



Over the past few months The Community Foundation for Ireland has presented to many advisors in the wealth management area and we are increasingly aware of clients now taking stock of their wealth. A growing number are realising that they have a surplus of wealth over what they will need for themselves and their family. Philanthropy can be a powerful instrument in such circumstances and can open up a new world for donors and their families. One such option is to establish a permanent endowment fund - outlined below. The Foundation staff are ready to offer their help and guidance in such situations and we look forward to continuing to work with you and your clients.

Tina Roche, Chief Executive



Our Board

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

Contact Us

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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.

The Power of Endowment Funds

An endowment fund is defined as a fund of which only the earned income can be spent. Donors' endowments can be pooled to ensure greater efficiency.

Community foundations worldwide have adopted an endowment fund building strategy to create "community capital". The 1,200 foundations in 46 countries have over \$40 billion invested and are making grants of over \$2 billion from this annually. The Community Foundation for Ireland has built an endowment fund to almost €20 million with the support of donors.

The model is particularly suited to people and organisations (e.g. a family business) taking a longer term perspective on their philanthropy. An individual, family or company can establish their own endowment fund under the banner of The Community Foundation for Ireland. The fund can be named or anonymous. They simply allocate a sum of money - usually a minimum of €25,000 (€14,750 net). There are no set up fees, no need for trustees and no subsequent annual invoicing or audits. Everything can be organised literally overnight. A written agreement is completed between both parties and the administration and management of the fund is handled by community foundation staff. Donors can have as much or as little say as they like about how the income is then distributed. The Community Foundation for Ireland receives 1% from the interest earned which covers all its work. As a not-for-profit organisation, the costs are kept to the absolute minimum.

Reasons for Establishing an Endowment Fund

Some people establish family funds by way of endowment simply because they have spare capital, some to involve their children to help with their values, others seek to remember their parents (their parents' sacrifices may have provided the means to which the donor became wealthy) or simply to make a difference in an area of particular interest to them, e.g. the environment or homelessness.

For clients and advisors alike, it can be difficult to grasp how much can be achieved by endowment funds. Over a single lifetime (e.g. 80 years), an initial donation of €50,000 invested in a permanent endowment fund could potentially result in gifts to charities of €484,430 over that period. This initial gift will receive full tax relief and will only have cost €29,500, as the balance of €20,500 or 41% can be reclaimed through the tax system.

Surprising Results

Quite often, family members will add to the fund. The following example illustrates that, even if no further contributions are made to a fund, the power of endowment can

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create contributions to communities and charities, year after year, that may surprise donors. The diagram illustrates the cumulative benefits of endowments.

Over a period of 80 years, the fund illustrated will provide close to €500,000 of funding for charitable purposes. Remarkably, in its 80th year the fund will distribute over €12,000. By year 80, the fund itself will have grown to almost €250,000. The initial donation of €50k keeps on giving, and growing – forever!

Initial Gift		€50,000	
Year	Average of 7% income generated after costs - cumulative income	Disbursement of 5% to projects => cumulative amount given out by end of each period	Add 2% to fund annually => balance at year end
Year 1	€3,500	€2,500	€51000
Year 10	€38,324	€27,374	€60,950
Year 20	€85,041	€60,743	€74,297
Year 30	€141,988	€101,420	€90,568
Year 40	€211,407	€151,005	€110,402
Year 50	€296,028	€211,449	€134,579
Year 60	€399,180	€285,129	€164,052
Year 70	€524,923	€374,945	€199,978
Year 80	€678,202	€484,430	€243,772

Harry Byrne, a former senior Guinness Ireland executive, is a board member at The Community Foundation for Ireland. His daughter, Alison - a doctor - tragically died in her thirties. Harry has established The Dr Alison Byrne Fund in her memory which now supports medical related projects. "As a Director of The Foundation I see the important contribution the endowment fund income makes for so many groups and this inspired me to set up the fund."

End of Tax Year - A Great Time to Start a Fund

With the year end for tax approaching why not talk to clients now about establishing their own charitable family fund with The Community Foundation for Ireland. If you need further information, please contact Niall O'Sullivan, Head of Fund Development. Email nosullivan@foundation.ie or call 01 874 7354.

Call for Nominations for Philanthropy Awards

The Community Foundation for Ireland launched the inaugural 'Philanthropist of the Year' Awards - the Oscars of Irish philanthropy - earlier this year and is now seeking nominations. The closing date for nominations is October 12 with results announced on November 15. If you have clients who are philanthropic, why not consider nominating them. Further information and application forms are available on www.communityfoundation.ie/news

Pre-Budget Submission

In our upcoming pre-budget submission The Community Foundation for Ireland will be asking the Minister for Finance to remove the cap on tax relief for charitable donations. If you agree, and in particular if you have examples where the cap has resulted in a client either deferring a donation or reducing their planned level of giving (we have seen such examples), then please contact us. Having real life case studies will help us further strengthen the case for removing the cap on tax relief.

Next Seminar

Our next seminar entitled "The Philanthropy Journey" will take place at the SAS St Helen's Radisson Hotel, Stillorgan Road at 8am on Tuesday, October 9th. Our keynote speaker will be John Rockett of AIB Private Banking. The seminar will be about how people can start engaging in effective planned philanthropy and could be of interest to private clients. While focused on wealthy individuals, professional advisors may also attend, if accompanied by clients. For more information contact Niall O'Sullivan, Head of Fund Development. For more information, please contact Niall O'Sullivan, Head of Fund Development on 01: 874 3807.

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. For more information, see www.communityfoundation.ie/advisors/bequests