



Welcome to the second edition of Philanthropy Matters, a newsletter specifically for professional advisors. The Community Foundation for Ireland recognises the key role that the professional advisor plays in facilitating the interests of clients with charitable intentions. More clients are now considering philanthropy in their overall wealth and succession planning. We wish to make the charitable giving process as easy and rewarding as possible for advisors and clients. The Foundation's development staff is always ready to offer their assistance. We look forward to working with you.

Tina Roche, Chief Executive



Wealth Management in Ireland - Fact or Fiction

The term wealth management is very much in vogue in Ireland but is this just another term for bigger financial investments or is it a real management philosophy?

Most wealth managers are excellent professionals, focused on managing client assets and maximising returns. However, what is sometimes missing is any kind of **strategy for 'personal capital'**.

- Why is your client accumulating all this money in the first place?
- What are his/her goals in life?
- How are they going to use personal capital to truly benefit society and their heirs?

It appears that wealth managers in Ireland rarely address the strategic goals and the tactical decisions around personal capital with their clients; but given the massive growth in wealth it is naturally becoming an issue.

Ireland is set for what The Community Foundation for Ireland is terming '**The Great Wealth Transfer**'. Over the next 20 years, hundreds of billions of euros will be transferred to the next generation (current annual property transfers in wills are conservatively estimated at €3billion). This is proof positive of our economic transformation but is also a test as to how generous and caring a nation we truly are. There is real potential for philanthropy to flourish in this environment with advice and support from all quarters including wealth advisors and of course the clients who have the capacity to give.

Many wealthy investors are seeing the importance of philanthropy and are dedicating more of their money and time to it. As younger wealthy individuals become decision-makers, the culture of giving will become more mainstream. As an example of developments in this area, **Coutts in the UK** has dedicated both time and resources to the area of philanthropy. A partner in this initiative is the network of community foundations there who help them deliver local philanthropy solutions for clients.

In Ireland some wealth managers are also seeing a need for a broader approach to wealth management. **Mark Dawson, Director with NCB Wealth Management** says "To be honest, until recently very few clients had mentioned the word philanthropy or asked for advice on this topic - maybe they felt I could not be of assistance, but really we, as wealth managers, could have a real impact on our clients' lives. I feel that one of the biggest drivers of this broader approach to wealth management could be in terms of how much (or little) they want to pass on to their children".

Our Board

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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.

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

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philanthropy matters advisor update

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HSBC has recently established a wealth management division in Ireland. **Rory Quinlan, Chief Executive** says "I worked in the US where wealth managers play a pivotal role in advising clients on philanthropy and it has now also become relevant in Ireland. Having spoken to The Community Foundation for Ireland I believe they could provide an ideal vehicle for some of our clients, particularly those who want to give, but don't want all the hassle that goes with giving. Setting up their own foundation could also be a possibility but requires more time and management".

The Community Foundation sees on a daily basis the impact of grants made by our donors. The donors also get a real sense of achievement from their giving, especially when it is done smartly, effectively and efficiently. This is a very real outcome of 'personal capital'.

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.



Finance Bill 2006, Slowing the Development of Philanthropy in Ireland

In the Finance Bill 2006, a new Section 485C, which placed a restriction on the use of tax relief schemes by high income earners, was introduced. To the dismay of the charitable sector, tax advisors and the legal profession; relief on donations was included. This has effectively capped the amount of tax relief that high income taxpayers can claim on charitable donations.

The result is that since January 2007, individuals with income in excess of €250,000 who have specified tax reliefs available to them are restricted in the amount of tax relief they can claim each year. The specified reliefs that a person can apply against their taxable income is restricted to 50% of their gross income in any one tax year. Any excess reliefs can however be carried forward to the following and subsequent years, subject to the 50% income cap.

As a society we will benefit from developing a philanthropy culture. A favourable tax environment is crucial if wealthy individuals are to consider setting up donor advised funds, establishing their own private foundations or making significant donations to charitable institutions. **Tim O'Rahilly, Tax Partner with PWC** advises many private clients and makes the point succinctly "many clients are now in a position to support philanthropy. If we are to emulate other countries we need more and better tax supports. As a basic first step this cap should be removed".

Solicitors involved in estate planning have also reacted to the legislation. "We have seen the impact of this amendment to the legislation first hand" says **Nora Lillis, partner at William Fry**. "The amendment can frustrate the philanthropic goals of individuals and we are very hopeful that the provisions will be reconsidered".

Tina Roche, Chief Executive of The Community Foundation for Ireland and others in the charitable sector have called for a review of the legislation. "It has to be changed. We believe that Ireland could be on the cusp of a period of major philanthropic giving in Ireland. We all know that there is significant wealth in Ireland, but as a grant-making organisation, we are also aware of the many needs. We would love to be able to do so much more. If more donors come on board we can make a real difference to Irish society. While people can still make donations which will have real impact, when the law is changed, dramatic transfers of wealth and assets will occur".

SEMINAR - I WANT TO BE A PHILANTHROPIST - WHERE DO I START?

The next seminar will focus on the **journey** to becoming a philanthropist. Experts in the field will explain **how to set up** a *Foundation* or *Donor Advised Fund*. The seminar will provide an insight into the range of options and the **most efficient tax opportunities** available. This important seminar will take place in October. If you would like to accompany a client or would like to suggest that a client attend in their own right, please contact Niall O'Sullivan, Head of Fund Development, The Community Foundation for Ireland, 32 Lower O Connell Street, Dublin 1. Email: nosullivan@foundation.ie or call 01-874 3807.

COMMUNITY FOUNDATION WEBSITE

The professional advisor section of the CFI website includes excellent information for professional advisors - www.communityfoundation.ie/advisors. Our previous Advisor Update can also be downloaded from here.

In addition, visit www.communityfoundation.ie/news to download our recent newsletter focused on individuals, or to access other news stories and publications.

For further information on philanthropy, check out www.philanthropy.ie