

Private Ancillary Fund Service

a better plan for a bigger difference



WHAT IS A PRIVATE ANCILLARY FUND?

SVA's

A better way of giving

The knowledge that you are financially contributing to the good of society can be enormously satisfying. But many wealthy Australians take an ad-hoc approach to their giving, making it difficult for them to see the tangible impact of their generosity. A private ancillary fund (PAF) can help individuals and families take a more structured and measurable approach to their giving – and with the right advice, these vehicles can be both simple and cost effective to establish and administer.

SVA's goal is to help individuals, families and businesses to discover the many benefits and rewards of establishing a private ancillary fund:

- **Complete control.** A PAF structure gives the PAF holder total control over the investment strategy for the funds and the amount distributed each year, with the only requirement being an annual minimum distribution of five per cent¹ of the overall assets held in the PAF. Giving is planned rather than ad hoc, ensuring

the desired beneficiaries are supported, as long as the recipients have relevant Deductible Gift Recipient and charitable status.

- **A family legacy.** Deciding to give through a PAF inspires future generations to follow in the PAF holder's footsteps. PAF founders often find an unexpected but welcome benefit of this approach to giving is the sharing of philanthropic values within their families, creating a common sense of purpose, regardless of age or individual passions.
- **Taxation benefits.** Funds donated to a PAF (both now and in the future) can be tax deductible. And once held within a PAF, these funds are tax exempt, meaning your philanthropic dollar goes much further. The benefit of the tax deduction is realised when money is contributed into the fund, even though the distribution of the funds might be done over some years. This provides a far more tax effective way to give than donating directly or leaving a bequest.

¹ With a minimum distribution of \$11,000.

Private ancillary funds

Surprisingly simple. Hugely rewarding.

SOCIAL VENTURES

AUSTRALIA (SVA) established its Private Ancillary Fund Service to help Australian philanthropists appreciate not only the simplicity and tax effectiveness of this kind of giving structure, but also understand how rewarding it can be to provide the non-profit sector with the vital funding it needs.

With the support of some of Australia's most well known philanthropists, SVA is determined to increase the profile of philanthropy and grow Australia's giving levels.

How SVA works with your advisers

The SVA PAF Service has been designed to complement, not replace the services philanthropists already receive from their accountant, lawyer or wealth adviser. The SVA PAF Service team are specialists in the area and have been drawn together to provide expert philanthropic advice, drawing on their own personal experience with private ancillary funds as well as

taking advantage of SVA's extensive knowledge base and networks as a leader in philanthropic services.

The SVA team has successfully partnered with a number of wealth advisory groups whose clients have sought philanthropic advice from SVA. And many wealth advisers enjoy the unique opportunities that managing investments held in a PAF presents.

The tax exempt environment of a PAF provides increased flexibility around some investment decisions and as funds are often invested in perpetuity, it is an ideal environment for long-term investing. The chance to deepen and broaden the relationship between the wealth adviser and client (and potentially even the client's family) is often a flow-on benefit for all parties of establishing a PAF.

Private Ancillary Fund Service

helps you set up and manage your private simply and effectively.

How SVA can help you

SVA believes private ancillary funds provide an ideal pathway for philanthropy to grow and by sharing their experience and expertise, SVA hopes to inspire greater levels of giving in Australia. Importantly the Private Ancillary Fund Service also connects those who are considering establishing a PAF with philanthropists who already have one in place, enabling real-world experiences and learning to be shared.

SVA's service is designed to be a one-stop-shop for philanthropists seeking to understand the tax effective yet simple nature of these structures.

The Private Ancillary Fund Service offers advice, establishment and administrative services (if required), grant making and evaluation services (if required), referrals to specialist advisers (if required) and ongoing support to PAF founders.

The Private Ancillary Fund Service is both independent and free of conflicts. SVA does not use this service as a fundraising opportunity for their own work in the non-profit sector.

Administration service

SVA can provide full establishment and ongoing administration services for your private ancillary fund. This includes ensuring directors of the PAF trustee are fully briefed on the compliance requirements.

These services are delivered by a team of experts and specialist advisers with extensive experience in the management of PAFs on behalf of individuals, families and businesses.

Unlike many other service providers who charge a percentage of the assets held, the fee structure for the establishment and ongoing PAF administration services is a flat fee regardless of the size of the PAF.

The fee schedule is as follows:

- Establishment or transfer of the private ancillary fund structure, all yearly administrative obligations, investment administration and reporting, and preparation of annual statutory accounts – \$5,000 pa plus GST, plus expenses at cost.*
- Audit of accounts and compliance with private ancillary fund guidelines – \$800 pa plus GST.

* This assumes a normal volume of transactions within the PAF, and is based on a two year minimum agreement.

Grant making and evaluation service

With the huge number of needy and worthy organisations requiring funding, sometimes making informed decisions about which organisations to support can be challenging for new PAF directors. The non-profit and philanthropic sector in Australia is complex, and it makes sense to develop a coherent grant making strategy for your PAF. For those who need assistance with grant making and understanding the philanthropic landscape, SVA can be engaged to undertake research on non-profit organisations operating in the area of need that is of most interest to the PAF holder.

The SVA grant making service can help develop a set of achievable philanthropic aspirations, a solid implementation plan and a pragmatic evaluation framework. SVA helps to develop a philanthropic model that is personally satisfying, efficient and cost-effective, while also delivering meaningful community benefit. SVA can also undertake research on specific organisations or sectors of interest and prepare a short list of options for consideration.

Through the grant making service, SVA can operate as the first 'point of call' for all funding applicants and also monitor funding recipients, helping to evaluate the outcomes and impacts and determine logical 'next steps' for funded projects.



"Giving, by those who can, should be a part of life. It is a joy and a privilege."

DAVID GONSKI AC, THE GONSKI FOUNDATION

ancillary fund

The SVA grant making service has access to the resources and expertise of the SVA Consulting team for larger assignments, as and if required.

All PAFs established under or transferred to the SVA Private Ancillary Fund Service are offered a free one hour consultation in their first year of operation, with our Grant Making and Evaluation Manager.

Additional assistance through our grant making and evaluation service (beyond the one hour free consultation) is offered on a cost recovery basis of \$190 per hour plus GST, plus expenses at cost.

THE FIRST STEP

To arrange an introductory conversation regarding SVA's Private Ancillary Fund Service, call Rachael McLennan on 02 8004 6755

IN GOOD COMPANY

Considered by many to be philanthropic trailblazers, Sam Meers and her father Nelson were the first in Australia in 2001 to take advantage of legislative developments and establish their own family giving structure. A former Sydney Lord Mayor, Nelson Meers had been an anonymous donor for many years before deciding to establish his own giving vehicle.



"The actual establishment and ongoing administration of a PAF is relatively easy. The hardest, but most fulfilling part, is deciding which projects and organisations to support."

SAM MEERS, NELSON MEERS FOUNDATION

The Robertson family have held a family giving structure for some time, with the Robertson children actively involved in the management of the Foundation. The Robertson Foundation funds tertiary bursaries that allow the disadvantaged from regional areas to come to the city to follow their higher education dreams. The Robertson family members themselves also frequently offer personal support and mentoring to recipients.



"The opportunity to meet and engage with the individuals who receive bursaries funded by our PAF is really special. Being able to support them personally to successfully transition to city and university life, makes our PAF that much more meaningful and rewarding."

AMY ROBERTSON, THE ROBERTSON FOUNDATION

In addition to providing donations to a range of worthy charities and causes, the Petre Foundation also regularly funds research into the philanthropic sector looking at giving patterns and best practices.



"I believe we must encourage those who have benefited so much from Australia's prosperity to follow the lead of Australian entrepreneurs like Clive Palmer, Andrew Forrest and Greg Poche and increase their levels of giving."

DANIEL PETRE AO, THE PETRE FOUNDATION

Carol is passionate about social change founding the Trawalla Foundation and supporting the formation of the Australian Women Donors Network. She is also a founding investor in Our Community www.ourcommunity.com.au, Australia's first major for-profit social enterprise established to enhance the social good. Her newest venture – the Women's Leadership Institute Australia – aims to address the imbalance of women in leadership positions in Australia.



"What my family really enjoys about working within the PAF structure is the creativity and innovative thinking that we can employ in our collaborations and partnerships with the social enterprises we work with."

CAROL SCHWARTZ AM, THE TRAWALLA FOUNDATION

To hear more stories from PAF founders visit our website and watch the PAF video. www.socialventures.com.au/paf-service

THE SVA PRIVATE ANCILLARY FUND TEAM

Social Ventures Australia (SVA) is a non-profit organisation investing in social change by helping increase the impact and build the sustainability of those within the sector. We provide funding and strategic support to carefully selected non-profit partners, as well as offering advice to the social sector more broadly, including philanthropists who are endeavouring to be more strategic in their approach to giving.

The SVA Private Ancillary Fund Service complements SVA's existing services to the non-profit sector. It is designed to increase the profile of philanthropy in Australia and grow Australia's giving levels while benefiting from SVA's extensive networks as a leader in philanthropic services.

Our professional staff have personal and practical experience with private ancillary funds.

Chris Cuffe

In 2006, after more than 20 years of experience in building successful wealth management practices at Colonial First State Investments and Challenger Financial Services Group, Chris joined SVA as an Executive Director. Chris held this position until May 2009, at which point he became Chairman of the SVA Future Trust. Chris will share his personal experience as a PAF holder with other philanthropists to inspire a greater level of giving across Australia's wealthy.

David Ward

David spent the majority of his career with ANZ, including four years as Managing Director of ANZ Trustees, which administers over 200 charitable trusts. David is on the Council of Philanthropy Australia and has written two trustee handbooks for Philanthropy Australia, including the *Private Ancillary Fund Handbook* and conducts Philanthropy Australia's Governance seminars.

Fiona Higgins

Fiona provides grant making advice to clients of SVA's Private Ancillary Fund Service.

Fiona is also Philanthropy Services Manager at the Fairfax Family Office where she advises on a portfolio of social investments made by individuals and trusts for the benefit of the Australian community. Fiona has served on a number of boards in the non-profit sector.

Rachael McLennan

Rachael is responsible for business development and managing the relationships with clients of SVA's Private Ancillary Fund Service.

Rachael spent ten years working in corporate marketing, communications and business development before making her conscious move into the non-profit sector, working both in Australia and the UK.

Simone Eley

Simone is responsible for business development and managing the relationships with clients of the SVA Private Ancillary Fund Service in Western Australian.

Simone is qualified as a Chartered Accountant and has worked in accounting, banking, insurance and funds management. She has experience managing portfolios of clients and providing training and advice.

Private Ancillary Fund Advisory Council

To keep our service contemporary and relevant and identify emerging trends and influences, a diverse range of philanthropic thought leaders generously provide guidance and advice to SVA's Private Ancillary Fund Service team. We are grateful for their wisdom and support. This Council comprises:

Bob Bryan
Chris Cuffe
Tim Fairfax AM
David Gonski AC
Belinda Hutchinson AM
Daniel Petre AO
Carol Schwartz AM
Peter Shergold AC
Michael Traill AM

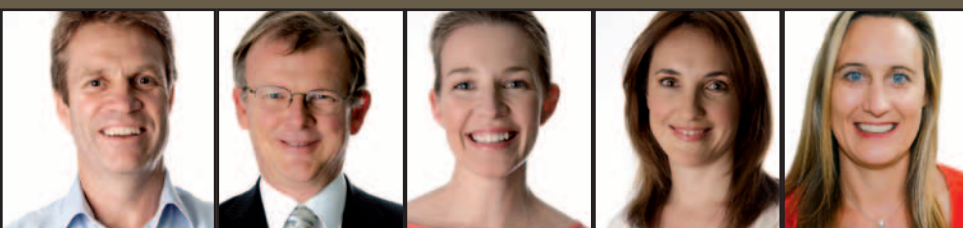
Chris Cuffe

David Ward

Fiona Higgins

Rachael McLennan

Simone Eley





For more information on SVA's Private Ancillary Fund Service, please contact Rachael McLennan on 02 8004 6755 or email paf@socialventures.com.au

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