

Too good to be true?

An investment with a potential increase of 341% that supports your local community in England now and for future generations. This is possible through our associations with community foundations

It's true. In the hands of the right charity your investment could realise an immediate 341% monetary return and the impact on your community could be even more valuable, according to the Community Foundation Network¹.

Even if you do not pay UK tax at the higher rate, you could still see your personal gifts increase by 200% and make a genuine difference to the lives of people in England*.

*the incentive does not apply to the devolved administrations for Northern Ireland, Scotland or Wales

The grass roots challenge

This is all possible because of the recent announcement by the Government's Office of the Third Sector that it is providing a £50 million endowment challenge fund. The aim is to promote and incentivise local charitable giving among philanthropists by matching donations that are designed to support charitable activity at the grass roots in the form of small local voluntary organisations. The amount of matching has been decided at a regional level but ranges from a ratio of £1 for every £2 donated, to some regions offering supporters a £1 for £1 arrangement (on money and qualifying shares donated).

The UK national network of community foundations

Most of England's regional community foundations are coordinating both the donations and distribution for this challenge. Each foundation is a registered charity, with the Community Foundation Network operating as a national association for the 56 currently operating in the UK. The regional foundations are grant-making charities which source and assess local projects to support. The Government has used the network

in the past to distribute funds raised through SportsAid and the National Lottery and even Comic Relief has used the network's expertise at grass-roots level to reach small innovative projects that would not have had the opportunities to approach the larger charities. They are therefore unlike a local operational charity, for example the Wimbledon Civic Theatre Trust, which is supported by one of our clients and which runs projects for educational purposes with a particular focus on the young and those with special needs. However, it is exactly this type of endeavour that a community foundation may have supported financially at its embryonic stage.

In essence the local foundations manage funds donated by individuals and also corporations, build endowments and act as the vital link between donors and local needs, connect people with causes, and enable clients to achieve much more than they could ever by themselves.

An example of how this works

If I made a donation of £10,000 to the foundation, I would benefit from tax relief as a higher-rate tax payer to the sum of £2,500. This would effectively make the cost of my gift to me, £7,500. The foundation would then claim tax reliefs under GiftAid that would increase the total to £12,820.51. With a matching ratio

Footnote 1
These figures and the tax treatment referred to are correct at the time of going to press and may be subject to change. Information herein is believed to be reliable but SG Hambros does not warrant its completeness or accuracy.



of 1:1 the total received would double to £25,641.03, a percentage return of 341.88% on the total effective gift of £7,500.

The foundation would set up The Whiteley Trust as a “named fund” and would then handle all the financial and administrative management of the fund. I would also verify the activities and status of all grass-roots community groups which would benefit. My family and I could decide how and where the income from the Whiteley Trust is spent and be involved as much or as little in the grant-making process as we like. A community foundation could allow me to have anonymity as a donor or alternatively connect me with other like-minded donors to form a network to discuss and research issues and maybe publicise my support for the causes we have chosen for their importance to us as a family, in south London.

A philanthropic portfolio

Although the government “match” is limited to my endowed giving to local voluntary organisations, I can still offer volunteering and sponsorship to other local projects, or donate separately to national and international charities because these are all part of my philanthropic portfolio. However, the benefit is not just the difference this makes to society. It is a wonderful way as a parent, to engage and inspire my children to be philanthropic and to educate them about spending, saving, giving and making choices about money. They are more likely to develop a sense of stewardship toward the bequests and go on to reconstitute for their own time, and in their own way, the relationship between wealth and the commonwealth.

SG Hambros services

It may be that you consider your charitable activities to be a private

matter, but you may find benefit in involving your private banker in your thoughts and family discussions. Like choosing the right investment for you, there are so many good causes to support and seeking advice to establish a strategy, finding the right charity to support and doing this in the most tax-efficient way is something that your private banker is able to help you with. Through our relationships with philanthropists, and our knowledge of the sector and the organisations that can assist philanthropists in their endeavours – for example, community foundations – we can help to make a difference.

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Our Charities team offers a wealth of financial and charity experience. Charity clients of SG Hambros can access the following services:

- Investment management and custody
 - Administration, accounting, secretarial and grant-making services
 - Banking services
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Charities mentioned in this article

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Foundation
Network

Community Foundation Network
www.communityfoundations.org.uk



Wimbledon Civic Theatre Trust
www.wctt.org.uk