

FREQUENTLY ASKED QUESTIONS

EQUITY TRUSTEES CHARITABLE FOUNDATION (ECF)

Setting up a sub-account within the Equity Trustees Charitable Foundation (ECF) is a simple way to start structured giving during your life as well as creating an impactful legacy, without the administrative burden of maintaining a standalone trust yourself.

Investments are managed in a common way, allowing you and your family to focus on the philanthropic giving and your impact within community.

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SUB-ACCOUNT STRUCTURE

What is the Equity Trustees Charitable Foundation (ECF)?

The Equity Trustees Charitable Foundation (ECF) (ABN 23 598 387 218) is a Public Ancillary Fund and complies with the [Taxation Administration \(Public Ancillary Fund\) Guidelines 2022 \(Cth\)](#) and the *Trustee Act (VIC) 1958*.

Public Ancillary Funds are a type of structured giving vehicle, established for the purpose of providing benefit to eligible entities and also allows members of the public to make tax-deductible contributions.

They are different to Private Ancillary Funds (PAF) where contributions are restricted to a single family and their close associates.

What is a sub-account?

The ECF is the umbrella fund, that allows multiple sub-account holders to pool their contributions together into a single fund. The ECF is made up of over 300 sub-accounts.

Each sub-account operates as a separate entity – so contributions and granting distributions will only be processed at a sub-account level.

Each sub-account is established by different individuals, families, corporations and even for-purpose organisations.

Sub-accounts of Public Ancillary Funds operate in a similar way to an industry superannuation model, where individuals have an account within an industry super fund. A Private Ancillary Fund (PAF) is more similar to a SMSF (self-managed super fund).

Who are the Trustees or Directors of the Equity Trustees Charitable Foundation (ECF)?

Australian Executor Trustees Limited (AETL) (ABN 84 007 869 794 AFSL 240023) is the Trustee of the ECF. AETL is a part of the Equity Trustees group of companies.

As a professional licensed trustee company, AETL is the responsible person and sole trustee for the ECF and legally responsible for all decisions of the Foundation as well as all administration, compliance and governance.

As the Founder of a named-sub fund, you can focus on your giving, while Equity Trustees takes care of the rest.

What is my responsibility and duties as a sub-account holder?

Your primary duty is to recommend which charities you would like your sub-account to donate to each financial year. As a Founder or successor, you hold no legal responsibilities.

Does the Equity Trustees Charitable Foundation (ECF) have a product disclosure statement (PDS)?

The ECF is a Public Ancillary Fund and each sub-account is intended to provide individuals, families or organisations with a structure for philanthropic purposes. As a registered charity, the ECF is regulated by the Australian Charities and Not-for-profits Commission (ACNC) and subject to the requirements of relevant commonwealth and state laws.

Public Ancillary Funds are not financial products and therefore the establishment of a sub-account within the ECF is not accompanied by a Product Disclosure Statement (PDS). As a type of trust, the operation of the ECF and its sub-accounts are governed by the terms of its trust deed, which can be found on the ACNC website. AETL is the sole trustee of the ECF. As AETL is licensed to act as trustee of the ECF under its Australian Financial Services Licence, its Financial Services Guide can be found [here](#).



OPERATING THE SUB-ACCOUNT

How can I get access to my sub-account?

Equity Trustees has launched the Philanthropy Portal, which offers Founders, successors and other connected stakeholders 24/7 online access to the sub-account via unique logins.

Once logged into the Portal, you'll be able to see the balance of your sub-account, make giving distribution recommendations, download reports and receipts and much more.

Following the on-boarding process, login details will be provided.

How is security managed on the Portal?

Each user is provided with unique login details.

Two-factor authentication has also been activated on the Philanthropy Portal, to provide extra security for sub-accounts. Mobile numbers are collected during the on-boarding process and during the two-factor authentication process, users will be provided with a code to access the Portal.

FEES

How do the fees work?

We appreciate that individuals, families and organisations are at varying stages of their philanthropic and giving journey – and fees and service levels should take this into account. There are four options that you can choose from, based on the level of interaction you'd like to have with the Equity Trustees Philanthropy team. Each service level leverages an online portal which assists with day-to-day administration of your philanthropy.

Fees can be found [here](#).

Fees cover the following services:

- legal, governance and compliance of the fund and each client's sub-account
- administration, including grant distributions
- investment management
- philanthropic advice (if selected).

No fees are charged to establish an account.

The investment strategy of the ECF is designed to cover fees (trustee, investment, advice if applicable and disbursements) and minimum granting distributions.

No additional fees are paid by the Founder/s once a sub-account is established.

SUB-ACCOUNT ESTABLISHMENT

How long does it take to establish?

A sub-account can be established in less than seven business days, pending the outcome of compliance checks (KYC / AML).

What is the minimum establishment contribution?

\$5,000 is the minimum amount for establishment of your sub-account. There is no maximum balance that a sub-account can reach.

**Are my contributions to my sub-account tax deductible?**

Yes, and once reconciled, tax-deductible receipts are available for download from the Portal.

Contributions can be made via electronic funds transfer (EFT) or credit card donation (fees may apply).

Using the 'Election to Spread Gift Deduction' form on the ATO website, you can spread your tax deduction over five financial years, in even or uneven amounts. Please consult with your tax advisor to see if this is appropriate for you.

Can I ever access my contributed funds?

No, your establishment contribution as well as any subsequent contributions are irrevocable and cannot be transferred back to you. By seeding a sub-account, these funds are designated for 'charitable purpose' into perpetuity.

What can I call my sub-account?

When naming sub-accounts within a public ancillary fund (like the Equity Trustees Charitable Foundation), Australian Tax Office (ATO) guidance is that words like 'foundation', 'trust' and 'fund' are not permitted.

Consider using words like: Gift, Charitable Gift, Bequest, Account, Legacy, Donation, Endowment or Benefaction.

Legally, your sub-account will be referred to as:

The Equity Trustees Charitable Foundation – sub account name.

How does a sub-account work?

Once seeded, the initial and any subsequent contributions are invested in the common investment pool, with dividends, franking credits, compound interest and market growth all contributing to the growth of your fund and then each year, a portion is distributed to your chosen beneficiaries.

The investment strategy is devised with the objective to generate and distribute mainly income and to preserve the real value of the corpus. This is so the sub-account can continue to build, supporting your favourite charitable beneficiaries, in perpetuity.

CONTRIBUTING TO YOUR SUB-ACCOUNT

Can I make additional contributions?

Yes, you can contribute funds in any amount and receive a tax-deduction each time you do. Once contributions are reconciled, tax receipts are available for download from the Philanthropy Portal.

Contributions can be made via electronic funds transfer (EFT) or credit card donation (fees may apply).

Is each contribution to my sub-account tax deductible?

Yes, and using the 'Election To Spread Gift Deduction' form on the ATO website, you can spread your tax deduction over five financial years, in even or uneven amounts. Please consult with your tax advisor to see if this is appropriate for you.

Who can contribute to my sub-account?

Anyone, family friends or general public can contribute to your sub-account and they will receive a tax deductible receipt for their donation.

This allows sub-account holders to fundraise into their account. For example, you may wish to host an event inviting contributions into your account. For more information, please contact us.



Can I include my sub-account in my will?

Yes, you can include your sub-account as a beneficiary under your Will. Equity Trustees can provide the appropriate clauses for your legal advisor to include in your Will documents.

Philanthropists that choose to activate their giving only after their passing, can instruct (via their Will) to establish a sub-account via their estate. In these circumstances, it is recommended that a Letter of Wishes be prepared and included with the estate planning documents, to provide guidance around any giving wishes. The Estate would seed the sub-account and a tax deduction is available against the philanthropist's estate. For further information about this option, reach out to Equity Trustees.

INVESTMENT OF YOUR SUB-ACCOUNT

Do I have any control of the investment strategy or holdings?

No, Equity Trustees manages all aspects of the operations of the ECF, including the investment strategy and the underlying holdings.

How is the portfolio invested?

The Equity Trustees approach across all charitable investment portfolios is to invest in quality companies at a reasonable price. With over \$340m in funds under management, the ECF's investment strategy is designed to create a high level of income that grows over time, to fund distributions to DGR1 endorsed beneficiaries.

The ECF is managed in compliance with the Equity Trustees Responsible Investment Policy. ESG (Environmental, Social, Governance) practices are integrated into the investment process, and a negative screen is applied to the Fund, excluding investment companies considered to have significant business involved in the manufacture of alcohol, tobacco, gambling, weapons and adult entertainment.

The current investment objective of the ECF is to achieve a total return of CPI + 4.75% (before fees and including franking credits) over a ten-year period. The ECF is a diversified portfolio comprising of Australian Equities, fixed income and international funds.

Will I receive regular investment reporting?

Yes, you'll receive quarterly investment reporting with investment market commentary and fund performance. These reports are available via the Portal. Sub-account balances are updated daily and available via the Portal.

GIVING DISTRIBUTION RECOMMENDATIONS

Who can I distribute to?

Your sub-account can distribute to deductible Gift Recipient – Item 1 (DGR1) charities. It cannot make grants to any other entities that do not have this endorsement. These DGR1 charities must also be "charitable" in purpose.

Founders and successors make distribution recommendations to the Trustee via the Portal. All eligible beneficiaries are searchable in the Portal.

To find out more about eligible beneficiaries and know if your favourite charity has the right status, click [here](#).

There is a small subset of for-purpose beneficiaries that fall outside the "charitable purpose" definition – organisations in the area of sport, certain types of advocacy and animals (animal welfare is within the definition). Please reach out to Equity Trustees if your giving might fall within these cause areas.



How much do I have to distribute each year?

Your sub-account must distribute a minimum of 4% of the value of the sub-account as at 30 June the previous year. This is known as the "spendable balance". Spendable Balances for each sub-account are calculated at the start of each financial year and available to view via the Portal.

For example, if the Founder were to seed with \$20,000. This would be invested immediately, then each year, we would calculate the value of the sub-account at the end of the financial year (30 June) and calculate 4% - which becomes your spendable balance for the following year. So in Year 1, you would be distributing \$800. In Year 2, this might be a little more than \$800 depending on the growth of the corpus. Any additional contributions would add to the corpus, which would also increase the 4% calculation.

When I first seed my sub-account, how quickly can I start giving?

New sub-accounts will receive their spendable balance from the start of the **next** financial year.

When and how frequently can I recommend grants?

At the start of each financial year, the spendable balance is calculated for each sub-account. Once this calculation is complete, the spendable balance will be made available in the Portal and granting can proceed for the year.

Families can grant as frequently as they wish, noting that the minimum distribution amount is \$100.

Once the recommendation is made in the Portal, if Equity Trustees have confirmed bank details for the nominated beneficiary, distributions will be made within a few business days. There may be delays if validated bank details have not been received from the beneficiary.

What is a Default Charity?

During the on-boarding process, the Founder/s will be asked to nominate a default charity. A default charity must be an eligible, deductible gift recipient item 1 (DGR1) organisation.

If your giving recommendations are not added to the Portal throughout the year, Equity Trustees can apply its discretion and distribute the sub-account's spendable balance in June of each year to the nominated default charity.

Default charities can also be added after your account is established.

Can I distribute more than the spendable balance?

Sub-accounts in the ECF are designed to give into perpetuity.

Should you wish to distribute more than the spendable balance on an ongoing basis, please discuss your wishes with Equity Trustees, at establishment.

If in a particular year you wish to spend more than the spendable balance allocated, this is certainly possible, but will be at the Trustee's discretion. Requests can be made via the Portal.

Will my granting beneficiaries know that we have made the donation?

Beneficiaries will be advised of a pending bank transfer. Grant notifications will include your sub-account name, ie. *The Equity Trustees Charitable Foundation – sub account name*.

If you would like your grant to remain anonymous, this can be advised when making the grant recommendation in the Portal.



Can I set my granting recommendations now, and for granting to automatically happen each year?

Yes, the Portal allows Founder/s to create *recurring grant* distribution plans – these can be “set and forget” arrangements if you know exactly which beneficiaries you would like to support each year. One payment per year can be automatically generated – either an exact dollar amount or a percentage calculation of your spendable balance. These can be created once you’re on-boarded in the Portal.

CONTINUING YOUR LEGACY

What happens after I die?

At establishment, you’ll be able to nominate ‘successor/s’ for your sub-account. This might be a child, extended family, or even close associates. Your successor can be changed or updated at any stage via the Portal. We encourage Founder/s to engage successors in the management of the sub-account, as soon as is practical.

If you do not have a successor or do not wish to nominate anyone, you can provide your granting wishes to Equity Trustees as your Professional Trustee, who will then steward your giving in perpetuity.

Can I direct my donations after I die?

Successors can have full rights to express their preferences of charitable distributions as well appoint their own successor when the time comes.

It is recommended that Founder/s document your vision and charitable intentions for your sub-account in a *Letter of Wishes* to provide guidance to your successor/s as well as the Trustee.

If I don’t have a successor to take over, what will happen?

Equity Trustees will honour any instructions you nominate during your lifetime. We will work with you to prepare a *Letter of Wishes* which will guide all charitable distributions into the future.

What should I do if I want to close my account?

Contributions into the sub-account are irrevocable donations and can never be returned to the original donor. Distributions from the sub-account can only be to eligible beneficiaries.

If you have a wish for your account to cease operation after a certain period of time, please reach out to Equity Trustees at establishment to discuss your wishes. An agreement can then be made around “winding down” your sub-account at the appropriate time.

Requests to wind down an account post-establishment, should be discussed with the Trustee.

What should I do if I want to move to another Trustee?

The Public Ancillary Fund Guidelines allow for sub-accounts to be moved to another public ancillary fund, pending approval from all parties and the ATO.

All “portability” requests must be made in writing to the Trustee and undergo a dispute resolution process, if appropriate.



FOR MORE INFORMATION

Reach out to Equity Trustees [here](#) or activephilanthropy@eqt.com.au

ABOUT US

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 one of Australia's largest and oldest listed independent trustees, we offer a diverse range of services to individuals, families and corporate clients including asset management, financial advice, estate planning and philanthropic services.

In 2022, Australian Executor Trustees (AET) joined the Equity Trustees group of companies, expanding our network of offices into all major cities, and the capability of our specialist teams. Together we share a deep commitment to our purpose of helping people take care of the future.

Equity Trustees Wealth Services Limited (ABN 33 006 132 332) AFSL 234528 and Australian Executor Trustees Limited (ABN 84 007 869 794) AFSL 240023 are part of the EQT Holdings Limited (ABN 22 607 797 615) group of companies, listed on the Australian Securities Exchange (ASX:EQT).

In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular fund or person. Subject to any contrary provision in any applicable law, neither Equity Trustees nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. No reader should act on any matter without first obtaining professional advice which takes into account an individual's specific objectives, financial situation and needs.

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