



# philanthropy matters

## advisor update

WINTER 2007



In this newsletter we look at some recent UK research on philanthropy. The Community Foundation for Ireland is ideally placed to address many of the issues raised by the research, including the impact of wealth on children. Indeed, this year, for the first time, we have launched a new product, the Christmas present to beat all Christmas presents - the gift of philanthropy for your son or daughter. You will find more information overleaf.

The Community Foundation has lobbied hard on the issue of the tax cap on charitable giving as we feel it is fundamental to supporting a philanthropy culture in Ireland. To the professional advisors and individuals who lobbied with us, thank you. Enjoy the season and we look forward to bringing you further philanthropy news in 2008.

Tina Roche, Chief Executive



### Our Board

*Patron:* Mary McAleese, President of Ireland  
*Chairperson:* John Gallagher.  
*Directors:* Harry Byrne, Barry Connolly, Adrian Crawford, John Dunne, Brian Geoghegan, Eamonn Heffernan, John Hynes, Sr. Stanilaus Kennedy, Anna Lee and Brian Wilson.  
*Goodwill Ambassador:* Chris Horn.

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### Mailing List

If you (and other staff members in your firm) would prefer to receive this newsletter by email, or if contact details are incorrect please contact Niall O'Sullivan, Head of Fund Development, at The Foundation on 01 874 7354 or [nosullivan@foundation.ie](mailto:nosullivan@foundation.ie).

If you would prefer not to receive further "Philanthropy Matters Advisor Updates", please contact us and we will amend our mailing list accordingly.

## The Changing Face of Philanthropy: Today, Tomorrow and Beyond

Research was undertaken on the issue of philanthropy by **Barclays Wealth Insights** in September 2007. The research was conducted amongst clients of the bank with 504 high net worth individuals holding over £100,000 in investable assets and 15 ultra high net worth individuals holding over £3million in investable assets. These individuals provided both quantitative and qualitative data for the research. What follows are extracts from that UK report.

### New Money

The number of wealthy generating their assets through liquidity events - the 'new' wealthy - is on the rise. These liquidity events could be proceeds from the sale of a company, large corporate compensation packages, considerable pay and bonuses within the financial services and other professions - and even divorce. 30 years ago the majority of wealth was inherited; now the majority is self-made. These self-made entrepreneurs shy away from the traditional 'stewardship' model whereby wealth is to be passed onto their children; instead they are more apt to spend it during their lifetime, and are increasingly keen to apply their business acumen (and wealth) to the charity sector.

*"They're looking to philanthropy as a way to exercise the same drive, vision and energy as when they built businesses."*

*"These people have some real concerns about passing an inordinate amount of wealth to their children, and the possible dangerous effects of this on their children's lives."*

Wealthy people are frequently "terrified" to let their children have access to or even know of their wealth. Many are looking for ways to help their children "cope" with their wealth and are using the process of establishing a charitable fund or foundation as a legal entity, setting objectives and including their adult children as trustees. This helps to instill values that parents want to pass on to their offspring. This also equips young adults with a certain number of business skills, so the benefits to them are two-fold.

*"There's a new generation of inheritors coming forward... you're seeing younger family members coming into family trusts saying 'I want to leave my mark.'"*

*"These people have some real concerns about passing an inordinate amount of wealth to their children, and the possible dangerous effects of this on their children's lives."*

### Time vs Money

Currently the wealthy in the UK largely donate cash rather than time. However, only 20 per cent of the affluent in the survey think that giving money is better than giving time. The main constraint here is the lack of time that many of the younger, working wealthy have to give.

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# philanthropy matters advisor update

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*"I don't give my time as I have no time!"  
"I'd never thought about it, but if someone asked me I might."*

## Global v Local

*"It's not untypical to see a family trust that started funding only locally, in the area where the factory or distillery was... now you've got international families living in six different jurisdictions. How do you adapt the family's philanthropy given that ability?"*

## Looking Ahead

Greater assistance will be required on the structuring of the wealthy's donations. The experts believe we will see a shift amongst philanthropists to a more strategic approach to giving which sees them addressing the root of the problem as opposed to giving directly to the 'end cause'. Donors currently tend to spontaneously think of giving directly to the end cause, for example helping homeless people find food or accommodation - rewarding since it is easy to see the results quickly and feel that the donation has made an immediate and obvious difference. However, typically the true roots of the problem necessitate greater commitment and patience from the donor, since the results may not be seen for a much longer period of time, and are harder to measure or assess.

## Barclays Wealth Sponsoring Community Foundation Seminar

In February 2008, Barclays Wealth is sponsoring a philanthropy seminar. Clients of the bank as well as contacts and donors of The Community Foundation for Ireland will have a round-table discussion on issues facing philanthropy in Ireland.

The full research report is available online at <http://www.fundraisingresearch.info/USERIMAGES/philanthropywhitepaper.pdf>

## Seminars

### 2008 Seminar: Philanthropy Matters for Solicitors and Professional Advisors

A seminar will be held in January with a particular focus on **legacies** and **estate planning** and the place of philanthropy in this mix. We will also look at the issue of **tax efficient transnational giving**, following on from the issue raised in the aforementioned research. To book your seat in advance, please contact Niall O'Sullivan at The Community Foundation for Ireland by phone or email. (01 874 7354 or [nosullivan@foundation.ie](mailto:nosullivan@foundation.ie)) The seminar is open to all professional advisors interested in philanthropy - whether working in the legal world or not.

### Autumn Seminar

Many thanks to John Rockett of AIB Private Banking and Mary Lawlor from the charity Front Line who spoke at our Autumn Philanthropy Seminar - **Beginning the Philanthropy Journey**. With over 40 attending, this was our most successful presentation to date.

## 8 SIMPLE STEPS TO SETTING UP A CHARITABLE FUND

Your client can set up their own family or company fund in just a few simple steps:

- Professional advisors discuss goals with family or directors.
- Decide what to give: cash, shares, property, etc.
- Select issues and organisations that are close to their heart.
- Meet with The Community Foundation for Ireland staff to discuss this vision.
- Choose a fund type: Donor Advised, Field of Interest, Designated, or Unrestricted.
- Complete the paperwork.
- Select a name for the fund, either recognising your client's family or the issues they support.
- Organise to send their gift to the Foundation for management and administration.



## Philanthropist of the Year Winners

The winners of the inaugural Philanthropist of the Year Awards were: Niall Mellon in the International Category and JP McManus in the Irish section. Congratulations to both individuals who are doing fantastic work through their respective foundations.

## Give Your Child the Gift of Philanthropy this Christmas

Ireland has changed dramatically in recent years. Many families have seen their wealth increase considerably with help from the Celtic Tiger economy. Those with children (young and adult) sometimes look at how that wealth impacts their own son or daughter. Why not help them to get a better picture of life 'on the other side of the track' and to see where they can make an impact in Irish society. Your child's fund could for example support other less well off children, the environment or whatever causes matter to them.

Establishing a permanent fund costs €25,000 (net €14,750). There are no additional set-up costs and no invoices, 1% of income generated will be applied in future years as an annual fee. The fund will be able to generate grants forever. Grants of c€1,000 can be made in the early years, growing over time. Give your child the gift of philanthropy this Christmas.

For more detailed information contact Niall O'Sullivan.  
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**Season's Greetings from The Community Foundation for Ireland!**



## LEAVE A LEGACY FOR IRELAND

Will you talk to your clients about including The Community Foundation for Ireland in their will? Help us to establish a permanent charitable fund for their county or for the causes they care about.

For more information, see [www.communityfoundation.ie/advisors/bequests](http://www.communityfoundation.ie/advisors/bequests)