



Guidance notes for Professional Advisers when a client is establishing a Fund with the Te Awa Community Foundation

1. Complete the “Application to Give to Te Awa Community Foundation” form

Key things to note:

Please include contact details, name of endowment fund (if directed by client) or complete as per the outline provided (excerpt from Te Awa Community foundation Policy Manual)

Donations over \$5,000 become a Named Fund with associated privileges, namely:

Clients choose which charities or charitable causes receive the annual distributions from their Named Fund.

Donations can also go into one of Te Awa’s Community Funds where the annual distributions will be for any charitable purpose (or purposes) within the Horizons region, namely the districts of Horowhenua, Manawatu, Palmerston North, Rangitikei, Ruapehu, Tararua and Whanganui. This will be carried out at the discretion of the Trustees of the Foundation.

Examples of Community Funds available for contribution can be provided.

Alternatively, your client can choose another of Te Awa’s existing Funds to support. Please refer to the website teawafoundation.org.nz for details of all Funds.

The intended Beneficiaries must operate for a charitable purpose as recognised by the Charities Service and the Inland Revenue Department. If your client nominates a charity that operates nationally but wishes their distributions to be used in the local region, this must be specified.

Your client may wish to specify several charities, eg, 25% to ABC school, 25% to XYZ charity, and 50% to be distributed to any charitable purpose (or purposes) within the Horizons region at the discretion of the Trustees of the Foundation.

If your client wishes all of their annual distribution to be at the Trustees’ discretion, then write in 100%.

Establishment Donation Te Awa Community Foundation encourages people to consider making an establishment donation of \$5,000 towards its operating expenses. People may choose to pay this at the time of establishing their Fund; pay \$1,000 annually for five years (and claim the 33.3% tax credit while still living), or it will be debited at the time the Foundation receives the funds (usually at the time of the client's death).

Authorisation for Name Disclosure It can be very encouraging for people to see donors listed who they know and respect. However, Te Awa appreciates that this can be a very delicate subject for some people and will only list names where we have been given authority to do so.

Once this form has been completed and signed by your client, please post to the Te Awa Community Foundation, c/o Stuarts Ltd, PO Box 541, PALMERSTON NORTH 4440 for our records. Te Awa will then make personal contact with your client to acknowledge their generosity.

2. Amend your Client/s Will

Nothing can happen until provision has been made in your client's Will for the Te Awa Community Foundation. Suggested wording is as follows:

To transfer <<insert amount – this may be a fixed amount or a percentage of the residue>> to the TE AWA COMMUNITY FOUNDATION Charities Registration No. CC56373 to be paid into the <<Name of Fund>> so that it may be dealt with by the Trustees of the Foundation in accordance with the terms of that Fund. I direct that the receipt of any responsible officer of the Te Awa Community Foundation to be a full discharge to my Trustees.

3. In the Case of Funds Being Donated from a Trust

If your client's Te Awa Foundation endowment fund is to be provided from a client's Trust, you will need to add a Memorandum of Wishes to the instructions. Suggested wording is as follows:

After I have died, it is my wish that you pay or transfer <<insert amount>> % of the Trust's net assets to the TE AWA COMMUNITY FOUNDATION, Charities Registration No. CC56373, to be paid into the <<Name of Fund>> so that it may be dealt with by the Trustees of the Foundation in accordance with the terms of that Fund. I direct that the receipt of any responsible officer of the Te Awa Community Foundation to be a full discharge to my Trustees.

Thank you for sharing the Te Awa Community Foundation concept with your client. If you or your client have any questions please email teawacommunity@gmail.com

You can make payments directly into the bank account: 06-0613-0428173-02 (Te Awa Community Foundation)

Thank you for supporting your local community.

Appendix: Excerpt from Te Awa Community Foundation Policy manual

13. Endowment Funds

Te Awa fund guidelines if the type of fund is in place:

13.1 Named endowment fund (greater than \$5,000)

A donation over \$5,000 will become a Named endowment fund, and the following privileges will apply:

- The fund is donor directed, so the donor can specify the recipient or decide to leave the fund unrestricted.
- Distributions from the fund will be used solely for the purposes set out in the endowment fund application. If this becomes unreasonable or the organisation no longer exists a replacement organisation of similar nature to be determined by the Distributions Committee of the Te Awa Community Foundation and approved by the Board, will be appointed. If there is no direction allocations will be determined by the Distributions Committee of the Te Awa Community Foundation and approved by the Board.
- The income and administrative charges from the fund will be reported annually to the donor/family/executor (if requested).
- The recipient and the value of the distribution from the fund will reported annually to the donor/family/executor (if requested).

13.2 Community Group Endowment Funds

- Funds are held in the name of the Community Group (CG) which has set up the Fund
- The CG has a signed Memorandum of Understanding with Te Awa Community Foundation
- It is understood that the CG will promote Te Awa as their Endowment Fund option of choice
- Establishment donation not applicable.
- The income and administrative charges from the fund are reported annually to the CG.
- Annual distributions will be paid to the CG once the fund reaches \$5,000
- Community Groups shall be advised that their purpose in creating this endowment fund is to facilitate and safeguard general long-term funding and is not intended to alter their accountability for reporting their financial resources.

13.3 Living Giving Funds

- The income earned on the amount donated (if less than \$5,000) is reinvested back into the capital base of the Fund.
- Once the fund reaches \$5,000 capital value, the Fund will become a Named Endowment Fund, and an annual percentage will be distributed accordingly with donations during one's lifetime.

- The income and administrative charges from the fund are reported annually to the donor.
- An establishment donation of \$5,000 is encouraged, though management should ensure that if there appears to be resistance from a potential donor to the point that the fund might be in jeopardy then management can waive the request for an establishment donation.

13.4 Establishment Donation Policy

The Te Awa Community Foundation encourages an initial establishment donation to set up a fund. The amount of this establishment donation is fixed by agreement between the Donor and Te Awa. The figure is to be determined when the fund is established and written into the original documentation. While the preference is for Te Awa to receive this donation at the time of establishment of the Fund, it may be agreed to be debited at the time Te Awa receives the funds or by way of annual instalments