AUSTRALIAN COMMUNITIES FOUNDATION

Giving Glossary For Professional Advisors

The key terms you need to know to talk about philanthropy

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<tr><td>Philanthropy</td><td>The giving of money, time, information, goods and services, influence and voice to improve the wellbeing of humanity and the community.</td></tr>
<tr><td>Structured giving</td><td>
Planning when, how and where you give for maximum community impact
Using a vehicle (or structure) designed to enable giving
Structured giving can also occur without using a dedicated vehicle. For example, through corporate cash donations, or larger scale and planned contributions from individuals and families.
Structured giving plays a critical role by offering a mechanism to accumulate philanthropic funds. It can:

encourage higher levels of net giving by individuals over time
help build a culture of giving, supporting intergenerational, institutional and community-based giving
facilitate a ‘strategic’ approach to giving by enabling staged or larger scale, longer-term and/or higher risk grants that can help incubate innovation, support investment in social infrastructure, and consolidate or scale impactful programs and practices.

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<tr><td>Giving options</td><td>
Direct charitable gift: Often a one-off or smaller sum, advice on tax deductibility and timing of gift may be all that is required.
Structured giving: This is a great option for clients keen to be more strategic and impactful with their giving. There are a number of options here including:

Donor-advised fund (or Named Fund): The easiest and most accessible way to structure your clients’ giving.
Private ancillary fund (PAF or Private Foundation): Ideal for those who want to manage their own investments and have larger sums to establish.
Gift in Will: Leaving a gift or bequest can help support causes or non-profit organisations your clients care about beyond their lifetime.

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“Philanthropy gives you the opportunity to make your money work three times.

First, if you give a dollar and get a big tax deduction you can actually afford to give $2 and you’ll still have a dollar net, meaning you can afford to give more when alive.

Second, while that money’s being invested it’s doing good.

Third is when you make your granting. So, you get a multiplier effect. If you can get something to lift two or three times its weight, that’s a big achievement and that’s what philanthropy can do.”

Sue Dahn AM, Partner at Pitcher Partners

Tax-deductible gift	Monetary donations to registered charities can be tax-deductible if the Australian Taxation Office (ATO) has endorsed the organisation as a deductible gift recipient (DGR). Fewer than half of charities in Australia have DGR status. Donations by individuals of $2 or more to a DGR are deductible from an individual taxpayer's assessable income. If the donation is property, it must be valued at more than $5,000 to be tax-deductible.
Donor advised	The donor recommends where to donate the assets. As long as your client chooses a charity that's recognised by the ATO, Australian Communities Foundation will use your client's charities of choice. Donor-advised funds (like our Named Funds) are the fastest growing form of structured giving.
Corpus	The capital base of a fund, invested for growth over time.
Portability	The ability to move funds from one structure to another. If your client chooses to move their fund elsewhere or to alter their type of fund, Australian Communities Foundation can make that happen. Some organisations can hold onto your funds forever.
Minimum distributions	Many structures have a legal minimum distribution amount, e.g. PAFs must give 5% of their corpus per annum. Most ACF funds have no minimum distribution requirements. As a public ancillary fund, Australian Communities Foundation must distribute 4% of the opening value of its corpus each year. This is calculated at the consolidated trust fund level, giving you the flexibility you need.
Charities	To be a recognised as an Australian charity, an organisation must: be not-for-profit. have only charitable purposes that are for the public benefit, not have a disqualifying purpose, not be an individual, a political party or a government entity.
Not-for-profits	A not-for-profit organisation provides services to the community and doesn't operate for the profit or personal gain of its individual members. All profits made must go back into the services the organisation provides. Profits must not be distributed to owners, members or other private people. A not-for-profit is not always a charity.

What is a community foundation?

Community foundations have been on the rise for over a century and are the fastest-growing form of philanthropy across the globe. They offer numerous types of philanthropic services and grantmaking programs to address a variety of interests and challenges. They are cost-effective and known for reducing the burdens associated with structured philanthropy, while amplifying the joy of giving and its impact.

Learn more

Want to learn more about how we can support you and your clients?

Contact Olivia on 03 9412 0412 or email olivia@communityfoundation.org.au

Learn more at communityfoundation.org.au

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