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Plan to be charitable all year round in the countdown to end of financial year tax time

Just a week after news of the largest philanthropic gift by a living Australian, and the final surge begins by charities appealing to taxpayers attracted to the last minute tax deductible donations by 30 June, now is the time for Australians to consider a better way to channel around $3b of ad hoc giving annually.

It makes sense to give to charities: it's a tax-effective way to support the community and directly help where it's needed the most.

"But when and how we choose to give – often spontaneously towards the end of the financial year – doesn't make as much sense – especially if we want to empower change and really make a difference," said Grant Hooper, Senior Grants Manager, Equity Trustees.

Equity Trustees is a leading manager of philanthropic funds in Australia, distributing more than $70m annually on behalf of 450+ trusts and foundations.

"People often donate on a reflex – sometimes to avoid discomfort or embarrassment in response to a request – even though they might have other causes they feel more committed to," Mr Hooper explained.

"Structured philanthropic funds are not just for the rich," he said. "And it is a far better mechanism to ensure charities have access to more predictable income streams. It also means that individuals who want to give can thoughtfully focus their generosity to target the causes they are passionate about. It can also be a more efficient way to crystallise tax benefits."

Mr Hooper urged individuals to talk to their tax or financial advisers about the options available to them: 'Even if you are not ready right now, it might be something you want to work towards with your family in the future."

Two key ways for structured giving:

1. **Public Ancillary Fund** (PuAF): Set up a perpetual charitable fund under an existing PuAF) can offer the best of both worlds for many people.
   - Requires an initial minimum of just $20,000
   - Can be named after your family, or a past family member, or something else completely different if you want
   - Can be set up by workplaces – employees can donate from pre-tax salary so they get an upfront tax deduction and the business can have a charitable giving vehicle
   - Contributions are tax deductible and can be spread over five years
   - Fund distributes 4 per cent of the fund's value to charities and charitable causes each year
   - Can expect the fund to grow over time and earnings and capital gains are tax-free.
2. **Private ancillary fund** (PAF): Similar to the PuAF in most respects except the entry threshold is higher and it is a stand-alone fund.
   - Requires an initial minimum of $500,000
   - Same tax advantages as PuAFs
   - Can provide more control over the investments of the fund
   - Fund distributes 5 per cent of their market value to charities and charitable causes annually.

Media Release

There are now more than 1,550 PuAFs holding $1.73 billion in assets, which generate more than $300 million in charitable distributions every year, according to ATO data. Similarly, PAFs generated more than $300 million in charitable distributions.

"The end of the financial year is traditionally a time when we make last minute tax-deductible donations," said Mr Hooper. "But this could be the year you make an impact that lasts a lifetime by setting up a charitable foundation that empowers change across society while lowering your tax bill too."

Equity Trustees was established in 1888 for the purpose of providing independent and impartial Trustee and Executor services to help families throughout Australia protect their wealth. As Australia's leading specialist trustee company, we offer a diverse range of services to individuals, families and corporate clients including asset management, estate planning, philanthropic services and Responsible Entity (RE) services for fund managers.

EQT Holdings Limited. EQT Holdings Limited is a publicly listed company on the Australian Securities Exchange (ASX: EQT) with offices in Melbourne, Bendigo, Sydney, Brisbane and Perth.

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