



I would like to welcome you to our first edition of *Philanthropy Matters Advisor Update*. The Community Foundation for Ireland was established in 2000 and provides both a service to donors and a grant making programme. This new periodical is directed at the wealth management, banking, accountancy, tax planning, legal and other related sectors. We believe that people working in these areas have the potential to be major influencers in the development of a culture of philanthropy in Ireland. We will focus on issues of relevance to you and hope that this builds up into a toolkit and knowledge resource over the coming months and years. We welcome your feedback and look forward to perhaps working with you and your clients in the future.

Tina Roche, Chief Executive



Balancing Children and Charity in Estate Planning

Many people are now contacting The Community Foundation for Ireland and referring to the staggering wealth that their children could inherit in years to come, compared to their own wealth in say their 20's or 30's. Says Adrian Crawford, Tax Partner with KPMG and a board member of The Community Foundation for Ireland

“many people have made a lot of money in the last 15 years, and many come from quite humble backgrounds. When they step back for a minute and consider the wealth and assets their children could inherit it makes them suddenly wonder what the best options may be. This has become a huge issue in the USA and many wealthy people there are now diverting additional funds into philanthropy as they feel their children may not always benefit from receiving large inheritances”.

In an Irish context it has been conservatively estimated that inherited wealth is running at €3billion+ per annum. Along with this amount of wealth comes a growing responsibility, not only for wealth holders, but also for the advisors who hope to guide them in estate planning. “It’s an issue that’s left on the table by a lot of advisors, but they really should address it,” says Bob Connolly, attorney and CPA for US based A.G. Edwards & Sons. “Clients aren’t getting enough good information about philanthropy options, and any time you can bring good information, it makes the clients feel good about the subject, themselves, and you, the advisor.”

Wealthy families struggle with many questions: How much money should I leave my children? What constitutes an “appropriate” inheritance? How can I best incorporate philanthropy into my financial legacy? According to Community Foundations of America’s Wealth & Values Survey 2003, conducted by wealth-marketing firm HNW, 83 percent of high-net-worth individuals surveyed believe that money is a powerful tool for doing good; however, more than half of those surveyed say they need between \$1 and \$10 million in assets to feel secure. Most advisors agree that high-net-worth families are primarily interested in providing for their own financial security and that of their heirs, but would also like to leave a legacy to society, if possible. Charles W. Collier, senior philanthropic advisor at Harvard University and author of *Wealth in Families*, says the question of an “appropriate” inheritance is really the only estate planning question for the wealthy—but that doesn’t make it an easy one. “It is a deeply complex question,” Collier says. “Couples must think about what the money is meant to accomplish for their children, and how much will have a positive effect on their life course.”

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Contact Us

The Community Foundation for Ireland
32 Lower O’Connell Street, Dublin 1
Tel: 01 874 7354 Fax: 01 874 7637
Email: info@foundation.ie
www.communityfoundation.ie
Charity No. CHY 13967

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.

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In the end, a financial inheritance of consequence tends to be thought of as a tool to provide freedom for children." This then becomes the deeper question: what does freedom mean for that particular family?

Collier says. "Partnering with a local community foundation can provide support for advisors helping clients to arrive at an inspiring philanthropic strategy. While the advisor directs the client's strategy, the community foundation can help facilitate a family meeting or contribute expertise on local organisations that support the client's favourite causes.

For more information on the range of services provided by The Community Foundation for Ireland for professional advisors, please check our website: www.communityfoundation.ie/advisors

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.

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 our community, our environment and the important causes we all care about.

Tax Relief on Shares - An Underused Tool for Irish Philanthropists

One of the most underused and least well known of the tax reliefs for charitable giving is the tax relief available on donations of publicly quoted shares. It was introduced in the 2005 Finance Act. When advising clients, this is how it works:

Your client makes a gift of shares to e.g. The Community Foundation for Ireland. In giving gifts of publicly quoted shares your client chooses between an income tax relief OR Capital Gains Tax (CGT) relief. If he/she chooses income tax relief - he/she should receive a receipt (for the market value of the shares on the day the donation was made). Your client can use this to reduce his/her taxable income (if self-assessed for tax). If 'taxed at source' (i.e. a PAYE worker), the charity will claim the tax back. These procedures are the same as for cash donations.

If your client chooses to claim CGT relief, the sale of shares will be treated as 'no profit, no loss' sale, i.e. it is treated as if he/she sold shares for exactly the same price as was paid for them. It is important to remember that there is no 'double tax relief' - your client cannot claim both income tax and capital gains tax relief.

Gifts of shares are a great way to start a Donor Advised Endowment Fund. Your client could create a Fund in their name, in the name of their family or business, or in honour of any person or organisation they choose.



*Kieran McGowan,
Chairman BITC,
Tina Roche,
Community
Foundation Chief
Executive and An
Taoiseach Bertie
Ahern.*

LAUNCH OF 2007 PHILANTHROPIST OF THE YEAR AWARD

Earlier this year The Community Foundation for Ireland launched the 'Philanthropist of the Year' award. "We want to shine a light on those special individuals who are deeply engaged in putting their energy, commitment and resources together to make a significant long term contribution, whether large or small, to enhancing society, both here in Ireland and throughout the world," said Tina Roche. Nominations for the 2007 'Philanthropist of the Year' will be sought later this year with a closing date of October 12. Perhaps a client of yours could be the winner! Further details in future editions.

COMMUNITY FOUNDATION ENHANCES WEBSITE FOR ADVISORS

The professional advisors section of the CFI website has been greatly enhanced and information provided is based on best practice from overseas. Log on and bookmark www.communityfoundation.ie/advisors for more information.