



THE HARPER BERNAYS CHARITABLE TRUST

Since our establishment in 1988, our relationship with our clients has been built upon trust, personal service, and building tailored investment portfolios which deliver results

Philanthropy and Charitable Giving

Australians have always been a generous people. Our response to both domestic and international disasters has consistently demonstrated this fact, as has the amount of time given gratis by many of our citizens to worthy organisations and causes.

In Australia there are thousands of registered charities and charitable organisations where people can volunteer their time and donate funds. There are also many large perpetual charitable trusts and foundations that donate millions of dollars each year to a large range of worthy and charitable causes.

It is evident that, while Australians have always been generous with their time and money in aiding charities, in recent years at the individual level the establishment of structures which have allowed systematic and regular contributions to charitable causes has been increasing.

For individuals who have accumulated funds to donate to charitable causes, or are of a mind to do so, the range of options available and the cost, administration and management, and taxation issues which arise, can be confronting and confusing.

The Harper Bernays Charitable Trust has been in existence since June 2006 and now plays a role in supporting a broad range of charities on behalf of its clients.

Key Features & Benefits of the Harper Bernays Charitable Trust

The Harper Bernays Charitable Trust has the following key features and benefits:

- Features:**
- A Public Charitable Foundation
 - Established in perpetuity
 - Approved by the Australian Taxation Office (ATO)
 - Minimum donation is \$50,000 or \$100,000, depending upon Fund Selection
 - **Subsequent increments can be of any size from any source**
 - Accepts donations from the public
 - Harper Bernays and Sandhurst Trustees are co-trustees of the Harper Bernays Charitable Trust
 - The co-trustees look after the investment, administration, reporting, audit and all other compliance, taxation and regulatory issues
 - Four separate types of accounts are available, designed to cater to various charitable intentions
- Key Benefits:**
- Rather than making a large immediate gift, setting up a foundation facilitates steady support to community projects in perpetuity
 - Establishment of your Endowment Account or Bequest is easy – once your minimum donation is made, your account is established with no additional ATO or regulatory approval required
 - Setting up your own named charitable account under the Harper Bernays Charitable Trust is inexpensive
 - You can still have your own named Endowment Account or Bequest
 - Tax deductibility for your donation
 - There is ongoing tax deductibility for additional contributions to the Fund from either you or any other donor. (e.g., members of your family / family friends / professional colleagues etc.)
 - The earnings of the fund do not incur taxation to allow maximisation of your giving to designated charities

Charitable Trust Options

You can establish a Charitable Trust in two ways – as part of your Will or during your lifetime.

Leaving money in your Will enables you to leave bequests and charitable donations to charities of your choice or to set up a Charitable Trust.

Alternatively, you can set up a Trust in your lifetime and play a part in, and observe the difference you make to, the lives of those who are the recipients of your gifts.

The Harper Bernays Charitable Trust is a convenient, flexible, multipurpose Charitable Trust with a range of benefits for both you and your chosen charities.

It is simple, easy to establish and cost effective. Contributions from all sources (except those from a Will) are 100% tax deductible and the earnings are tax free, ensuring your chosen charities receive the maximum benefit from your giving. The income generated from the investments can be distributed in accordance with your wishes, subject to Trustee approval.

Many clients who wish to establish an effective systematic approach to charitable giving may already be aware of, or have decided, the particular charitable organisations to which they wish to donate. However, through the various Charitable Advisory Committees to which they have access, the co-trustees can provide information on a variety of charities and their projects and initiatives to aid donors when making decisions from time to time on the charitable causes and projects they may wish to assist.

The broad characteristics of the most common Charitable Trust structures in comparison with the Harper Bernays Charitable Trust are outlined below.

	WILL TRUST	HARPER BERNAYS Charitable Trust	Private Ancillary Funds
Tax Status	TCC *	DGR# & TCC*	DGR# & TCC*
Tax deductible for donor	No	Yes	Yes
Commencement Date	After death	During lifetime	During lifetime
Set up time	Part of Will preparation	Instantaneous	10-12 weeks
Naming Rights	Yes	Yes (within ATO guidelines)	Yes
Trust Deed Required by client	No - effectively the Will	No	Yes - established by an Individual Trust Deed which must be approved by the ATO
Fees and Charges	Low	Low	Medium/High (varies greatly)
Suggested Minimum Amount	N/A	\$50,000 / \$100,000	Depends on cost structure
Restrictions on where funds can be donated	From Will - Charitable causes	To Charities with DGR Item 1*	To Charities with DGR Item 1*
Governed by	Trust Law	Tax Law and Trust Law	Tax Law and Trust Law
Tax Deduction for New Funds and Donations	No	Yes	Yes

*TCC – Tax Concession Charity status – trust has been endorsed by the ATO as being exempt from income tax.

#DGR – Deductible Gift Recipient status – fund or organisation that has been endorsed by the ATO and can receive tax deductible gifts. ITEF funds can distribute to a wider range of DGR Item 1 organisations.

Establishing a Harper Bernays Charitable Trust Fund

When you establish a Harper Bernays Charitable Trust Fund, you are provided with complete operational and administrative support, to ensure that you can focus on the most important aspect of your fund – your giving strategy. Operational and administrative support includes:

- General trust administration
- Secretariat and record keeping
- Support of donors in the exercise of their grant recommendations
- Services to ensure all aspects of the giving process are rigorously complied with, including:
 - formulating giving strategies
 - seeking out suitable projects for funding including formulating and managing the application process
 - preparing brief executive summaries of the applications and making recommendations to donors as to their relative merits
 - promotion of your fund, if required

Minimum Donation

The minimum donation required to establish your own fund under the Harper Bernays Charitable Trust is \$50,000 where you establish a **single beneficiary endowment** fund, and \$100,000 where you establish a **donor advised, special purpose, general-purpose or multiple beneficiary endowment** fund.

Once your donation is accepted, it is held by the Trustees of the Harper Bernays Charitable Trust. Please note that your donation is irrevocable and is not refundable.

Tax Deductibility

A donation to the Harper Bernays Charitable Trust allows you to obtain a tax deduction for your initial and ongoing donations, or if you choose to do so, to spread that deduction over a period of up to 5 years. The Australian Taxation Office allows considerable flexibility in how you can use and spread your deductions. Please refer to the later section “Taxation Considerations”.

Direction and focus of your charitable giving

As the donor, you choose the name of your fund and you can be anonymous or as involved as you wish in distributing the income each year.

Your role is to consider causes or particular charitable organisations you would like to support. Harper Bernays can help you with this decision if you require, by providing information on a variety of charities, their projects and initiatives.

Advisory Panels

As a donor, you may wish to appoint an advisory panel to advise on or recommend to us a particular charitable distribution.

The advisory panel may be made up of the donor, family members or independent individuals whose expertise (for example, in medicine or the arts) you believe would contribute to your fund’s giving success.

Account Opening Information

Your Fund is opened by simply filling in an Application Form and forwarding a cheque made out to the Harper Bernays Charitable Trust. Once your fund has been opened, you will receive receipts confirming your initial and additional donations. You will also receive quarterly statements detailing donations received and payments made from your fund, as well as details of the Fund’s Investments and Returns.

Establishing a Harper Bernays Charitable Trust Fund

Successor donor

You can choose to nominate an individual to take over from you in respect of making recommendations to Harper Bernays at any time you decide, or upon your death.

If you do not appoint a successor donor, The Trustees will endeavour to carry out your wishes for you. For example, if in a later decade or century, the specific charitable organisation or purpose ceases to exist (e.g., the medical or social problem is solved), then the Charitable Trust will endeavour to distribute income for a similar purpose.

Additional donations into your fund

During your lifetime: You can still make additional donations into your fund as often as you wish. The process for making additional donations is simple – you provide the additional funds and the Trustees issue you with a receipt that ensures its tax deductible status. Donations to your fund from other family members, friends or members of the public are possible and enjoy the same tax status.

Bequests from your estate: You can add to your fund via your Will, either by a specific testamentary gift (which may have CGT benefits - see Taxation section) or by providing for your residuary estate to be distributed to your fund upon your death. If appropriate, we can provide you with a standard clause for inclusion in your will. In the instance of a Will, the Trust will accept assets which can be readily valued, as well as cash, as a contribution to the Fund.

Choosing your preferred Harper Bernays Charitable Trust Fund

Four main funds are available for your charitable giving:

- Endowment funds
- Donor Advised funds
- Special Purpose funds
- General-Purpose funds

Endowment funds

Endowment funds are established for the benefit of a charity or charities specifically named at the time the fund is established.

The specific feature of endowment funds, as distinct from other types of charitable foundations, is that the income must be distributed only to the named charitable organisation or organisations.

Endowment funds will usually be established where the donor has already determined their charitable giving strategy and is focused on benefiting a specific organisation or organisations.

Donor Advised funds

A donor advised fund provides you with the most flexibility in your charitable giving strategy. You have the ability to participate in the determination of the project and grant making that you may support.

You can choose to nominate the general or strategic giving direction you would like to take at the establishment of the fund and have the flexibility to change the direction from time to time. This can be achieved through nominating a project and beneficiaries, as well as the timing and frequency of distributions.

Special purpose funds

A special purpose fund ensures that the income from the fund is utilised for a specific charitable purpose.

The benefit of a special purpose fund is that you recommend to the trustees that specific charitable purpose you wish to encourage (eg. medical research, relief of poverty, preservation of the environment or support of the arts or a particular branch of the arts). The Trustees, utilising the access they have to expert Advisory Panels with expertise in all these areas can facilitate those grants.

You also have the option of establishing a Special Purpose fund with an advisory panel made up of people nominated by you.

General purpose funds

The benefit of a general purpose fund is that you appoint the Trustees and their Advisory Panels as the experts to seek out and work with you to facilitate giving in the charitable sector.

A special or general purpose fund may be suitable where you appreciate that you do not have the time or resources to actively seek out the best use of charitable funding, but you want to ensure that charitable funding only occurs after a considered and researched process has been completed.

You also have the option of establishing a General Purpose fund with an advisory panel made up of people nominated by you.

At the time they establish their Charitable Fund with Harper Bernays, clients will nominate which of these Trust Fund options they prefer. We are happy to discuss options with you in more detail.

Fee levels associated with each of these Fund types will vary to reflect the differing levels of involvement and administration required of the Trustees.

Management of your Fund

Management

Your Charitable Trust will be managed by Harper Bernays Limited and Sandhurst Trustees Limited as Co-Trustees.

In accordance with the Trust Deed, Harper Bernays Limited will manage the funds while Sandhurst Trustees will provide custodial and administrative support, while both Trustees will oversee matters pertaining to compliance with ATO rules which regulate Public Charitable Trusts.

Compliance and Risk Management

The Co-Trustees each have in place rigorous compliance and risk management procedures to ensure professionalism and strict adherence to your and statutory guidelines which will govern your fund.

The compliance and risk management procedures to be overseen by the Co-Trustees include, but are not limited to:

- Funds management procedures to ensure appropriate risk profiles and adherence to your giving objectives
- External performance assessment
- Compliance programs to ensure all necessary business and regulatory processes are observed and
- Internal and external audits of the Funds

Audit

The Fund will be subject to an external audit. Copies of the annual audited accounts will be available upon request.

Interface with Donors / Giving Strategies

Our processes will include in-depth analyses and review of granting options with you as donor or your designated Advisory panel where appropriate. This will include:

- Establishment of giving priorities and guidelines based on consultation with the donor and /or their advisory panel and, where necessary, the charitable sector;
- Critical analysis and review of conforming grant applications by the Trustees where required; and
- Monitoring how the grant has impacted the recipient organisation by a combination of site visits, progress and final reports, to allow judicious and appropriate feedback

Taxation Considerations

Deductibility of donations - Gifts to Australian charities endorsed by the ATO as Deductible Gift Recipients ('DGR') are tax deductible to the donor. These gifts, made by individuals, corporate entities or trusts, either directly or via a private fund, can be:

Gifts of cash of \$2.00 or more, or
Assets, valued by the ATO at more than \$5,000, or bought within 12 months of the gift being made, unless the monies come from a Will.

Once made, deductible donations are non-refundable.

There is no limit on the amount that can be claimed as a deduction by a donor in a given year up to 100% of assessable income.

Historically any amount in excess of the donor's taxable income could not be carried forward and claimed in a future year. However, the law has since changed in this regard, such that a deduction resulting from a gift of either cash or assets may be spread over 5 years in any way that the donor chooses.

Gifts made to an Approved Fund via a Will are not tax deductible, however, no capital gains tax is applicable to a bequest testamentary gift from an estate.

The fee levels for the funds are net of GST. GST is payable by the fund, but is normally rebateable by the ATO, within prescribed guidelines.

Taxation of Approved Funds - The Australia Government also recognises the need for concessional taxation treatment at the fund level.

Approved Funds endorsed by the ATO as Tax Concession Charities (TCC) or Income Tax Exempt Funds are exempt from paying income tax and capital gains tax on income derived by the Funds during the period of their endorsement. Accordingly, all income derived by the funds, including capital gains, are not subject to Australian income tax or capital gains tax.

As TCC/ITEF's, Approved Funds are also entitled to cash refunds from the ATO equal to the franking credits attaching to franked dividends received by them. This enhances growth within the fund.

As an Approved Fund, the fund you establish with the Harper Bernays Charitable Trust will provide all these benefits.

Deductible Gift Recipients ('DGRs') include Harper Bernays Charitable Trust, Prescribed Private Funds, Public Funds and other named institutions within the income tax legislation ('Approved Funds').

The above information provides general taxation information current as at the date of production. The information is intended as a guide only; it is not intended to be a substitute for professional taxation advice and should not be relied upon as such. Taxation laws are complex and subject to change, and their application may vary according to your specific circumstances. Consultation with a taxation advisor is recommended to determine the implications of taxation laws to your specific circumstances.

Corporate Directory

Directory

THE TRUST

The Harper Bernays Charitable Trust
(ABN: 24 926 019 932)

TRUST MANAGER

Harper Bernays Limited
ABN: 32 003 148 794

REGISTERED OFFICE:

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CO-TRUSTEES

Harper Bernays Limited
Sandhurst Trustees Limited

CUSTODIAN

Sandhurst Trustees Limited
ABN: 16 004 030 737

AUDITOR

HLB Mann Judd

CONSULTING ACTUARIES

Professional Financial Solutions

LEGAL ADVISORS

TressCox Lawyers