

Philanthropy Fact Sheet



**Australian
Philanthropic
Services**

Simple. Strategic. Rewarding.

There are all sorts of ways in which you can achieve your philanthropic goals, from volunteering and donating money directly to a charity, to setting up a foundation or leaving a bequest as part of your will.

Structured giving

Private and public ancillary funds, often referred to as foundations, are simple, efficient and cost-effective structures that help you take a planned approach to your giving.

Benefits of structured giving

Personal fulfilment – by establishing something in your lifetime, you can see the benefits of giving first-hand and, if you choose, be directly involved with the causes you support.

A family legacy – giving through a foundation is a satisfying way to engage other family members, especially the next generation. It can increase children's social awareness and help to inspire future generations.

Tax effectiveness – donations are tax deductible. Funds held in private and public ancillary funds are tax exempt and franking credits are refunded, so your philanthropic dollar goes much further.

Private Ancillary Funds

A private ancillary fund (PAF) is simple to establish and administer. Typically, an individual, family or organisation donates capital into their PAF (minimum is \$500,000) and receives a tax deduction for the donation. The capital is invested and a minimum of 5 per cent of the value of the PAF assets is distributed as grants to eligible charities each year. The trustees of the PAF, who determine its philanthropic objectives and oversee investment and grantmaking strategies, are often family members, with one independent director (called the 'Responsible Person').

Public Ancillary Funds

A public ancillary fund (PuAF), such as the Australian Philanthropic Services Foundation (APSF), is a communal philanthropic structure. Public ancillary funds are less involved than a PAF as the trustee already exists and handles all the administration, investment and compliance, freeing you up to focus solely on making grant recommendations. A minimum of 4% of the value of the sub-fund is distributed via grants to eligible charities each year. A sub-fund within the APS Foundation can normally be established within 48 hours with a donation of \$50,000. You can specify the name of your sub-fund and its grantmaking focus. Each year you will be asked to recommend charities to support in grants from your sub-fund.

Portability

It is possible to transfer the balance of your sub-fund into your own PAF, making it a great way to get started. You can also transfer a PAF into a sub-fund of the APS Foundation if you no longer wish to operate your own structure.

Grantmaking

Deciding which organisations you'll support can be hugely rewarding, but the not-for-profit sector in Australia is complex. There are over 55,000 tax concession charities in Australia and, of these, about half are able to accept tax deductible donations.

One of the most satisfying aspects of getting more actively involved in philanthropy through a PAF or a PuAF is that you gain a deeper understanding of the organisations and cause you support. It can be a joyful experience to see the positive impact of your philanthropic support on the community.

For more information, contact Australian Philanthropic Services

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Quick reference guide - what structure is right for me?

Feature	Private Ancillary Fund (PAF) Setting up your own PAF with APS	Public Ancillary Fund (PuAF) Setting up a sub-fund in APS Foundation
Establishment		
How long does it take to get started?	6 weeks	48 hours
Are there establishment costs?*	Yes – APS charges \$3,000	No
Donations		
How much do I need to get started?	\$500,000 is recommended	\$50,000 minimum donation
How often do I have to contribute to my fund?	As often or as infrequently as you like. There is no requirement to contribute on a regular basis	As often or as infrequently as you like. There is no requirement to contribute on a regular basis
Can I get a tax deduction?	Yes – can be spread over 5 years	Yes – can be spread over 5 years
Can the general public contribute to my fund?	Restricted	Allowed
Control		
Who is the trustee?	You can choose. APS will arrange a special purpose company, for whom you nominate directors, to act as trustee	APS Foundation Pty Ltd
Who are the directors of the trustee?	You can choose. Directors will generally be family members and/or business associates and one independent person (the 'Responsible Person')	APS Chairman Chris Cuffe, Technical Director David Ward and CEO Antonia Ruffell
Can I have a say in grantmaking decisions?	Yes. As directors of the trustee company you decide	Yes. You make recommendations to the trustee about grants to be made from your sub-fund
Grantmaking		
Who can receive grants?	Charities with Deductible Gift Recipient (DGR) Item 1 status	Charities with Deductible Gift Recipient (DGR) Item 1 status
How much has to be distributed each year?	5% of the opening value of the fund each year	4% of the opening value of the sub-fund each year
Investments		
Who manages the investments?	You choose the wealth manager or can manage investments yourself.	One diversified, pooled investment strategy, managed by APS
Are the investments tax-exempt?	Yes	Yes
Are franking credits refunded?	Yes	Yes
Administration & compliance		
What does APS Administration Service include?	All accounting, administration, secretariat and compliance functions as well as grantmaking support	All accounting, administration, secretariat, audit and compliance functions, as well as grantmaking support and investment management
What are the ongoing APS administration costs?*	\$7,500 p.a. for PAFs under \$1.5 million \$10,000 p.a. for PAFs above \$1.5 million	1% p.a. of account balance
Is an audit required?	Yes - APS will facilitate	Yes, for the total foundation

*all fees quoted are net of GST e.g. \$3,000 + GST = \$3,300 total fee payable.

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