Households *Estimated*	Percent of LA HNW Households	Percent of LA Total Households	Estimated 2010 Net Worth *Billions*	Percent of Total HNW Net Worth	Percent of CA Total Households	Estimated 2010 Net Worth *Billions*	Percent of US Total Households	Estimated 2010 Net Worth *Billions*
$1 to $1.5	85,333	33.6%	2.59%	$82.77	8.8%	3.15%	$387.50	3.13%	$3,420
$1.5 to 2	36,895	14.5%	1.12%	$53.50	5.7%	1.36%	$250.47	1.35%	$2,210
$2 to 2.5	26,495	10.4%	0.80%	$49.55	5.3%	0.98%	$231.97	0.97%	$2,050
$2.5 to 5	52,939	20.8%	1.61%	$154.05	16.3%	1.96%	$721.20	1.94%	$6,350
$5 to 10	33,081	13.0%	1.00%	$200.14	21.2%	1.22%	$936.96	1.21%	$8,250
$10 to 15	10,120	4.0%	0.31%	$104.94	11.1%	0.37%	$491.29	0.37%	$4,320
$15 to 20	3,636	1.4%	0.11%	$54.65	5.8%	0.13%	$255.85	0.13%	$2,260
$20+	5,772	2.3%	0.18%	$244.73	25.9%	0.21%	$1,145.73	0.21%	$10,110
Total	**254,270**	**100.0%**	**7.72%**	**$944.33**	**100.0%**	**9.40%**	**$4,420.97**	**9.31%**	**$38,970**

Sources: Survey of Consumer Finances, Federal Reserve, 2009; Center for Rural Entrepreneurship, 2011 & ESRI, Chicago, 2011

[6] Center on Philanthropy at Indiana University, *2007 Center on Philanthropy Panel Study: Overview of Overall Giving.*

[7] Clough, Richard. "Special Report: Wealthiest Angelenos," *Los Angeles Business Journal.* 16-22 May 2011: 27.

[8] Survey of Consumer Finances, Federal Reserve, 2009; Center for Rural Entrepreneurship, 2011 & ESRI, Chicago, 2011.

[9] "Report: SoCal has the most millionaires in the country," *North County Times.* 29 March 2006. http://www.nctimes.com/news/local/sdcounty/article_a3040c88-e387-550a-a12d-0423f2add89b.html

Shapers of Wealth

This large group of wealthy individuals is a product of L.A.'s economically, socially and culturally diverse collection of communities. L.A. County attracts both people who want to be successful and successful people who want our quality of life. L.A. is home to some of the best educational and research institutions in the world and has one of the largest creative communities anywhere, represented by the film, television, music, advertising, visual arts and high tech sectors.

There are many factors that will shape wealth creation and the transfer of wealth opportunity in the future. Many of these factors have been at work for decades.

Entrepreneurship

L.A. and its surrounding area was the most entrepreneurial "big city" in the U.S. in 2010, with more entrepreneurs per capita than the Silicon Valley, New York or any other major metro area – 620 per 100,000 adults.[10]

Two factors are likely to profoundly shape wealth creation and community giveback over the coming 50 years: entrepreneurship and immigration.

When it comes to generating wealth, the Federal Reserve reports that entrepreneurs generate nearly six times the wealth of non-entrepreneurs – an average net worth of $2 million, compared to $368,000.

Los Angeles' entrepreneurial community is diverse, with more women- and minority-owned businesses than any other county in the nation, according to the Federal Reserve.

There is a strong connection between entrepreneurial activity and immigration. Immigrants were, for example, more than twice as likely in 2010 to start businesses each month than were native-born U.S. residents.[11]

? How do we help entrepreneurs and business leaders understand the importance of reinvesting in L.A. through philanthropy?

Immigration

According to the transfer of wealth in L.A. County study by RUPRI, Los Angeles will likely continue to experience two types of major international immigration. The first is entry level workers. Typically, these households require two or three generations before there is a significant accumulation of assets.

The second type is the immigration of higher net worth and higher educated households. Because L.A. is a gateway and safe harbor for dislocated persons and families, it will likely see high levels of immigration from this second group. Like retirees moving to warmer climates, these households come into the community with significant wealth, thereby establishing a quicker opportunity for giving back.

? What would motivate immigrant entrepreneurs in L.A. to make philanthropy and local nonprofits a more important part of their life and business?

[10] Fairlie, Robert W. Kauffman *Index of Entrepreneurial Activity, 1996-2010*, Kauffman Foundation, March 2011.
[11] Ibid.

Wealth and Poverty are Neighbors

Within one community in L.A. County there may be neighborhoods of very high-income households only blocks from households living at or below the poverty level. Other communities are entirely composed of households with few to no assets with little potential for wealth transfer.

The extremes of both wealth and poverty can be found throughout L.A. County:

- More than 1.25 million households (38.2 percent) in the county have zero or negative transferrable net worth (almost 2 of every 5 homes)
- The top .6 percent of households (19,528) has almost one-third of the county's wealth—average of $21 million
- The top 3.2 percent (105,548 households) has almost two-thirds of the county's wealth

The U.S. Census Bureau puts the poverty rate of L.A. County at 16 percent, a rate higher than the 14.2 percent for the state. Heavy concentrations of low-income households in suburbs and across the county demonstrate another trend – the suburbanization of poverty.

Analyzing the information by service planning areas (SPA), subregions of Los Angeles used by the public and nonprofit sectors, demonstrates the changing demographics and opportunities for each of our communities. For example, West L.A. is an area with higher household incomes, substantially higher TOW potential, higher concentrations of HNW households and higher overall housing values. Here, the overall population is older and TOW is coming earlier and faster.

Some communities within the San Fernando Valley and the San Gabriel Valley have the potential for even more wealth being accumulated and later transferred.

Figure 4 – Transfer of Wealth Opportunity in Los Angeles by SPA

Community	Total Current Net Worth Billions	Per Household Current Net Worth	2010 Total Households	50-Year Estimated Total TOW Opportunity Billions	50 Year Per Household TOW Opportunity
United States	$48,907.00	$435,100	116,761,140	$75,089.08	$628,000
California	$6,015.15	$475,025	12,662,806	$6,560.00	$518,200
Los Angeles	$1,283.57	$389,837	3,292,577	$1,383.96	$420,300
SPA 1 **Anthelope Valley**	$42.17	$363,353	116,058	$40.31	$347,800
SPA 2 **San Fernando Valley**	$365.96	$504,713	725,086	$398.23	$546,000
SPA 3 **San Gabriel Valley**	$238.34	$437,708	544,518	$266.87	$490,000
SPA 4 **L.A. Metro**	$84.11	$198,012	424,773	$85.82	$200,800
SPA 5 **West L.A.**	$198.88	$666,376	298,450	$269.64	$903,900
SPA 6 **South L.A.**	$42.00	$149,652	280,651	$31.86	$113,600
SPA 7 **East L.A.**	$109.21	$297,606	366,962	$96.13	$260,000
SPA 8 **South Bay**	$210.16	$399,419	526,164	$195.11	$370,400

Figure 5 – Transfer of Wealth Opportunity in Los Angeles County: 2010-2020

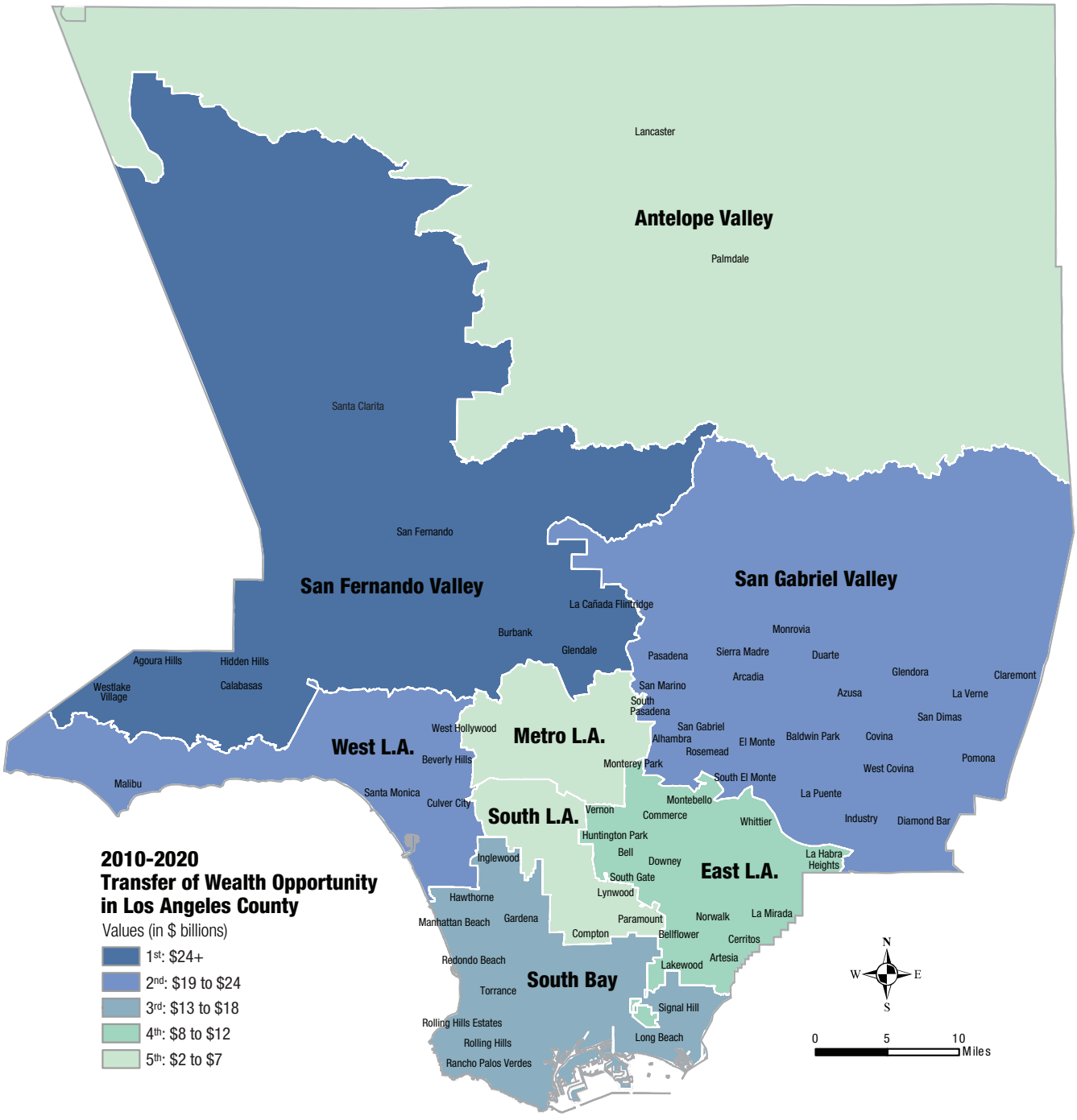
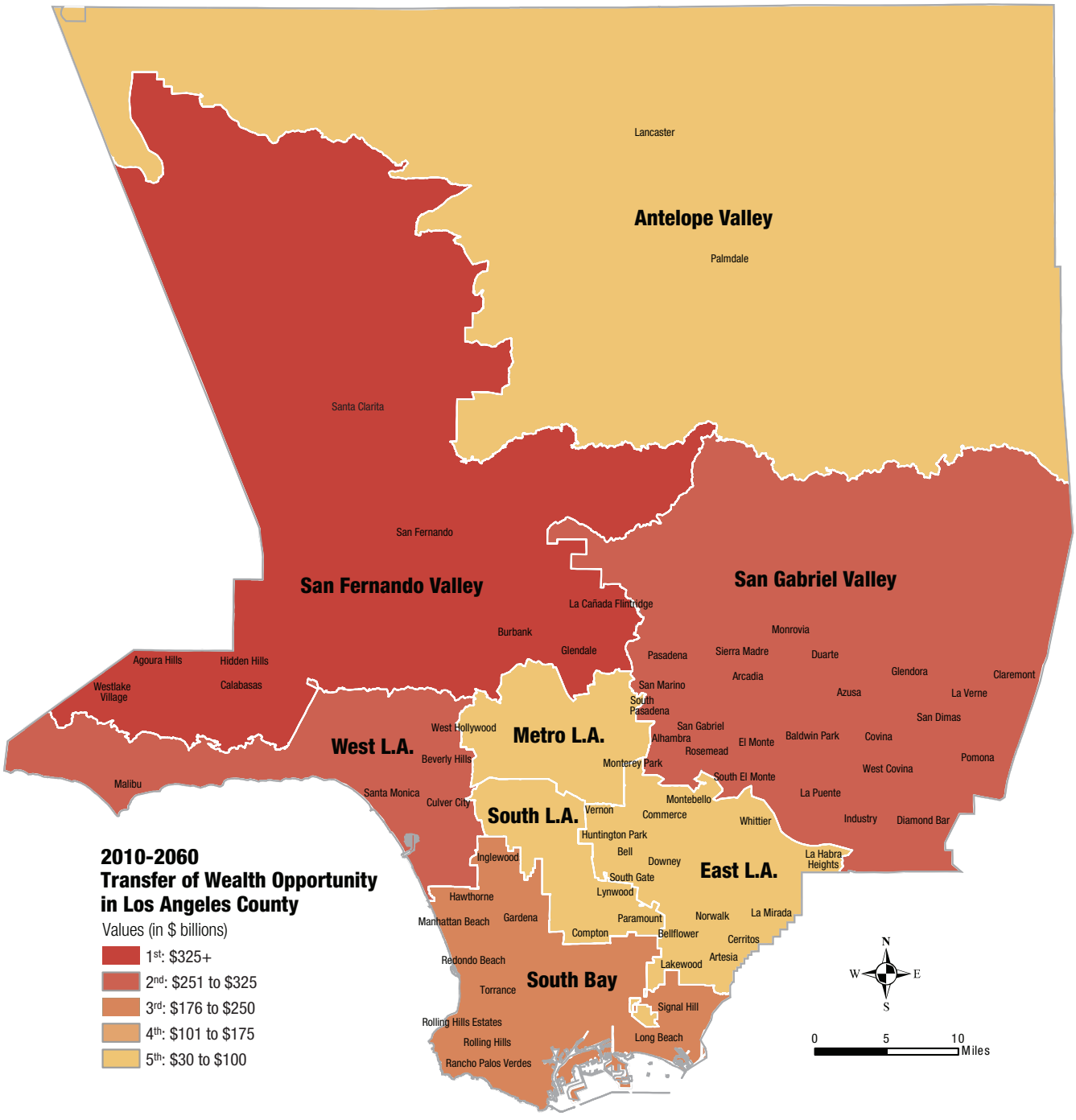


Figure 6 – Transfer of Wealth Opportunity in Los Angeles County: 2010-2060



L.A.'s Philanthropic Opportunity

The transfer of wealth offers us an opportunity that is too big to ignore. We have a responsibility to help the community understand it and take action steps to capture it for the benefit of L.A.

Nonprofits in L.A. County, for example, can take part now in the TOW by capitalizing on philanthropic trends in individual giving, especially through planned giving, and preparing themselves to provide the kind of information and stewardship that individual donors use to evaluate where they give.

This river of wealth is flowing now, and will continue for a generation or two.

? How do we make the case for L.A.'s needs and nonprofits in order to keep philanthropic investments here?

? How do we convince major foundations that the causes and issues about which they are passionate exist in L.A. County?

Transfer of Wealth: What We Should Do

CCF hopes this report will inspire conversations, actions and partnerships around the transfer of wealth where L.A.'s needs and organizations are addressed.

Possibilities for addressing key needs include:

1.Report to the L.A. Community

CCF will disseminate the findings of this report to obtain feedback and to spur action among its constituencies.

2.Build Nonprofit Planned Giving Capability

To increase the self-sustainability of L.A.'s nonprofit sector, CCF plans to begin a planned giving educational campaign and provide a free planned giving kit to assist any nonprofit in launching a planned giving program. For those nonprofits with planned giving, this campaign would give renewed emphasis to strengthening their efforts.

3.Start an L.A. Giving Pledge

Los Angeles should consider starting an L.A. giving pledge campaign, to invite any L.A. donors, funders or foundations to pledge to give at least half of their wealth to L.A. nonprofits.

4.Understand the Emerging Wealth of L.A.

This report introduces new information about the growth of entrepreneurial wealth that is emerging from both the longstanding and immigrant communities. CCF calls on L.A. philanthropic, business and academic sectors to conduct additional research to better understand these trends and opportunities.

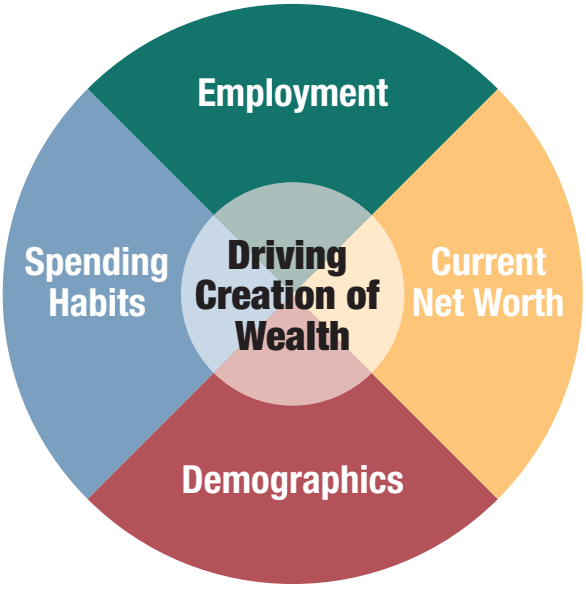
Appendix A: Defining Wealth

Wealth is the value of a person's or family's assets, derived from several factors. These include income over a lifetime, savings, and financial, business and real estate investments. Wealth can be earned, inherited or both.

Certain factors drive the creation of wealth over time:

- **Current net worth.** A household's income and asset base will be the foundation for its wealth over time, but it is not the only determining factor of wealth over time.
- **Demographics.** The age, educational level and location of households matter.
- **Employment.** Employed people tend to have higher net worth than those who are not.
- **Spending habits.** Even when incomes are high, households with high spending habits tend to have lower net worth than their counterparts with low spending habits.

For purposes of this document, RUPRI has conservatively assumed the net worth of L.A. County to be $1.284 trillion in 2010. This includes calculations that take into account the asset mix and the likelihood of assets being available for potential giveback. When calculating wealth transfer, an overall discount of $529 billion (46 percent) has been applied for low/medium net worth households versus $944 billion for high net worth households.



Appendix B: Assessment by Community

Breakdowns of L.A. County by community give us a more granular picture of where the wealth is, where it might go and how communities can shape their own opportunities for giving back.

The study analyzed eight areas used most often by service providers, called Service Planning Areas (SPA).

Figure 7 – Service Planning Areas 1-8

WHAT IF

$2 billion was invested in a reliable, quality water supply for all of Antelope Valley?

SPA 1

Antelope Valley

This is the largest geographic area in the county, with a relatively low population density due to the San Gabriel Mountains. This area:

- Includes cities such as Lancaster and Palmdale
- Is mainly middle class and working class households
- Has lower rates of household current net worth, high net worth potential and high net worth households compared to L.A. County
- Is growing and younger when compared to L.A. County averages

Estimated net worth of this community:	**$42.17 billion** (7th of 8 SPAs)
Estimated TOW opportunity in 10 years:	**$3.52 billion**
If five percent were given to local nonprofits:	**$176 million**
Estimated TOW opportunity in 50 years:	**$40.31 billion**
If five percent were given to local nonprofits:	**$2.02 billion**

Conclusion: The Antelope Valley is an area with potential because of younger and growing populations but is in need of philanthropic investment.

Figure 8 – SPA 1: Antelope Valley		U.S.	California	Los Angeles County	SPA 1
Results	Current Net Worth (in Billions)	$48,907.00	$6,015.15	$1,283.57	**$42.17**
	Per Household (in Thousands)	$435.10	$475.03	$389.84	**$363.40**
	10 Year Transfer of Wealth (in Billions)	$6,162.74	$490.27	$113.53	**$3.52**
	Per Household (in Thousands)	$51.50	$38.70	$34.50	**$30.40**
	50 Year Transfer of Wealth (in Billions)	$75,089.08	$6,562.14	$1,383.96	**$40.31**
	Per Household (in Thousands)	$628.00	$518.20	$420.30	**$347.80**
CNW Indicators (2010)	2010 Average Household Income	$70,173	$82,070	$74,879	**$69,888**
	2010 Median Household Income	$54,442	$60,992	$54,755	**$57,779**
	2010 Average Value: Owner Housing Unit	$220,131	$398,345	$452,158	**$232,986**
	2010 Median Value: Owner Housing Unit	$157,913	$311,251	$361,987	**$200,740**
	Percent of Households with $200k Income	3.5	5.6	4.8	**2.5**
	Percent of Households with $500k Income	0.4	0.7	0.6	**0.3**
Key Characteristics (2010)	2010 Total Population	311,212,863	37,983,948	10,240,505	**383,561**
	2010 Total Households	116,761,140	12,662,806	3,292,577	**116,058**
	2010 Median Age	37	34.4	32.8	**31.5**
	Percent of Education Attainment for Pop 25+				
	Less than Associate Degree	64.2	62.4	64.6	**72.5**
	Associate Degree	7.7	7.7	6.8	**8.7**
	Bachelor's Degree	17.7	19.1	18.8	**12.5**
	Graduate Degree	10.4	10.8	9.8	**6.3**

WHAT IF

Almost $20 billion was invested in exercise and wellness programs for low-income kids and a summer job for every teen?

SPA 2

San Fernando Valley

This area is physically very large, with a western boundary defined by the Santa Monica Mountains. It has:

- A wide range of communities, including pockets of higher net worth households
- Relatively higher ratings compared to L.A. County, in 2010 current net worth, transfer of wealth potential and incidence of high net worth household.
- Higher housing values than L.A. County averages
- A somewhat older population on average with higher educational attainment rates and greater incidences of professional workers

Estimated net worth of this community:	**$365.96 billion** (1st of 8 SPAs)
Estimated TOW opportunity in 10 years:	**$32.78 billion**
If five percent were given to local nonprofits:	**$1.64 billion**
Estimated TOW opportunity in 50 years:	**$398.23 billion**
If five percent were given to local nonprofits:	**$19.91 billion**

Conclusion: The San Fernando Valley has a high potential for transfer of wealth, but wealth is distributed in pockets and other areas still have large amounts of need.

Figure 9 – SPA 2: San Fernando Valley		U.S.	California	Los Angeles County	SPA 2
Results	Current Net Worth (in Billions)	$48,907.00	$6,015.15	$1,283.57	**$365.96**
	Per Household (in Thousands)	$435.10	$475.03	$389.84	**$504.70**
	10 Year Transfer of Wealth (in Billions)	$6,162.74	$490.27	$113.53	**$32.78**
	Per Household (in Thousands)	$51.50	$38.70	$34.50	**$45.00**
	50 Year Transfer of Wealth (in Billions)	$75,089.08	$6,562.14	$1,383.96	**$398.23**
	Per Household (in Thousands)	$628.00	$518.20	$420.30	**$546.00**
CNW Indicators (2010)	2010 Average Household Income	$70,173	$82,070	$74,879	**$84,710**
	2010 Median Household Income	$54,442	$60,992	$54,755	**$61,912**
	2010 Average Value: Owner Housing Unit	$220,131	$398,345	$452,158	**$488,890**
	2010 Median Value: Owner Housing Unit	$157,913	$311,251	$361,987	**$409,952**
	Percent of Households with $200k Income	3.5	5.6	4.8	**6.1**
	Percent of Households with $500k Income	0.4	0.7	0.6	**0.7**
Key Characteristics (2010)	2010 Total Population	311,212,863	37,983,948	10,240,505	**2,171,467**
	2010 Total Households	116,761,140	12,662,806	3,292,577	**725,086**
	2010 Median Age	37	34.4	32.8	**35.2**
	Percent of Education Attainment for Pop 25+				
	Less than Associate Degree	64.2	62.4	64.6	**59.4**
	Associate Degree	7.7	7.7	6.8	**7.1**
	Bachelor's Degree	17.7	19.1	18.8	**22.3**
	Graduate Degree	10.4	10.8	9.8	**11.2**

WHAT IF

$13.3 billion was invested in gang prevention and intervention programs or in summer school classes for children and adults?

SPA 3

San Gabriel Valley

The San Gabriel Valley is the third largest area in L.A. County, based on geography. A mixed population, San Gabriel Valley is characterized by:

- Limited urbanization in the area's northern part due to the San Gabriel Mountains
- Very diverse communities with some pockets of higher net worth households
- Higher 2010 current net worth values and somewhat greater transfer of wealth potential, higher incidence of high net worth households and higher housing values on average when compared to L.A. County
- Comparable economic and demographic growth when compared to L.A. County, but with net job losses over the past decade

Estimated net worth of this community:	**$238.34 billion** (2nd of 8 SPAs)
Estimated TOW opportunity in 10 years:	**$21.03 billion**
If five percent were given to local nonprofits:	**$1.05 billion**
Estimated TOW opportunity in 50 years:	**$266.87 billion**
If five percent were given to local nonprofits:	**$13.34 billion**

Conclusion: With the right planning, this diverse area could be a very high transfer of wealth area over the next 50 years, due to its range of populations, economic and demographic growth and larger number of high net worth households.

Figure 10 – SPA 3: San Gabriel Valley		U.S.	California	Los Angeles County	SPA 3
Results	Current Net Worth (in Billions)	$48,907.00	$6,015.15	$1,283.57	**$238.34**
	Per Household (in Thousands)	$435.10	$475.03	$389.84	**$437.70**
	10 Year Transfer of Wealth (in Billions)	$6,162.74	$490.27	$113.53	**$21.03**
	Per Household (in Thousands)	$51.50	$38.70	$34.50	**$38.60**
	50 Year Transfer of Wealth (in Billions)	$75,089.08	$6,562.14	$1,383.96	**$266.87**
	Per Household (in Thousands)	$628.00	$518.20	$420.30	**$490.00**
CNW Indicators (2010)	2010 Average Household Income	$70,173	$82,070	$74,879	**$77,730**
	2010 Median Household Income	$54,442	$60,992	$54,755	**$60,902**
	2010 Average Value: Owner Housing Unit	$220,131	$398,345	$452,158	**$414,924**
	2010 Median Value: Owner Housing Unit	$157,913	$311,251	$361,987	**$350,491**
	Percent of Households with $200k Income	3.5	5.6	4.8	**4.3**
	Percent of Households with $500k Income	0.4	0.7	0.6	**0.5**
Key Characteristics (2010)	2010 Total Population	311,212,863	37,983,948	10,240,505	**1,838,097**
	2010 Total Households	116,761,140	12,662,806	3,292,577	**544,518**
	2010 Median Age	37	34.4	32.8	**34**
	Percent of Education Attainment for Pop 25+				
	Less than Associate Degree	64.2	62.4	64.6	**62.3**
	Associate Degree	7.7	7.7	6.8	**7.8**
	Bachelor's Degree	17.7	19.1	18.8	**19.6**
	Graduate Degree	10.4	10.8	9.8	**10.3**

Image Credit: City of Pasadena

WHAT IF

$4.29 billion was invested in medical, dental and eye care for every child up to age 18?

SPA 4

Metro L.A.

This area, known as metro or downtown L.A., is characterized by:

- Land use that ranges from commercial and industrial to public and residential
- Significant redevelopment, particularly around L.A. Live
- A wide range of households, ranging from struggling students to high net worth urban core dwellers
- Low on average current net worth per household at $198,800, a deceiving number given its growing concentration of higher net worth households
- A quick-developing central core, meaning that current estimates for TOW could prove conservative

Estimated net worth of this community:	**$84.11 billion** (6th of 8 SPAs)
Estimated TOW opportunity in 10 years:	**$7.18 billion**
If five percent were given to local nonprofits:	**$359 million**
Estimated TOW opportunity in 50 years:	**$85.82 billion**
If five percent were given to local nonprofits:	**$4.29 billion**

Conclusion: The metro region is a dynamic, diverse area whose concentration of wealth and potential for transfer may change significantly in coming years.

Figure 11 – SPA 4: Metro L.A.		U.S.	California	Los Angeles County	SPA 4
Results	Current Net Worth (in Billions)	$48,907.00	$6,015.15	$1,283.57	**$84.11**
	Per Household (in Thousands)	$435.10	$475.03	$389.84	**$198.00**
	10 Year Transfer of Wealth (in Billions)	$6,162.74	$490.27	$113.53	**$7.18**
	Per Household (in Thousands)	$51.50	$38.70	$34.50	**$16.80**
	50 Year Transfer of Wealth (in Billions)	$75,089.08	$6,562.14	$1,383.96	**$85.82**
	Per Household (in Thousands)	$628.00	$518.20	$420.30	**$200.80**
CNW Indicators (2010)	2010 Average Household Income	$70,173	$82,070	$74,879	**$57,287**
	2010 Median Household Income	$54,442	$60,992	$54,755	**$37,311**
	2010 Average Value: Owner Housing Unit	$220,131	$398,345	$452,158	**$501,018**
	2010 Median Value: Owner Housing Unit	$157,913	$311,251	$361,987	**$390,615**
	Percent of Households with $200k Income	3.5	5.6	4.8	**3.5**
	Percent of Households with $500k Income	0.4	0.7	0.6	**0.5**
Key Characteristics (2010)	2010 Total Population	311,212,863	37,983,948	10,240,505	**1,189,324**
	2010 Total Households	116,761,140	12,662,806	3,292,577	**424,773**
	2010 Median Age	37	34.4	32.8	**32.6**
	Percent of Education Attainment for Pop 25+				
	Less than Associate Degree	64.2	62.4	64.6	**67.1**
	Associate Degree	7.7	7.7	6.8	**5.1**
	Bachelor's Degree	17.7	19.1	18.8	**19.1**
	Graduate Degree	10.4	10.8	9.8	**8.7**

WHAT IF

$13.48 billion was invested in local nonprofits serving the homeless and others in need?

SPA 5

West L.A.

This community is defined by its relationship with the Pacific Ocean, and includes a string of largely coastal communities running from Malibu in the north to Marina Del Rey and Los Angeles International Airport. This area has:

- L.A. County's highest per household current net worth in 2010 at $666,400 or 170 percent of the county-wide value
- Significantly higher incomes compared to county averages
- Significant capacity of residents in this area for community giveback with substantially higher transfer of wealth potential, higher concentrations of high net worth households and higher overall housing values
- An overall older population, meaning that transfers of wealth will come sooner in this area

Estimated net worth of this community:	**$198.88 billion** (4th of 8 SPAs)
Estimated TOW opportunity in 10 years:	**$20.18 billion**
If five percent were given to local nonprofits:	**$1.01 billion**
Estimated TOW opportunity in 50 years:	**$269.64 billion**
If five percent were given to local nonprofits:	**$13.48 billion**

Conclusion: This West L.A. area has a significant concentration of high net worth households and transfer of wealth opportunity, which may come faster than other areas because of an older population.

Figure 12 – SPA 5: West L.A.		U.S.	California	Los Angeles County	SPA 5
Results	Current Net Worth (in Billions)	$48,907.00	$6,015.15	$1,283.57	**$198.88**
	Per Household (in Thousands)	$435.10	$475.03	$389.84	**$666.40**
	10 Year Transfer of Wealth (in Billions)	$6,162.74	$490.27	$113.53	**$20.18**
	Per Household (in Thousands)	$51.50	$38.70	$34.50	**$67.70**
	50 Year Transfer of Wealth (in Billions)	$75,089.08	$6,562.14	$1,383.96	**$269.64**
	Per Household (in Thousands)	$628.00	$518.20	$420.30	**$903.90**
CNW Indicators (2010)	2010 Average Household Income	$70,173	$82,070	$74,879	**$108,208**
	2010 Median Household Income	$54,442	$60,992	$54,755	**$69,233**
	2010 Average Value: Owner Housing Unit	$220,131	$398,345	$452,158	**$778,307**
	2010 Median Value: Owner Housing Unit	$157,913	$311,251	$361,987	**$736,125**
	Percent of Households with $200k Income	3.5	5.6	4.8	**12.5**
	Percent of Households with $500k Income	0.4	0.7	0.6	**1.9**
Key Characteristics (2010)	2010 Total Population	311,212,863	37,983,948	10,240,505	**663,048**
	2010 Total Households	116,761,140	12,662,806	3,292,577	**298,450**
	2010 Median Age	37	34.4	32.8	**38.6**
	Percent of Education Attainment for Pop 25+				
	Less than Associate Degree	64.2	62.4	64.6	**37.3**
	Associate Degree	7.7	7.7	6.8	**5.8**
	Bachelor's Degree	17.7	19.1	18.8	**33**
	Graduate Degree	10.4	10.8	9.8	**23.9**

WHAT IF

$1.59 billion was invested in career training and jobs for every at-risk youth?

SPA 6

South L.A.

This area includes communities such as Compton and Watts and is characterized by:

- More economic distress, with L.A. County's lowest average current net worth at $149,700 per household in 2010 (38 percent of L.A. County average)
- Overall lower education levels
- Professions concentrated in production, logistics, offices and sales
- Potential for attracting redevelopment
- 56 percent of population with zero or negative transferrable current net worth
- A large and young population, home to 10 percent of the county's total population with a median age of 26.4 versus the county average of 32.8 years

Estimated net worth of this community:	**$42 billion** (8th of 8 SPAs)
Estimated TOW opportunity in 10 years:	**$2.93 billion**
If five percent were given to local nonprofits:	**$146 million**
Estimated TOW opportunity in 50 years:	**$31.86 billion**
If five percent were given to local nonprofits:	**$1.59 billion**

Conclusion: Though this area has significant need, it also has tremendous potential for growth through attracting redevelopment investments and mobilizing its young population.

Figure 13 – SPA 6: South L.A.		U.S.	California	Los Angeles County	SPA 6
Results	Current Net Worth (in Billions)	$48,907.00	$6,015.15	$1,283.57	**$42.00**
	Per Household (in Thousands)	$435.10	$475.03	$389.84	**$149.70**
	10 Year Transfer of Wealth (in Billions)	$6,162.74	$490.27	$113.53	**$2.93**
	Per Household (in Thousands)	$51.50	$38.70	$34.50	**$10.50**
	50 Year Transfer of Wealth (in Billions)	$75,089.08	$6,562.14	$1,383.96	**$31.86**
	Per Household (in Thousands)	$628.00	$518.20	$420.30	**$113.60**
CNW Indicators (2010)	2010 Average Household Income	$70,173	$82,070	$74,879	**$47,626**
	2010 Median Household Income	$54,442	$60,992	$54,755	**$35,724**
	2010 Average Value: Owner Housing Unit	$220,131	$398,345	$452,158	**$276,487**
	2010 Median Value: Owner Housing Unit	$157,913	$311,251	$361,987	**$248,447**
	Percent of Households with $200k Income	3.5	5.6	4.8	**1.4**
	Percent of Households with $500k Income	0.4	0.7	0.6	**0.1**
Key Characteristics (2010)	2010 Total Population	311,212,863	37,983,948	10,240,505	**1,072,365**
	2010 Total Households	116,761,140	12,662,806	3,292,577	**280,651**
	2010 Median Age	37	34.4	32.8	**26.4**
	Percent of Education Attainment for Pop 25+				
	Less than Associate Degree	64.2	62.4	64.6	**85.3**
	Associate Degree	7.7	7.7	6.8	**5**
	Bachelor's Degree	17.7	19.1	18.8	**6.5**
	Graduate Degree	10.4	10.8	9.8	**3.2**

Image Credit: Harold L. Williams and Gerald Gladstone, *King Memorial*, 1975 (fountain sculpture), courtesy of the L.A. County Arts Commission.

WHAT IF

$4.8 billion was invested in community health care for the uninsured?

SPA 7

East L.A.

East L.A. includes communities running from Huntington Park to Downey to La Miranda.
It is characterized by:

- An increasingly diverse set of communities with a wide range of transfer of wealth opportunities
- Twice the manufacturing activity and associated production jobs in this area compared to L.A. County
- Lower overall housing values and high net worth households
- High income population and transfer of wealth opportunities comparatively lower than the county average

Estimated net worth of this community: **$109.20 billion** (5th of 8 SPAs)

Estimated TOW opportunity in 10 years: **$8.29 billion**

If five percent were given to local nonprofits: **$415 million**

Estimated TOW opportunity in 50 years: **$96.13 billion**

If five percent were given to local nonprofits: **$4.81 billion**

Conclusion: East L.A.'s diverse communities mean a range of transfer of wealth opportunities, with pockets of need that should not be ignored.

Figure 14 – SPA 7: East L.A.		U.S.	California	Los Angeles County	SPA 7
Results	Current Net Worth (in Billions)	$48,907.00	$6,015.15	$1,283.57	**$109.20**
	Per Household (in Thousands)	$435.10	$475.03	$389.84	**$297.60**
	10 Year Transfer of Wealth (in Billions)	$6,162.74	$490.27	$113.53	**$8.29**
	Per Household (in Thousands)	$51.50	$38.70	$34.50	**$22.40**
	50 Year Transfer of Wealth (in Billions)	$75,089.08	$6,562.14	$1,383.96	**$96.13**
	Per Household (in Thousands)	$628.00	$518.20	$420.30	**$260.00**
CNW Indicators (2010)	2010 Average Household Income	$70,173	$82,070	$74,879	**$66,301**
	2010 Median Household Income	$54,442	$60,992	$54,755	**$54,875**
	2010 Average Value: Owner Housing Unit	$220,131	$398,345	$452,158	**$357,920**
	2010 Median Value: Owner Housing Unit	$157,913	$311,251	$361,987	**$324,169**
	Percent of Households with $200k Income	3.5	5.6	4.8	**2.2**
	Percent of Households with $500k Income	0.4	0.7	0.6	**0.2**
Key Characteristics (2010)	2010 Total Population	311,212,863	37,983,948	10,240,505	**1,354,658**
	2010 Total Households	116,761,140	12,662,806	3,292,577	**366,962**
	2010 Median Age	37	34.4	32.8	**30.1**
	Percent of Education Attainment for Pop 25+				
	Less than Associate Degree	64.2	62.4	64.6	**77.4**
	Associate Degree	7.7	7.7	6.8	**6.4**
	Bachelor's Degree	17.7	19.1	18.8	**11.4**
	Graduate Degree	10.4	10.8	9.8	**4.8**

Image Credit: Plaza de la Raza: California Public Library

WHAT IF

$8.8 billion was invested in attracting and supporting entrepreneurs and businesses in and around the ports?

SPA 8

South Bay

The South Bay includes industrial Long Beach, San Pedro and Torrance, and accounts for 15 percent of the county's population. This area is:

- Diverse with a wide range of communities
- Slightly more affluent overall than the county-wide average
- Comparable to county-wide averages in terms of transfer of wealth opportunities and the incidence of high net worth households, with somewhat higher than average housing values, educational attainment and incomes

Estimated net worth of this community:	**$210.16 billion** (3rd of 8 SPAs)
Estimated TOW opportunity in 10 years:	**$17.61 billion**
If five percent were given to local nonprofits:	**$881 million**
Estimated TOW opportunity in 50 years:	**$195.11 billion**
If five percent were given to local nonprofits:	**$9.76 billion**

Conclusion: While this community is on par with the county per household average in terms of 10-year transfer of wealth, its 50-year transfer of wealth potential is not projected to grow as significantly as L.A. County as a whole.

Figure 15 – SPA 8: South Bay		U.S.	California	Los Angeles County	SPA 8
Results	Current Net Worth (in Billions)	$48,907.00	$6,015.15	$1,283.57	**$210.16**
	Per Household (in Thousands)	$435.10	$475.03	$389.84	**$399.40**
	10 Year Transfer of Wealth (in Billions)	$6,162.74	$490.27	$113.53	**$17.61**
	Per Household (in Thousands)	$51.50	$38.70	$34.50	**$33.40**
	50 Year Transfer of Wealth (in Billions)	$75,089.08	$6,562.14	$1,383.96	**$195.11**
	Per Household (in Thousands)	$628.00	$518.20	$420.30	**$370.40**
CNW Indicators (2010)	2010 Average Household Income	$70,173	$82,070	$74,879	**$76,756**
	2010 Median Household Income	$54,442	$60,992	$54,755	**$57,441**
	2010 Average Value: Owner Housing Unit	$220,131	$398,345	$452,158	**$497,309**
	2010 Median Value: Owner Housing Unit	$157,913	$311,251	$361,987	**$402,643**
	Percent of Households with $200k Income	3.5	5.6	4.8	**4.8**
	Percent of Households with $500k Income	0.4	0.7	0.6	**0.5**
Key Characteristics (2010)	2010 Total Population	311,212,863	37,983,948	10,240,505	**1,534,953**
	2010 Total Households	116,761,140	12,662,806	3,292,577	**526,164**
	2010 Median Age	37	34.4	32.8	**33.4**
	Percent of Education Attainment for Pop 25+				
	Less than Associate Degree	64.2	62.4	64.6	**61.8**
	Associate Degree	7.7	7.7	6.8	**7.5**
	Bachelor's Degree	17.7	19.1	18.8	**20.3**
	Graduate Degree	10.4	10.8	9.8	**10.4**

Image Credit: Long Beach: Long Beach Community Foundation

Appendix C: Common Questions

Question:	Answer:
How accurate are the figures for the amount of wealth being transferred within L.A. County?	The figures are estimates by researchers who analyzed historical trends and current data that include estimates of economic growth. These are, in fact, conservative estimates.
What if the actual amount being transferred is much less due to the recession and other factors?	The recession and slow economic recovery are having a negative impact on L.A. What's important is not the actual dollar amount but the scale of wealth being transferred from one generation to another, and that the transfer is occurring over many years, far longer than the recession will last, we hope.
Why is five percent (5%) the figure used for how much money could be directed to the nonprofit community and charitable giving?	Five percent is a standard figure used in the philanthropic community. For example, federal tax laws require that private foundations distribute a certain amount each year for charitable and administrative purposes, and that amount is equal to 5 percent of the value of the foundation's net investment assets.
How does the transfer of wealth in L.A. County compare with other areas of the country?	In comparison to all the counties studied by the RUPRI Center, L.A. County has the largest growth trends for net worth and transfer of wealth.
What is the most important thing the average person in L.A. should know?	The average person should be aware of the transfer of wealth because of its enormous importance to Los Angeles as a whole. Every community in the county should see this as an opportunity to define what's most important to them, and then establish or strengthen local nonprofits that address those needs. Those might be basic safety net services or arts organizations, hospitals or hospices, charter schools or community colleges, etc. This process could start with discussions at local clubs, schools or churches, for example.
What is the most important thing that local nonprofit organizations can do?	Nonprofit organizations of all types and sizes can take advantage of this trend to ensure they have efficient and effective planned giving programs in place. It doesn't matter where the nonprofit is located or its service territory. What matters is that it engages high net worth residents of L.A.
Is it realistic to think nonprofits in low-income communities will be able to attract the support of high transfer of wealth households or communities?	People with compassion and the ability and desire to be charitable don't limit themselves to supporting organizations in their own community. In fact, high net worth individuals often have roots or connections to more than one place, or strong attachments to organizations outside the community in which they currently live or work. The longer people live, the more opportunities they have to become connected to or concerned about others. They also have longer to make decisions and change their mind!

Question:	Answer:
Are there consequences if we don't understand or take action with respect to the transfer of wealth in L.A.?	Yes, one possible consequence is that wealth could leave L.A. Money and assets change hands all the time, and people move. People who have wealth to share may not have anyone to leave it to in L.A., or organizations to which they feel that strongly connected to in L.A. They could choose to leave their legacy someplace else. By the same token, people who are inheriting wealth now in L.A. may choose to move away and end up connecting with organizations and causes they care about there. Or, they simply might not understand how great an impact their charitable giving could have on a community, cause or organization here in L.A. Who is to say what will happen in the future? We may only have one chance to get it right, here and now.
Why is the community foundation so interested in the transfer of wealth?	Over the course of more than 90 years, CCF has assisted several generations of Angelenos to give back to the community and pass along their assets to successive generations. We have been a partner to financial advisors. We know the community from end to end, and nonprofits large and small. We are the foundation that is most invested in and by the communities of Los Angeles.

Appendix D: Planned Giving

Planned giving has many benefits for donors, their loved ones and the nonprofits that benefit from the gift itself. There are three major types of planned giving: gifts of complex assets, bequests through a will or trust, and life income gifts.

- **Complex Assets.** These are assets that require planning to give, because the asset may be illiquid, because it may have complex tax consequences or because it may benefit the donor and/or their family. Some examples include gifts of appreciated stock, partial business interests, intellectual property or real estate.
- **Bequests through a Will or Trust.** With estate planning, a donor can establish an intention to give in one lump sum or on a regular basis, in perpetuity.
- **Life Income Gifts.** These are legal, financial vehicles that allow a donor or other beneficiary to receive income and give at the same time. Here are a few examples of the most popular options; additional options are available that might be right for you.

  - **Charitable Gift Annuities**

  A charitable gift annuity (CGA) is an agreement where a donor makes a gift of liquid assets such as cash or stock and a charity agrees to make fixed payments to the donor for life (or a specified number of years). After the donor(s) passes away, the remainder of the annuity is left for the benefit of a specific charitable organization.

  - **Charitable Remainder Trusts**

  A charitable remainder trust (CRT) is similar to a CGA in that a trust is drafted between a donor who makes a gift of cash or property and a trustee that makes payments, either a fixed dollar amount or a fixed percentage of the value each year, to the beneficiary for a fixed number of years or life. Once the trust terminates, the remaining assets are distributed to a charity of the donor's choosing. This vehicle can accommodate both simple and complex assets, such as real estate and business holdings.

  - **Retained Life Estates**

  A retained life estate is an agreement for donors who care about a charitable organization and would like to donate their home or vacation property while they are still living to take advantage of tax benefits today. In exchange for gifting the property upon their death, they maintain the right to live in the house for the rest of their lives. This option is ideal for donors (typically older individuals) who have one or more properties with little or no mortgage.

- **Legacy Societies**

  A Legacy Society is a membership group for donors who have pledged a gift through their estate and is a great way to sustain relationships and motivate planned giving. Survival of nonprofits will depend on dramatically altering their fundraising from institutions to individuals. A legacy society keeps donors engaged and planned giving programs active.

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For more information about the methods used in the report or to request additional data, please contact CCF at (213) 413-4130 or info@calfund.org.