

**PHILANTHROPY
AUSTRALIA**

Guide to Giving for Australians

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Acknowledgements

Philanthropy Australia gratefully acknowledges the support of The Myer Foundation in supporting the creation and production of the original version of this guide. Philanthropy Australia also thanks the original author, Vanessa Meachen, and our members and supporters, board members and fellow staff members, who provided helpful suggestions, advice and proof reading.

Disclaimer

A Guide to Giving was prepared by Philanthropy Australia, Level 2, 55 Collins Street, Melbourne Victoria 3000, Australia.

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Philanthropy Australia is the national peak body for philanthropy, serving a community of funders, social investors and social change agents working to achieve positive social, cultural, environmental and community change by leveraging their financial assets and influence.

Our vision: A generous and inclusive Australia

Our purpose: To inspire more and better philanthropy

Acknowledgement of Country: We acknowledge and pay our respects to the past and present traditional Custodians and Elders of the country on which we work. We also accept the invitation in the Uluru Statement from the Heart to walk together with Aboriginal and Torres Strait Islander peoples in a movement of the Australian people for a better future.

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Originally published by Philanthropy Australia, April 2006

Updated April 2010

Updated January 2023

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ABN: 79 578 875 531 ACN: 070 104 255

Original publication supported by The Myer Foundation

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Introduction

Australia is a giving nation and has a long history of being extremely generous in times of emergency. In 2022, Australia ranked fourth behind the United States on the Charities organisations Aid Foundation's World Giving Index which addresses the categories of whether people would help a stranger, if they have given money or volunteered for a good cause. Although Australia does well across the board, a more nuanced examination of our giving reveals that more can be done to increase philanthropic giving. 2022 research by the Centre for Social Impact showed that Australia gives a lower percentage of GDP (0.81%) compared to the United Kingdom (0.96%), New Zealand (1.84%) and the USA (2.1%). Wealth in Australia is growing fast and whilst the dollar value of donations has increased, the distribution of those who give has decreased, meaning more money but less people donating.

[Philanthropy Australia's Blueprint to Grow Structured Giving](#) provides a framework to double giving in Australia by 2030, an increase of \$2.5 to \$5 billion to help Australians in greatest need. Our belief is that anyone can give, and philanthropy is not just for the uber wealthy. Every day, Australians are discovering the joy of giving for the first time – connecting with their communities, contributing to grassroots arts, cultural and sports, protecting their environment for generations to come and helping the most vulnerable. If you are one of those people – or even if you are just thinking about it – this guide has been written for you. It is also intended to help if you have been giving in the past, and you now wish to better understand your options for giving.

This publication is a guide to philanthropy for donors. You don't have to be wealthy to give, nor do you necessarily have to be giving money. Philanthropy is a voluntary donation of money, goods or time for the public good – sometimes called "time, talent or treasure", with the recent additions of "ties and testimony".

This guide will not tell you the best way to give. Giving is a personal act, and you can choose many different ways to do it. This is a great advantage of private giving; it can be as individual and flexible as you wish. There are all kinds of givers out there, and there is room – and need – for all of them.

The best way for you will depend on your interests, level of income, desired level of involvement and other factors which are outside the scope of this guide. What we have done here is to detail the questions and issues you will need to consider while deciding how to carry out your giving. This guide offers some potential ideas, strategies and solutions for you to employ. It also offers some factual information, so that you can get an idea about the community you are now part of, the community of Australian givers.

How to use this guide

You can read the document from start to finish, or you may choose to refer to the sections relevant to your situation and enquiry. We have structured this document so that you can jump around and continue to come back to reference the sections that will help you at any given time.

More information, resources and advice on giving are available from Philanthropy Australia. If you need to discuss your giving options or how you can connect with other like-minded philanthropists, we are here to help. Philanthropy Australia promotes *More and Better Giving* and represents those that give to the community. Visit [Philanthropy Australia's website](#) for more information.

What's What

This guide is divided into three sections.

[Section One: Getting Started](#) explores the factors which will influence ways in which you might choose to give. This section involves you asking yourself questions and establishing what you want to achieve through your giving.

[Section Two: Unstructured and Structured Giving](#) outlines the different options available to you, and the key features of each way of giving.

[Section Three: Resources](#) will point you to further help. It contains a glossary and appendices, links to other organisations and services, and some suggested reading.

Introduction to Terms

The not-for-profit sector is full of confusing definitions and terms. Please refer to the [glossary on page 39](#) as you work through this guide.

Section One: Getting Started

This section will guide you through the 'why' of your giving and assist you to form the foundations for your giving strategy by considering your motivations for giving, what you have to give and who you'd like to give to.

We have included worksheets for you to note down your responses. You can also [access stand-alone worksheets and information sheets on the Philanthropy Australia website](#).

How do you want to carry out your giving? You can be as hands-on or as removed as you wish; you can give to a particular cause for which you have a personal passion, or to a variety of causes. You can use the advice of experts and researchers or follow your own path. It's up to you.

You may choose to give in an unstructured way – in response to requests or appeals, or motivated by personal interests which change over time. Or you may choose to utilise options for structured giving, with varying degrees of control, flexibility and tax benefits. You might also want to join with other people, both for the shared experience and to pool your resources for greater impact.

With so much choice, you will want to narrow down your options to work out the best plan for you. Let's begin by assessing your situation. There are several things to take into account.

- a. Personal Motivations – why do you want to give?
- b. Assets – what do you have to give?
- c. Individual considerations – which factors might impact on how you choose to give?
- d. Giving focus – what and who do you want your giving to benefit? Let's look at each of these in more detail.

You can work through this content and the accompanying worksheets individually or with others. There is value in considering these questions and then discussing your responses together with family members or an adviser before coming to a collective decision.

Personal Motivations

Why do you want to give? It's worth pausing to consider your motivations, as these can influence the decisions you make. The following worksheet may help you to work out your motivations.

WORKSHEET: Personal Motivations – Why Give?

Here are some typical motivations for giving. Take a moment to rate these motivations from 1 to 5, depending on how strongly you feel about them. Be honest with yourself – nobody else is going to see or comment on this! And remember, there are no right or wrong answers.

Circle a number for each motivation, depending on how strongly you feel it influences your desire to give.

Motivation	Not a factor for me					Very strongly
Personal passion for a cause	1	2	3	4	5	
Obligation	1	2	3	4	5	
My peers are giving	1	2	3	4	5	
Faith & religion	1	2	3	4	5	
To be a leader	1	2	3	4	5	
To give back to society	1	2	3	4	5	
Lack of heirs	1	2	3	4	5	
To make a public stand for positive values in society	1	2	3	4	5	
Desire to make the world a better place and make other people's lives better	1	2	3	4	5	
To have a significant as well as a successful life	1	2	3	4	5	
Desire to be remembered beyond your lifetime	1	2	3	4	5	
Bringing the family together and ensuring shared family values	1	2	3	4	5	

Other

.....

.....

.....

After doing this, take time to write here the three motivations which are most important to you.

1

2

3

What pattern do you see?

This might give you some clues as to the types of organisations you might like to give to, or how your giving might be structured.

For example, if the most important motivations are ensuring shared family values, bringing intergenerational family members together, and to be remembered beyond your lifetime, perhaps a permanent structure such as a foundation would be most appropriate – a family foundation which would be governed by family members and your descendants.

If you wish to be remembered beyond your lifetime, you may wish to bequeath money to establish a trust to be named after you.

If you are moved by a personal passion for a cause, you will probably already have some knowledge about the active not-for-profit organisations in that field and the kind of work that needs to be done. Perhaps you would be able to donate some time and skills to one of those not-for-profit organisations in an area you feel really needs some help.

You may want to explore your values in more depth both individually and with your family, particularly if you need to find common ground amid differences of opinion. Australian Philanthropic Services (APS) has information and a list of values on their [website](#) to assist you. [Perpetual's Philanthropy Toolkit](#) also has an extensive section on giving motivation and values.

Assets

This is one of the most important considerations because it will give some clues about the most practical giving option for you. Assets can be financial or can involve the time and skills you have to offer.

Here are some things which will have an impact on your financial giving:

- The amount of money you have to give
- The period of time over which you can expect to give this money – do you want to do it as a lump sum, or gradually?
- Whether you think you will want to leave your options open to change the structure of giving in the future
- Any money you might like to leave to a charitable cause in your Will
- Any property you might like to donate – artworks or conservation- important land, for example
- How long you want to give for. You may wish your giving to cease upon your death, to continue in perpetuity, or to continue for a limited time after your death.

If you wish to give through a trust or foundation, the size of the sum you have to invest in that foundation will affect the type of legal structure which is most appropriate. There are both establishment and ongoing costs to consider. If you intend to establish a trust which will last in perpetuity, you need to invest enough capital in that trust to earn significant enough interest to give away, and to grow the corpus so the real value of your giving is not eroded by inflation. Without a significant sum to invest, there are other options which may work better to maximise your giving.

Here are the questions about skills and time:

- How much time do you want to donate to a charitable cause?
- Is the level of time you can commit likely to change in the future?
- Do you have special skills you might have which could benefit not-for-profit organisations? These can include legal expertise, financial management, accounting skills, business or marketing skills, information technology skills, teaching or caring skills...
- Are you passionate about the cause? Unless you are committed and passionate about what you are doing, you may feel that your giving is more a burden than a joy.

A worksheet is provided here to help you work out what your assets may be.

WORKSHEET: Assets

Financial Assets

1 How much money do you want to donate? Do you want to give it all at once?

2 If you want to give over a period of time, how much do you think you can give per year, for how many years?

3 Do you want to leave your options open, so you can change this in the future? Do you want to leave some money to a charitable cause in your will? How much?

4 Do you have property you would like to donate to a charitable cause? If so, what is it, and what type of organisation would you like to give it to?

Time and Skills

- 1 How much time do you have to give to a charitable cause?
(eg, one day per week, three hours a week, one day a month)

- 2 Is this level of commitment likely to change in the future?
If so, will it increase or decrease, and by how much?

- 3 List any special skills or qualifications you have which you could use to benefit not-for-profit organisations.

Considerations

It's also important to think about the factors which might impact on how you choose to give. Here are some things you will need to take into account:

1. The reliability of your income

How sure are you of having future access to the regular sum of money you've chosen to give? If you can be sure that your income will not fluctuate and that you will have a regular sum to donate, you can be reasonably confident about establishing a Private Ancillary Fund with an accumulation plan which requires your corpus to have reached a certain level after a specified period of time (usually upwards of \$1 – \$1.5 million). If that is not the case, it may be preferable to give on a more ad hoc basis, contribute to an established organisation, join a giving circle or open a subfund with a Community Foundation.

2. How much control you want over your giving

You may want to be more closely involved with your giving than simply providing money. Often this results from passion for, or expertise in, the cause you are supporting, and from a desire to “nurture” the project and ensure that it achieves its desired outcomes. If you do not have the time to invest, you might choose to employ professional staff or advisers, or choose to give to recipients you trust. If the gift is small, it is generally more practical not to become too closely involved with its implementation, however appropriate due diligence processes should be undertaken relevant to the cause area.

3. How much knowledge you have in the field(s) you wish to benefit

You may have the desire to help in a specific field, but you may not know very much about the work that is being done, the organisations that are operating in the field and the kinds of projects that are most likely to succeed. If you are not particularly knowledgeable in your chosen field, you may choose to enlist the advice of experts in the field, professional advisers or other donors until you have built up knowledge in the area. Many peak bodies such as Australian Environmental Grantmakers Network (AEGN), Australian Council for International Development (ACFID), Australian Council of Social Service (ACOSS) and more, research institutions, academics and other givers are happy to share their information, knowledge and research, and professional consultants and advisers are also available.

4. The financial resources and time you are prepared to devote to ensuring your giving is effective and appropriate

If the size of your giving is small, it is probably not necessary to spend a great deal of time or money on monitoring the progress of your donations. If your giving is considerable, you may want to think more deeply about the impact you want to have and how it aligns with the recipient organisation/s. It may require more of your time to establish a trusting relationship with your not-for-profit partners, so that you give in a way that allows them to focus on their work whilst still having the checks and balances in place to ensure your money is ultimately having the impact you intended.

5. Family complications

While a foundation or giving plan can offer a wonderful focus for shared family activity and values, it can also magnify differences which may already exist between family members. Conflict can arise within a family, and a foundation can be a focus for those tensions.

Sometimes you will need to weigh several of these factors against one another. For example, if you have a large sum which you would like invested in perpetuity for charitable purposes, and you have skills in financial management but are time-poor and have little knowledge of the charitable or community sector, you may wish to establish a charitable foundation and use your financial expertise as a Trustee of that foundation – but find staff members who have the right knowledge and expertise in the charitable sector to focus on the program side.

Giving Focus

What are the causes or people you wish to benefit from your giving? What are you passionate about? What issue do you feel most strongly about? What is the problem you feel you would like to fix, the need you want to address – or who are the people you want to help? What do you want to help change?

It might help here to consider some not-for-profit organisations you have supported in the past, and how strongly you felt about supporting them. You may also wish to align with broader objectives such as the [United Nation's Sustainable Development Goals](#).

The causes you want to support might fall within the following charitable areas:

- The Arts and Culture
- Health, mental health and wellbeing
- Environment or climate change
- Science
- Religion
- Research to advance knowledge
- Justice, human rights, law
- International development
- Humanitarian or emergency response
- Education
- Animal welfare
- Recreation and sport
- Disability inclusion
- Community development and housing
- Not for profit leadership, philanthropy

And what groups do you want to help? (some examples below)

- Underserved people – such as those from low income backgrounds
- People with health conditions
- People at different ages
- People who are between homes or homeless
- People with disabilities
- Single mothers
- People with First Nations heritage
- People in remote communities
- Refugees and asylum seekers
- Artists
- Students
- Researchers
- Gifted people with exceptional skills
- Animals, birds or marine life

You might also like to think about whether there is a geographic basis to your giving. Do you want to concentrate your giving in an area which you know well and are fond of, perhaps an area in which you live or grew up? Do you want to give to more remote communities, to people in rural Australia, to small

or large towns – or to urban areas? Do you have a link to other countries and want to support them through your giving? Or does geographic focus not matter to you?

There may be just one or two causes which matter to you – or you may decide to choose a portfolio of five or six (or more). You may choose a very concentrated focus or be as broad as you wish. If you choose several causes, you may wish to devote a certain portion of your giving to each – or to leave it flexible depending upon how you, and the outside world, change focus.

You may also want to have some funds available for unstructured giving – such as responding to disasters, to specific appeals which you hadn't anticipated, or to a cause which you may become aware of in future.

WORKSHEET: What to Give To

What causes do you want to give to? Some examples are listed below.

- **Arts and Culture** (eg, performing arts; visual arts; architecture; history; literature; art galleries, museums; film)
- **Education** (eg, early childhood education; scholarships; adult education; higher education; libraries; vocational/technical education)
- **Science** (eg, engineering; technology; scientific research; public scientific education)
- **Social Sciences** (eg, psychology; behavioural science; population studies; politics)
- **Environment** (eg, sustainable development; land conservation; pollution control; climate change; natural resources conservation)
- **Animal Welfare** (eg, threatened species protection; wildlife preservation and rescue)
- **Recreation and Sport** (eg, recreational facilities; community sporting events)
- **Health** (eg, health care; medical research; mental health; substance abuse; health promotion; public health and safety)
- **Social Welfare** (eg, material assistance to underserved communities; support for people experiencing hardship)
- **Religion** (eg, interfaith issues; promotion of religion)
- **Community Development and Housing** (eg, economic and social development; housing; business development)
- **Civil Society, Law and Civil Rights** (eg, legal rights and services; human rights; civil rights and advocacy)
- **Philanthropy, Voluntarism and Nonprofit Infrastructure** (eg, support and promotion of voluntarism; promotion of philanthropy)
- **International Development and Relations** (eg, international aid and relief; peace and security; promoting international understanding)

List here the causes you would most like to give to.

1

2

3

WORKSHEET: Who to Give to

Who are the people you would like to benefit? Some examples are listed below.

- Families
- Children and Youth (incl. pre-school children; primary aged children; teenagers)
- Ageing and Elderly People
- Women and Girls
- Men and Boys
- LGBTQI+ People
- Underserved and Low Income People
- Australian Aboriginal and Torres Strait Islander Peoples
- Ethnic Groups
- Immigrants and Asylum Seekers
- People in remote and rural areas
- People with disabilities (incl. people with physical disability; people with intellectual disability)
- Addicts (incl. alcoholics; substance abusers; problem gamblers)
- Offenders or Ex-Offenders

List here the groups of people you would most like to give to:

1

2

3

List here the geographic areas you would like to focus on (if any):

1

2

3

Finally, from this worksheet and the previous one, what statement can you make about your giving?

Example: "I would like to help provide university scholarships for young people from rural New South Wales" "I want to provide funds for top quality performing arts companies" "I want to give broadly to people suffering from economic hardship."

For some people this exercise may lead to a very specific idea about what you wish your giving to achieve – for example, you want to fund health care for children and parents from First Nations backgrounds in remote communities. Or you might decide that you want to fund medical research at a national centre of excellence. Others may have general ideas only. Here are some questions to help you narrow down your focus.

For example, perhaps you have chosen the arts as something you feel strongly about. Ask yourself why you feel that way, and which aspects of The Arts appeal to you most. Here are some suggestions.

- You feel that artistic expression is a vital part of a rich, intelligent culture
- You feel that young artists have a hard time and don't receive enough support in their career development
- You feel that art is important for its own sake, and the pure development of works of art needs support
- There is evidence to indicate that participation in the creation of arts and culture is a vital contributor to the self-esteem and wellbeing of at-risk people
- Arts and culture are not widely enough patronised by most Australians
- You think that First Nations Art is an important industry to support remote First Nations communities
- You would like to give people in rural and regional Australia the opportunity to see art exhibitions they would not otherwise have the chance to see
- You would like to assist Australian galleries to buy more great artworks from overseas
- You would like to assist Australian galleries to support more Australian artists by displaying their works
- You would like young Australian musicians to have the opportunity to study overseas and gain valuable skills and experience
- You would like to be a patron of The Arts and to become part of the arts community

As you can see, there are a myriad of reasons an individual might wish to support The Arts and Culture, and many ways in which that support can be expressed. The same goes for any other cause.

Your motivation will influence the way in which you support your chosen cause. If you decide that you want to support the pure development of artworks, perhaps a fellowship or scholarship to assist young emerging artists, to give them time in which to work or to develop their skills, would be more appropriate. If you would prefer to help develop The Arts and Culture to help underserved communities, perhaps you might like to provide some support funding to a social support organisation with an arts program.

Some of the factors you might take into account in refining your options are the following:

- What needs seem to be the most pressing in this area?
- What needs or groups seem to be neglected or overlooked in this area – where are the gaps?
- How can you best make a positive difference?
- How much do you know about this area? Do you know enough to confidently rely on your own assessment, or should you seek external advice?
- What types of assistance do these not-for-profit organisations/communities need (for example, support for vital core work; support for innovative pilot programs; contribution to vital capital works; research fellowships; loans; material goods; donations of land; or non-financial assistance, such as someone to write a business plan, design a website or help manage finances?)
- What other funding is available in this area? Is there government funding available? Are there other philanthropic funders operating in this area? If so, should and could you work together with them?
- What is government policy in this area?

You may not be able to answer all these questions now. They will give you a basis for further discussion, reading and research.

Now that you have clarified what it is you want to achieve with your giving, we can move on to explore the ways in which you might implement your giving.

Engaging your Family

Whether you are seeking to involve your children with your philanthropy or engage multiple generations, family dynamics can be tricky.

Many delve into their first conversation thinking there is values alignment with their family members when in fact, values, cause areas and approach/attitudes across generations can be quite different. A miscalculated conversation early on can result in apathy or even resentment. Conversations about inheritance should also be navigated carefully as 'give while you live' style philanthropy grows in popularity.

You may have been discussing or modelling giving your money and time since your children were young, or decided to start giving when they have reached adulthood. Regardless of where you are in your journey, it's important to be prepared to listen and be flexible, particularly if you want family members to engage in a way that's meaningful to them or take some responsibility as a Trustee or in the distribution of funds.

To begin:

1 Plan your initial conversation

2 Consider practical ways to engage the next generation

Planning your initial conversation

How do you communicate with your family?

If your family lives in different states or countries, can you talk in person? Are there any family dynamics you need to consider? Will you include your children's spouses or other family members like step-family?

Plan how you will raise the subject and explain your motivation, inspiration and aspiration. They need to understand **why**. Think also about your expectations. Do you want to simply inform them that you plan to give, or do you want to involve them? You may like to consider some scenarios of what their reaction might be. If it's negative, what will you say? How will you manage their expectations around inheritance or if they challenge how you are approaching your giving?

Ways to engage the next generation

Adult children are often busy, either with the beginning of their careers or raising children. Even if they are enthusiastic about getting involved with philanthropy as a family, they might struggle to find the time for meetings, stay informed or get involved with not-for-profit organisations. It's important to be flexible and give them some agency, the extent of which should match their level or experience and knowledge. Here are some ways for them to engage.

1. Volunteer together or encourage them to volunteer with one of the organisations you support. This will give them first-hand experience of the work you are supporting.
2. Include them in grant-making decisions. You may want to invite them to accompany you on a site visit or help you assess a grant.
3. Form a next generation grants committee. If you have a group of next gen family members, you may choose to allocate them a sum each year to distribute as they wish. Give them a framework and process to identify organisations they wish to fund and assess grant applications, and then the agency to make decisions.
4. Appoint them as a Trustee of the ancillary fund. If they are enthusiastic and you trust their judgment and ability, you may even decide to give them control of the grant-making. Or if they need some leadership development, they may simply come to meetings and observe governance and grant-making processes such as due diligence and impact assessment.

Once they are engaged, think about some mechanisms for working together. Will you have regular meetings? How will you provide them with information? How will you manage disputes?

Sometimes, a fair share of patience is in order. It might take a while for them to understand what you are doing and why you are doing it, but the more stories they hear from you about the joy you feel from giving, the more they'll engage and connect with the work. Don't be afraid to let go as they find their own way!

This section of the guide is by no means exhaustive, for example you may wish to flip the narrative if you are trying to engage your parents in conversations about philanthropy. Here we have provided a good place for you to start. Links to more information can be found in the 'further reading' section of this guide.

WORKSHEET: Engaging your Family

Describe why you are talking to your family about your philanthropy.
ie. Do you want them to participate and if so, to what extent?

Who do you consider to be family?

This is relevant when you are deciding who will be involved with your philanthropy.

In what context will you begin your conversation about philanthropy? In person? At a family gathering?
How will you begin the conversation, and explain your motivations for giving?

What are some of the ways you'd like your family could engage?

As part of this question, think about the amount of time and inclination family members may have to contribute.

How will you work together as a family? For example, will you have regular meetings? How will you manage disputes?

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Section Two: Unstructured and Structured Giving

This section provides technical information about structured and unstructured giving. Detailed guidance for each of the different options is followed by a summary table for options at a glance.

The first decision you must make is to establish whether you want your giving to be formalised and structured, or flexible and unstructured. Some of your answers to previous questions may have guided you in this respect. If you haven't yet made your decision, here is some information to help you.

Unstructured giving

Unstructured giving can be easy and flexible. There is no need to create a formal structure or establish a separate organisation. You have total control over your giving – you can choose the causes and organisations that appeal to you, can change your giving focus at will, and can control the amount you are giving. You can give informally at any time of the year, and can respond to appeals and emergencies as they arise. You will still receive a tax deduction, provided that your donation is made to an organisation that has Deductible Gift Recipient (DGR) status, or Overseas Aid Gift Deductibility Status (for those wanting to give to organisations working in development internationally).

You may not have a mechanism to track the ongoing impact of unstructured giving as you are not as likely to devise a strategy for impact as you would with a structured giving vehicle. Your giving might change from year to year and there is also little prospect that your giving will continue after your death unless you have made provision for this.

Unstructured giving may be the best option if you have a limited amount to give, are relatively uncertain of the reliability of the sum you will have available to give every year or prefer to keep your options as open and flexible as possible.

Structured giving

There are many options for structured giving, and many structures which can be used, with different benefits to each. Structured giving provides a formalised structure for your giving, so that it can take place independently of your continued action. With some structures, your giving can continue to provide a lasting and living memorial after your death.

Structured giving does not always have to be via a trust or foundation. Other choices for structured giving include community foundations, workplace giving, collective giving and establishing a giving circle.

There are generally many legal and formal requirements to fulfil if you are going to establish a charitable trust or foundation, especially if your foundation will be an independent organisation and will accept and respond to submissions / grant applications. As well as work to be done on the establishment of your foundation, and the associated costs, there will also be ongoing financial commitments and an ongoing need for time and energy. You will have to meet various legal obligations, and the degree of control you maintain over your foundation will vary with the number of other Trustees you choose to appoint and the level of tax benefits you wish to obtain.

There are several mechanisms for giving available. Here we will go into each of them in some detail, with their key features. You may choose to use one of these tools, or a combination of them.

Options for unstructured giving

1. Giving money directly to a not-for-profit organisation
2. Donating directly to individuals (rarely tax deductible)
3. Donating time to a not-for-profit organisation
4. Donating goods or property to a not-for-profit organisation

Options for structured giving

1. Collective funding or Crowdfunding
2. Donating through workplace giving
3. Leaving a bequest in your Will to a not-for-profit organisation
4. Joining with others to donate through a Giving Circle
5. Establishing a sub-fund with a Trustee company or a Community Foundation
6. Setting up a structured giving vehicle
(PAF, PuAF, Charitable Trust, PBI or a foundation through your Will)

Options for Unstructured Giving

Giving money directly to a not-for-profit organisation

(ad hoc donations or via a third party, small or large regular donor, large single donation, public fundraising)

Donating or direct giving is possibly the most common form of charitable donation in Australia. Most people start giving this way, through making donations to causes or organisations which particularly appeal to them. Its greatest advantage is that it is simple; the donor has merely to choose a not-for-profit organisation or attend a fundraising event, make the donation and receive the receipt (if the donor wishes to claim a tax deduction). If the organisation to which the money is donated is a DGR (Deductible Gift Recipient), the donor will receive an income tax deduction. The donation is usually “no strings” and the not-for-profit organisation can therefore use the money wherever it is most needed.

With most direct donations, unless the sum is very large, the not-for-profit organisation will allocate the funds to an existing campaign as identified at a fundraising event or via their communications. Since individual sums are generally not large, the recipient organisation will most likely receive newsletters or updates from the not-for-profit organisation but will rarely have a personal relationship or the means to keep track of the purpose of their particular donation.

Key features:

- Match your passion (but in some cases, it may be difficult to say, ‘no’)
- Simple process (may be more difficult with very large sums)
- Social or family involvement
- Public fundraising can be costly process for the not-for-profit organisation involving a lot of information sharing and promotion with the chance they might not reach their funding target
- The not-for-profit organisation has discretion over fund use so will be able to spend the funds in the area they have identified of most need
- Tax benefit: the donor will receive a tax deduction (if the donation is made to a not-for-profit which is a DGR)
- Unsolicited requests following donation are possible
- Generally small sums or amount you want to donate when you can

Donating directly to individuals

It is virtually impossible to obtain a tax deduction for a donation to an individual unless there is a necessitous circumstances fund set up to benefit that individual. For example, there is the possibility of donating to the Australian Cultural Fund for the support of individual artists.

A necessitous circumstances fund is a tax-deductible fund established and maintained for the relief of persons in Australia who are in necessitous circumstances. The expression ‘necessitous circumstances’ refers to financial necessity. It does not extend to needs generally, so a necessitous circumstances fund

cannot be established solely because a person is sick, disabled or elderly, or because they have lost a job or a family member. To be considered to be in necessitous circumstances, a person's financial resources must be insufficient to obtain all that is necessary for a modest standard of living in the Australian community.

See [the ATO for more information on the characteristics of a necessitous circumstances fund](#).

For donations to artists, the Australian Cultural Fund (ACF) enables donors to make donations to organisations that do not have DGR status, and individual arts practitioners who are unable to obtain DGR status in their own right, and still claim a tax deduction. You can make a tax-deductible gift to Creative Partnerships Australia and express a preference that the donation goes to a particular artist or organisation registered with the ACF. See more information on the [Australian Cultural Fund website](#).

Similarly for donations to sports groups, the Australia Sports Foundation enables donors to have to make donations to organisations (such as grassroots or community clubs, schools, etc) that do not have DGR status, and individual athletes who are unable to obtain DGR status in their own right, and still claim a tax deduction. You can access their fundraising portal and set up projects. See more information on the [Australian Sports Foundation website](#).

There is, of course, nothing to stop a philanthropically minded individual from making an outright gift to another individual without the concern of receiving a tax benefit. The donor must accept that in this situation there is little to no accountability, and no legal recourse if the money is misused. It can also be difficult to ascertain whether individuals are genuinely in need, and unless a neutral buffer such as a not-for-profit organisation is also involved, it can be almost impossible to source individuals who need assistance. Generally the solution is instead to give the funds to a not-for-profit organisation which can assist individuals and families and is in a position to best judge who is in need of assistance – or in the case of education, to an educational institution with the stipulation that funds are used to provide a scholarship.

Key features:

- Match your passion
- Simple process (may be more difficult with very large sums)
- The not-for-profit organisation or individual has discretion over fund use
- Little to no tax benefit
- Generally small sums or amount you want to donate when you can

Donating time to a not-for-profit organisation

Usually known as volunteering, this is a very common method of assisting charitable organisations in Australia; over 5 million Australians volunteered in 2020, the value of their contribution being estimated at \$17.3 billion¹. Sometimes a not-for-profit organisation can use unskilled volunteers to carry out work which requires minimal skills or supervision, such as picking up rubbish or easy administration tasks. Other not-for-profit organisations will require volunteer training and minimum commitments to 4 hours a week, e.g. Red Cross, others have options to volunteer for particular causes and events that may be one-off. Volunteer work may be seasonal, such as packing and delivery of Christmas hampers.

There is also a great need for volunteers who are highly skilled. Volunteers may be able to assist not-for-profit organisations with vital needs such as developing a business plan, sourcing discount vendors or venues, accounting and management help.

¹ Volunteering Australia: Key Volunteering Statistics, February 2022
<https://www.volunteeringaustralia.org/wp-content/uploads/VA-Key-Volunteering-Statistics-2022-Update.pdf>

Joining a board is a form of donating your time and skills to not-for-profit organisations.

Key features:

- Match your passion
- Simple process but may involve a lot of time and effort
- Can be costly process for not-for-profit organisation
- Social or family involvement and high levels of engagement with not-for-profit organisation
- Little to no tax benefit
- Not-for-profit organisation discretion over what activities the volunteer will do which can involve the special skills of the donor

Donating goods or property to a not-for-profit organisation

When making donations of goods or property, take care that the not-for-profit organisation is not being burdened by the gift to the point where the gift costs more than it achieves. An example might be the home of a famous author, donated to a not-for-profit organisation on condition it be made into a museum and a centre for writers. The not-for-profit organisation will be required to maintain the building and to make it suitable for public attendance, as well as to pay land taxes, insurance and possibly modify the building for such things as public toilets and access for people with disability. In many cases this can lead to an already overstretched organisation being forced to spend large sums on a property, or else not being able to use it for its intended purpose because the expense is too great. In such a case it may be advisable to talk to the not-for-profit organisation first, to ascertain whether they really have a need for such a property, and also to make provision for a sum to be held in trust for the ongoing upkeep and other costs so that the not-for-profit organisation does not end up out of pocket as a result of the gift.

Donations of collectibles and artworks require similar consideration. Many personal collections which hold great value to their owners are not necessarily of broader interest or value to the community, and their conservation and curation may be extremely costly.

Three specialist schemes have been established to enable tax advantages for donations of property to cultural and environmental organisations.

The Cultural Gifts Program encourages gifts of significant cultural items to public art galleries, museums and libraries by offering donors a tax deduction for the market value of their gifts. Gifts made under the program are exempt from capital gains tax and the tax deduction may be spread over a period of up to five years. The donation must be accepted by the institution it is gifted to, and the amount of the deduction will be the lesser of the amount you paid for the property and the average of two or more written valuations made by valuers approved by the Arts Secretary. See more information on the [Cultural Gifts Program on the ATO website](#).

A Heritage Gift are places of outstanding or significant natural, Indigenous or historic heritage value to the nation or throughout Australia, respectively. You can only donate heritage gifts to eligible National Trusts DGR's in Australia. The general rule is that the amount you can claim as a deduction is the average of two or more written valuations made by valuers approved by the Arts Secretary but there are some exceptions to this rule. See more information on [Heritage Gifts on the ATO website](#).

There are several options for making a gift of land, depending on whether you want to live on the land until your death, donate the land outright, sell it to a conservation organisation, or a combination of options. More details on [conservation covenants can be found on the Department of Climate Change, Energy, Environment and Water website](#) and the [conservation covenant concessions on the ATO website](#).

More general information on [donating property \(including land\) is available on the ATO website](#).

Key features:

- Match your passion
- Simple process and can donate items that are no longer needed by the donor
- Can be costly process for the not-for-profit organisation depending on the type of good or property and how the not-for-profit can use it
- Social or family involvement
- Little to no tax benefit depending on the case
- Not-for-profit organisation discretion over use

Options for Structured giving

The options detailed below are ordered from those that are simple and demand less of your time, to structures that require legal set up and some form of strategy. You can choose to wait and leave a gift in your Will, or give while you live – experiencing the joy and satisfaction of seeing firsthand how your money is making a difference.

Collective Funding or Crowdfunding

Collective funding, sometimes referred to as crowd funding, is when a for-purpose organisation pitches to an identified audience, who then pledge their financial support.

According to the ATO, crowdfunding is the practice of using internet platforms, mail-order subscriptions, benefit events and other methods to find supporters and raise funds for a project or venture. In donation-based crowdfunding, a contributor makes a payment (or 'donation') to the project or venture, without receiving anything in return. The contributor's 'donation' may simply be acknowledged – for example, on the crowdfunding website. There are other non-charitable related models of Crowdfunding.

At the time of writing, The Funding Network is the largest collective giving model in Australia. They provide public in-person or online crowdfunding events and capacity building services and workshops. GoFundMe is also a popular crowdfunding website.

Key features:

- Match your passion
- Simple process
- Social or family involvement
- Little to no tax benefit depending on DGR status of the organisation and the crowdfunding website
- The not-for-profit organisation has discretion over fund use including the possibility of not reaching the fund target so not going ahead
- Generally small sums or amount you want to donate when you can

Donating through a workplace payroll giving scheme

Workplace giving is a way to donate regularly to not-for-profit organisations through automatic deductions from your salary. Your employer must establish a workplace giving scheme and will make deductions of your nominated amount from your payroll. This donation will be sent to your nominated not-for-profit organisation and you will receive a summary of payment at the end of the year. Both you and your employer must choose to participate in the scheme.

The [ATO has developed resources on workplace giving](#) and [programs for employees](#).

Key features:

- May not match your passion depending on the decision-making process
- Simple process for employee as set up by employer
- Little social or family involvement outside of the workplace
- Tax benefit
- Not-for-profit discretion over fund use
- Unsolicited requests possible
- Generally small sums

Leaving a bequest in your Will to a not-for-profit organisation

Many people choose this option. If you choose to leave a bequest, you will have the use of your funds or property during your lifetime. You may choose to leave your bequest freely – “no strings attached” – so that the not-for-profit organisation can apply the money to the area of most need. It is also possible to leave a bequest with a specification that it is used for a particular purpose – for example, to establish a scholarship for rural students. In this case, it is important to ensure that you are not leaving the not-for-profit organisation more trouble than assistance. Making a bequest of a historic building, specifying that it must be used for a particular purpose, but not leaving any money for the maintenance and rates can be placing a burden upon that not-for-profit organisation. It may be wise to speak to the not-for-profit organisation beforehand to discuss your plans.

If you choose to leave a bequest to a particular organization it is extremely important to ensure that you specify the correct legal name of the not-for-profit organisation, and that you keep your Will up to date. If the organisation specified in your Will ceases to exist under that name, or if there is doubt as to which organisation is meant, it can be very difficult for executors to resolve. The resulting court process may be lengthy and expensive, and as costs are usually paid out of the estate, it may substantially reduce the size of your legacy.

Key features:

- Match your passion
- Simple process
- Create your legacy
- Little to no tax benefit
- Can be costly process for the not-for-profit organisation if the Will is contested
- The not-for-profit organisation has discretion over fund use
- Generally small sums or amount you want to leave in your Will

Joining with others to donate through a Giving Circle

A giving circle is a way for donors with common interests to combine their money and decide as a group which not-for-profit organisations they want to support. The idea is to pool the funds to make a greater collective impact. A giving circle can be an informal group of friends who meet socially to talk about their giving, collectively decide on a cause and each donate to the chosen not-for-profit organisation, or it can be an organised group with its own bank account. Some giving circles may use a legal vehicle such as a community foundation to channel the funds.

Giving circles generally involve a regular contribution from members of the circle – usually the same amount is given by everyone, although some groups may offer lower contributions to attract younger members. Generally, all the administrative support is provided voluntarily by members of the circle. Some circles may choose to donate their funds immediately, whereas others may invest the money and give away the income from that investment. Impact100, Melbourne Women’s Fund and Groundswell are good examples of Giving Circles.

Key features:

- Match your passion
- Simple process but there must be rules in place to guide funding decisions as a group
- Social or family involvement especially suited for those starting. Allows donors to pool funds.
- Tax benefit
- Can be costly and time-consuming process for not-for-profit depending on the application or pitching process
- Not-for-profit discretion over fund use
- Small sums
- Small ongoing costs

Establishing a sub-fund with a Trustee company or a Community Foundation

Sub-funds can be thought of as a form of 'giving account' which sits within a larger public foundation. The donor makes tax deductible donations which are credited against their sub-fund. Once donated, the funds cannot be returned to the donor. The assets credited against their name are invested together with the assets of all the other sub-funds managed by the provider, to generate a return. The donor can then make recommendations to the provider for grants to be made out of their sub-fund to eligible charities which must be 'type 1' Deductible Gift Recipients (DGR 1).

Two ways of establishing a sub-fund and the key features are detailed below.

Key features:

- Match your passion but generally limited to Australian not-for-profits and those that are not also ancillary funds
- Simple process as legal control over the funding is the responsibility of the Trustee or community foundation
- Social or family involvement including accepting donations from the public
- Create your legacy
- Tax benefit
- Not-for-profit discretion over fund use
- Small sums: can start from as little as \$2,000
- Small ongoing costs: fees and annual distribution of 4% applies to the corpus of the larger fund in which the sub-fund account is held.

Establishing a foundation with a Trustee company

Trustee companies are businesses which can act as professional, independent Trustees. Trustee companies are experienced, reliable and regulated by law. They are an excellent choice for people who do not have very much experience in the area of charitable trusts and foundations, or who do not know people they would like to appoint as Trustees of their foundation.

Trustee companies will establish a foundation and will act as sole Trustees or co-Trustees. As a business, the Trustee company will charge for providing administrative and investment services. The donor can choose to be a co-Trustee with the Trustee company or can relinquish all control if they do not wish to be involved in the operation of the foundation.

Some of Australia's largest charitable trusts and foundations are administered by Trustee companies. Some Trustee companies also administer "umbrella trusts" which are structured as Public Ancillary Funds (PuAFs) and which operate in a similar way to community foundations, allowing you to form a named sub-fund under the umbrella of an existing foundation.

Establishing a sub-fund with a Community Foundation

Community foundations are charitable funds established and managed by local people to meet the needs of their communities. The foundation attracts tax deductible donations to its Public Fund and builds a capital base known as a corpus – a fund of money invested in perpetuity. This provides a permanent and growing source of funding for place-based giving. The income earned each year is returned to the local community as annual grants to deductible gift recipients or other tax-deductible entities. In addition, the community foundation through the charitable company or trust can support wider charitable purposes.

Donors can establish named ‘sub-funds’ under the umbrella of the community foundation to organise their giving, which are relatively simple and inexpensive to establish and which can be named according to the donor’s direction.

A community foundation provides a simple, low-cost option for individuals to get involved with giving. A sub-fund of a community organisation can be named for the donor, and can operate in the local community in which the donor resides or which the donor wishes to benefit.

Setting up a structured giving vehicle (PAF, PuAF, Charitable Trust, PBI or a foundation through your Will)

Setting up a structured giving vehicle allows you to engage in relatively large-scale planned giving. The ‘vehicle’ is the legal entity, also called a charitable or philanthropic foundation or a charitable trust. The ‘vehicle’ allows the transfer of gifts from an individual, family or corporation to a not-for-profit organisation. It can be broad in purpose, or it can be directed to make grants to specific organisations, purposes and/or geographic locations which interest you.

The initial sum is invested and known as a corpus; it is the income from this investment which is given to charitable organisations in the form of grants. Often the initial lump sum is the result of a large bonus, an inheritance, or the sale of a business or other asset.

You can have as much or as little involvement in your foundation as you choose; you may decide to become a Trustee of the foundation and to be actively involved in its decisions and activities, or opt to appoint Trustees and staff who will carry out the necessary duties for you. You may choose to establish a foundation in your own name or that of your family – or opt to remain anonymous.

A foundation requires much thought, care and planning, and will also require a substantial capital sum – generally starting from \$1 million to \$1.5 million. There will also be establishment costs and ongoing administrative costs. Care must also be taken as to the board of Trustees, the wording of the trust deed, and other considerations such as whether to accept applications and whether to employ staff. Generally a charitable trust is a more suitable option for a donor who has a large sum and wishes some involvement in how those funds are spent.

This is a particularly good option if you wish to involve your family in your giving. A foundation can provide a strong focus for family involvement and activity. Intergenerational bonding between family members can be enhanced, and opportunities for engagement between family members provided by foundation activities. A foundation also provides a focal point to keep succeeding generations aware of, and in touch with, family history and origins.

If you intend to start an intermediary organisation which will seek funding from other givers or the general public and then make grants to other organisations, it is necessary to realistically examine your fundraising potential. You must keep in mind, for example, that the majority of grant-making foundations prefer not to make grants to other grant-givers – they prefer to directly fund those projects they consider worthy rather than to use an intermediary organisation. In fact, if your intermediary organisation is established as an ancillary fund, many foundations will not legally be able to fund it as one ancillary fund cannot fund another.

Some of the forms a structured giving vehicle can take are detailed below.

Private Ancillary Fund (PAF)

Formerly known as Prescribed Private Funds [PPFs], the first of which were approved in 2001, Private Ancillary Funds (PAFs) are a type of tax-deductible private foundation. A PAF can be endorsed as a charity with DGR 2 status meaning that the foundation can receive tax deductible gifts, and is also usually income tax exempt.

The purpose of a PAF is to provide grants to DGR 1 organisations; it is like a conduit or temporary repository for channelling gifts to other DGRs and cannot carry on any other activities. In some cases it can be endorsed as an Income Tax Exempt Fund (ITEF), allowing the fund to distribute to a wider range of DGRs depending on the state in which the PAF is domiciled.

PAFs differ from other ancillary funds (ie, public funds) because PAFs may not fundraise from the general public, and must be controlled by a body corporate, the board of which must include at least one Responsible Person (according to the ATO definition).

A PAF must also distribute the equivalent of 5% of its capital value every year, must have a formal investment plan, and must be compliant with the [PAF Guidelines](#).

Key features:

- Match your passion but generally limited to funding Australian not-for-profits and only to not-for-profits with DGR 1 status that are not also ancillary funds
- Social or family involvement but cannot fundraise from the public
- Create your legacy
- Tax benefit
- Donor direct fund use as is usually controlled by family group or body corporate.
- Unsolicited requests possible
- Large sums: usually need a minimum of \$1 million to \$1.5 million to establish (but there is no legislated minimum)
- Large ongoing costs: fees and annually must distribute a minimum of 5% of the value of the fund

Public Ancillary fund (PuAF)

A Public Ancillary Fund (PuAF) is a grant-making foundation established by Will or by trust deed. Similar to PAFs, a PuAF is a DGR 2 charity and can only exist for the purposes of providing grants to DGR 1 organisations; it is like a conduit or temporary repository for channelling gifts to other DGRs and cannot carry on any other activities.

A PuAF must be managed by members of a committee or board, a majority of which have a degree of responsibility to the community (according to the ATO definition of Responsible Person). A PuAF is also entitled to be a Tax Concession Charity organisation (TCC) or an Income Tax Exempt Fund (ITEF) and so does not pay tax on its income.

The public must be invited to contribute to the fund and must actually contribute to it.

A PuAF must distribute the equivalent of 4% of its capital value every year, must have a formal investment plan, and must be compliant with the [PuAF Guidelines](#).

Key features:

- Match your passion but generally limited to Australian not-for-profits and those that are not also ancillary funds
- Social or family involvement including accepting donations from the public
- Create your legacy
- Tax benefit
- Donor direct fund use
- Unsolicited requests possible
- Small sums relative to a PAF
- Small ongoing costs: annually must distribute a minimum of 4% of the value of the fund

Private Charitable Trust

A private charitable trust is established via a trust deed with a charitable purpose. It can be established and controlled by an individual, family or company.

There are two main differences between a private charitable trust compared to some of the other structured giving vehicles:

- donations to a private charitable trust are not tax deductible (although it may obtain tax exemption through being endorsed as a Tax Concession Charity organisation), and
- they are not subject to the restrictions contained in the PAF guidelines with regard to the appointment of a Responsible Person and an auditor. They are not limited to funding only DGR 1 organisations so can benefit a wider variety of charitable beneficiaries.

Although you won't receive a tax-deduction when funds are donated through a Private Charitable Trust, they are more flexible in terms of the DGR status of charities they can give to. Giving through these vehicles also benefits charities via the refund of franking credit policy.

Key features:

- Match your passion and is usually not limited to DGR 1 not-for-profits
- Complex process to establish
- Social or family involvement depending on the decision of Trustee
- Create your legacy
- Tax benefit through being endorsed as a Tax Concession Charity but donations to the foundation are not tax-deductible

- Donor direct fund use
- Unsolicited requests possible
- Large sums to establish
- Large ongoing costs

Leaving money in your Will to establish a foundation

This was the most common way to establish a foundation in Australia during the twentieth century, and some of the biggest foundations in Australia, such as the Felton Bequest and the Sidney Myer Fund, have been established this way. A testamentary trust, as this type of foundation is known, can be established by committing a particular sum or specific assets, or it may receive the residuary estate.

Establishing a foundation in this way will mean that you have the use of your funds during your lifetime, and may then choose to leave a specific sum to family members or other beneficiaries and the residue to establish your foundation. The foundation can exist in perpetuity, making a living memorial to you.

A foundation established after your death may benefit individuals, and is entitled to be endorsed as a Tax Concession Charity organisation (TCC) so that it will not pay tax on its income.

The Trustees may be the same persons who are executors of the Will, or separate Trustees may be appointed; professional Trustee companies can also be called upon to establish the trust and act as sole or joint Trustees of the foundation.

Care must be taken in establishing the funding purposes for a testamentary foundation. Sometimes the conditions or organisations which exist when a Will is drawn up may no longer exist when the bequest comes to fruition. For example, in past years, charitable trusts were sometimes established to fund orphanages, which are no longer in existence due to changed social conditions. It may happen that in the future specific medical conditions may be cured or prevented so that there is no need to make provision for research into them. Similarly, conditions may arise which we are unable to foresee from the present day. A well-written Will can provide some flexibility for changing needs while still honouring the spirit of the original benefactor. It may be useful to write a document which details your values and the reasoning behind your charitable decisions, as this may be very useful to guide future Trustees so that they can continue to carry out your wishes.

Key features:

- Match your passion and is usually not limited to DGR 1 not-for-profits
- Complex process
- Can be costly process for not-for-profit organisation if Will is contested
- Social or family involvement depending on the decision of Trustee
- Create your legacy
- Tax benefit through being endorsed as a Tax Concession Charity but donations to the foundation are not tax-deductible
- Donor direct fund use
- Large sums to establish
- Large ongoing costs

Public Benevolent Institutions (PBI's)

A Public Benevolent Institution is a type of charitable foundation whose main purpose is to help people in need, specifically to relieve poverty or distress of people in need. Benevolent relief includes working for the relief of poverty or distress such as sickness, disability, destitution, suffering, misfortune or helplessness in people.

A PBI is legally classified a DGR 1 charity but is distinct from other charity types because there is both the requirement to fund and to be engaged in the charitable work. It must have:

- its own activities,
- engage others to undertake activities on its behalf or
- be part of a relationship of collaboration that is organised and conducted for or promotes benevolent relief.

Conducting activities that clearly align with the main purpose of relieving the poverty or distress of people in need is the most important role of a PBI. Providing evidence of this is required to maintain PBI status.

Public Benevolent Institutions are recognised by the ACNC and ATO as a subtype of charity. There are different examples of PBI's depending on how they engage and provide relief. Some operating in Australia include the Benevolent Society, Charities organisations Aid Foundation, United Way and the Wyatt Trust.

See more information on [PBI's on the ACNC website](#), [PBI's on the ATO website](#), [fringe benefits tax](#) and the [PBI's on the Australian Business Register](#).

Key features:

- Match your passion but must have benevolent purpose as set out in legislation.
- Complex process
- Can be costly process for not-for-profit organisation collaborating with or being engaged by the PBI to conduct charitable works
- Social or family involvement as PBI must both fund and be involved in delivery of activities
- Create your legacy
- Tax benefit through being endorsed as a Tax Concession Charity and PBI specific charitable tax concessions such as Fringe Benefits Tax exemption
- Donor direct fund use
- Unsolicited requests possible
- Large sums to establish
- Large ongoing costs

Comparison and Summary Tables

Having worked out your motivations, assets, interests and mechanisms, and canvassed structures available for giving, you can now determine your own personal giving strategy. Even if you do not wish to maintain a public profile, it would still be advantageous to create a charitable giving statement, if only to clarify to yourself why and how you wish to give.

A visual summarising the options to give followed by a more detailed table follows overpage.

Types of Giving Structures

Types of Giving	Features													Size of sum		Ongoing costs		
	Match your passion	May not match passion	Simple process	Can be costly process for NFP	Complex process	Social or family involvement	Little social or family involvement	Legacy	Tax benefit	Little to no tax benefit	Donor direct fund use	Unsolicited requests possible	NFP discretion over fund use	Small	Large	Small to none	Small	Large
Ad hoc donations to not-for-profits or via a third party Responding to requests as and when they arise	Green	Green	Green	Green	White	White	Green	White	Green	White	White	Green	Yellow	White	Yellow	White	White	
A regular small donor Where you become a regular small donor to one or more charity (direct debit/credit card or annually send funds)	Green	White	Green	White	White	White	Green	White	Green	White	White	Green	Yellow	White	Yellow	White	White	
A regular large donor Where you become a regular large donor to one or more charity (direct debit/credit card or annually send funds)	Green	White	Green	White	White	Green	White	Green	White	White	White	Green	White	Yellow	White	White	Yellow	
Make a large single donation Where a donor makes a multi-million donation to a specific charity or purpose	Green	White	White	White	White	Green	White	Green	White	White	White	Green	White	Yellow	White	White	Yellow	
Public fundraising Where you attend a meeting which has the sole purpose to pledge funds for one or more charity	Green	White	Green	Green	White	Green	White	White	White	White	White	Green	Yellow	White	Yellow	White	White	
Donating to individuals or non DGR1 organisations Responding to requests from individuals and non-DGR organisations	Green	White	Green	White	White	White	White	White	Green	White	White	Green	Yellow	White	Yellow	White	White	
Donate time, goods or property Volunteering for or donating goods or property to a not-for-profit	Green	White	Green	Green	White	Green	White	White	Green	White	White	Green	White	White	Yellow	White	White	
Crowd funding websites Where you pledge funds within a crowd funding environment for a project, activity or charity	Green	White	Green	White	White	Green	White	White	Green	White	White	Green	Yellow	White	Yellow	White	White	

Types of Giving	Features												Size of sum		Ongoing costs			
	Match your passion	May not match passion	Simple process	Can be costly process for NFP	Complex process	Social or family involvement	Little social or family involvement	Legacy	Tax benefit	Little to no tax benefit	Donor direct fund use	Unsolicited requests possible	NFP discretion over fund use	Small	Large	Small to none	Small	Large
Payroll Giving Where you specify one or more charities to give funds to via you work payroll																		
Bequest Where in your Will, you leave funds (% or an amount) to one of more named charities																		
Giving Circles Where you join a group of people who wish to give to one or more charities in a collective manner																		
Establish a Sub-Fund A number of organisations provide the ability for individuals and families to set up a subfund																		
Establish a Public Ancillary Fund (PuAF) A number of organisations provide the ability for individuals and families to set up a Public Ancillary Fund																		
Establish a Private Ancillary Fund (PAF) A number of organisations provide the ability for individuals and families to set up a Private Ancillary Fund																		
Establish a Private Charitable Foundation Where in your Will, you establish a Private Charitable Trust and specific the name, purpose and rules																		
Establish a Public Benevolent Institution (PBI) A type of charitable foundation whose main purpose is to relieve poverty or distress of people																		

Structured Giving Vehicles

	Private Ancillary Funds (PAFs)	Public Ancillary Funds (PuAFs)	Sub-funds, within a PuAF	Testamentary or will and private charitable trusts	Bequests
What are they?	PAFs are private charitable trusts to which taxpayers can make tax deductible donations, for giving to 'Item 1' Deductible Gift Recipients (DGR) charities and other eligible entities.	PuAFs are a vehicle for public philanthropy – meaning they are allowed to raise funds from the public (PAFs cannot). A common use of PuAFs is to enable donors to carry out their giving through a sub-fund, a form of 'giving account' that generally sits within a PuAF. PuAFs can donate to DGR 'Item 1' charities and other eligible entities.		Private charitable trusts are often, though not only, created through a bequest in a will.	Bequests are a way to make a donation directly to a charity through a will and come into effect on the passing of the donor.
Who uses them?	PAFs can be attractive to those who want greater control over granting and investment management, whilst being comfortable with the additional compliance obligations involved with operating such a vehicle. They can be particularly attractive to people who want to use a vehicle for establishing a longer-term legacy which can be stewarded by future generations. Some corporate foundations also use PAFs.	PuAFs are generally used by community foundations or by other intermediary organisations to support their donors' giving objectives.	Sub-funds do not require the same sort of financial commitment as a PAF, and therefore they can be attractive to those commencing their journey into structured giving. They can also be used for larger scale giving. They are relatively simple to establish and are attractive to donors that desire to be more focused on granting and are happy to have less control over the investment of funds. Giving circles often use a sub-fund structure.	Private charitable trusts appeal to those intending to gift to non-DGR charities, those not concerned about receiving a tax deduction for their donations, and/or making plans for the allocation of assets following end of life.	Bequests appeal to people right across the populations, of all income brackets.

Conclusion

We trust this guide to giving has been useful in helping you understand the choices available to you. Through giving, you can become involved in a welcoming community of like-minded people. The Australian philanthropic sector is relatively small, but extremely diverse; it is very likely that you will meet people in tune with your own ideals and will make lasting friends through your involvement in structured giving. You will also experience the joy of giving – may it be a richly fulfilling experience for you!

Now that you have read this guide, there are likely to be some further steps you will want to take and other people you will need to consult in order to get the best advice about your future actions. There are plenty of places to go for assistance with giving, including:

- [Philanthropy Australia](#)
- Qualified legal personnel
- Trustee companies
- [The Australian Charities and Not-for-profits Commission \(ACNC\)](#)
- [The Australian Taxation Office](#)
- Specialist financial management services

The next section will help you identify and contact the further resources you need. There is also a glossary of terms.

Section Three: Resources

Further Assistance and resources

Philanthropy Australia

Established in 1977, Philanthropy Australia is the national peak body for philanthropy and is a not-for-profit membership organisation. We serve a community of funders, social investors and social change agents working to achieve positive social, cultural, environmental and community change by leveraging their financial assets and influence.

Our membership consists of trusts, foundations, organisations, families, individual donors, professional advisers, intermediaries, corporates and not-for-profit organisations.

Philanthropy Australia provides information to those seeking to understand, access or partner the philanthropic sector.

We can help you with access to information, welcome you into the philanthropic community, and provide opportunities for meaningful collaboration, research, training and resources.

Philanthropy Australia Level 2, 55 Collins St
Melbourne, Vic 3000

Email: info@philanthropy.org.au

Website: www.philanthropy.org.au/

Other Philanthropy resources to guide you

[The Perpetual Philanthropy Toolkit](#)

Ward, David 2020, *Private Ancillary Funds Trustee Handbook*
Available on the Better Giving Hub for Philanthropy Australia members.

Timmons, Genevieve 2013, *Savvy Giving: The Art and Science of Philanthropy*

[Rockefeller Philanthropy Advisors, 'Talking to Your Family About Philanthropy'](#)

[Australian Communities Foundation, 'Introduction to Smarter Giving'](#)

Further [research and information can be found on the Philanthropy Australia website.](#)

Professional Advisers

Legal Support

Legal practitioners, consultancy firms, wealth managers and Trustee companies are able to offer advice on establishing foundations. You may already have relationships with companies able to provide this guidance, or you may wish to consult one of Philanthropy Australia's member organisations with qualified personnel who are able to assist. In selecting any company to help you establish a foundation, we recommend that you consider the company's experience with not-for-profit law.

Trustee Companies

A Trustee company offers services across all areas of establishing and operating a charitable foundation, including administration, legal compliance, investment management and taxation.

Wealth Managers

A number of financial services organisations provide advice and services for the establishment and management of philanthropic foundations and other structured giving programs. They can also assist in the management of your philanthropic assets.

Accounting and Business Consultancy Firms

In selecting a firm to provide philanthropic advice and services, we recommend that you consider the firm's experience with not-for-profit law.

Other Consultancy Firms

These companies provide a variety of philanthropic advice and services.

For a list of Philanthropy Australia members who can help you in these areas, please refer to [PA Professional Adviser Members and Services](#).

Philanthropy Australia also provides [CPD accredited educational information, including the Professional Adviser Guide to Giving](#) and other [information to support Professional Advisers](#) to start conversations with their clients about giving.

Academic Centres and Further Education

Australia has several innovative professional development programs for philanthropy and the not-for-profit sector. These include short courses, graduate diplomas, degree courses and postgraduate degrees.

- [Australian Centre of Philanthropy and Nonprofit Studies \(ACPNS\), Queensland University of Technology](#).

The demand for qualified individuals in the philanthropy, not-for-profit and social enterprise sector continues to grow, and the line between for-profit and not-for-profit is becoming more blurred all the time. QUT aims to help students develop the skills for a career in the management and leadership of philanthropic, not-for-profit and social enterprise organisations.

- [Centre for Social Impact](#), UNSW, UWA, Flinders University, Swinburne.

The Centre for Social Impact's (CSI) purpose is to catalyse positive change, to help enable others to achieve social impact. CSI develops transformational research, education programs and solutions that are rigorous and purpose-driven, and works with people, communities and organisations across Australia to grow their capabilities. They offer a range of short, undergraduate and postgraduate courses.

- [Institute of Community Directors Australia \(ICDA\) and ourcommunity.com.au](#)

An Our Community enterprise, the Institute delivers information, tools, training, events, qualifications and credentials to not-for-profits of all kinds.

The organisation provides easy-to-digest information, practical tools, training and connections for not-for-profit groups across the country, both face to face and through their websites.

Training participants receive official recognition of their participation, plus ongoing access to a range of resources to aid their continual learning.

- [Social Impact and Philanthropy](#)

Social Impact and Philanthropy at Swinburne University of Technology is pioneering the education of the Australian community in these areas, and offers courses from Graduate Certificate to PhD level. The courses are aimed at a wide range of people, from individual philanthropists or those contemplating becoming philanthropists (whether as end-of-career adults anticipating a long and affluent retirement, or young people who will inherit wealth), personnel in corporations developing community involvement programs or concerned with how their business can be a good corporate citizen, to financial advisors, accountants and solicitors who provide clients with advice on their giving options.

Resources to help you choose not-for-profit organisations to give to and execute due diligence

With over 600,000 not-for-profit organisations in Australia², and over 30,000³ which are entitled to offer a tax deduction to donors, it can be difficult to differentiate between them. Here are some resources to make this decision easier.

If you are at the stage where you are doing some desktop research, the ACNC is a good reference point. Once you get to the next stage

- [ACNC Charity Register](#)

The ACNC Charity Register contains information about Australia's registered charities. This includes those that have DGR status and those that do not. You can search for information about a not-for-profit organisation's programs, beneficiaries, locations and more.

Establishing a not-for-profit organisation

[The Australian Taxation Office \(ATO\) on getting started as a not-for-profit.](#)

The 'For Non-Profit' section of the ATO's website provides vital information about taxation issues and regulations for not-for-profit organisations, associations, clubs and societies.

See further guidance on [setting up a charity from Philanthropy Australia](#).

Finding volunteering opportunities

There are several organisations which assist people looking for volunteering opportunities.

- [Volunteer Match from ProBono Australia](#)

Volunteer Match is a free service provided by Pro Bono Australia to match skilled professionals with not-for-profit organisations online. Professionals can search and apply for volunteering

² Productivity Commission Research Report, January 2010, Contribution of the Not-for-profit Sector, page 53.

³ Calculated from ABN register

opportunities, and representatives from not-for-profit organisations can post their needs for skilled professional volunteers.

- [goodCompany](#)

goodCompany's purpose is to match professional volunteers (with a University degree and/or several years of experience) with not-for-profit organisations. Both professionals and not-for-profit organisations can register on the site for free.

- [GoVolunteer](#)

GoVolunteer is an initiative of Volunteering Australia and is intended to make it easier for Australians to volunteer. The site includes a search facility for volunteers to find local opportunities as well as information about the listed organisations and about volunteering in general.

- [Volunteering Australia](#)

Volunteering Australia is the national peak body for volunteering in Australia. Its mission is to represent the diverse views and needs of the volunteering movement, as well as to promote volunteering as an activity of social, cultural and economic value.

[Australia Government Community Services](#)

News, information and resources for groups and organisations who support and represent people who get payments and services from the Government.

[Information on giving circles](#)

Information regarding [Collective Giving can be found the Philanthropy Australia website](#).

A number of biographies of prominent Australian philanthropists are available, including:

- Poynter, John 2003. *Mr Felton's Bequests*. The Miegunyah Press, Melbourne.
- Yule, Peter 2006. *Ian Potter: financier, philanthropist and patron of the arts*. The Miegunyah Press, Melbourne.
- Barber, Stella 2004. *Sidney Myer: A Life, A Legacy*. Hardie Grant Books, Melbourne.

Glossary

Ancillary Fund

An ancillary fund is a legal structure which can be used to establish a tax-deductible foundation.

There are two kinds of Ancillary Fund; the public fund and the Private Ancillary Fund (PAF).

According to the Australian Taxation Office, a **Public Ancillary Fund** has the following characteristics:

- it is a public fund (meaning that the public must contribute to the fund, and the majority of Trustees must be “Responsible Persons”)
- it is established and maintained under a Will or instrument of trust
- it is allowed, by the terms of the Will or instrument of trust, to invest gift money only in ways that Australian law allows Trustees to invest money
- it must distribute the equivalent of 4% of its capital value every year
- it is established and maintained solely for
 - the purpose of providing money, property or benefits to DGR entities, or
 - the establishment of DGR entities

A **Private Ancillary Fund** (PAF) shares some of these characteristics, but it must not fundraise from the general public, must distribute the equivalent of 5% of their capital every year and must be controlled by a corporation.

PAFs have evolved from the former structure, Prescribed Private Funds (PPFs), the first of which were approved in June 2001. PAFs are exempt from income tax and are deductible gift recipients.

Both types of ancillary fund must only make grants to other DGRs and must not carry on other activities (such as running programs). An ancillary fund must not provide for, or establish, another ancillary fund.

Bequest

A gift made available upon the donor's death by provision in their Will. A bequest can be a specific sum of money, an item or piece of property, or a percentage of your estate.

Charity

The term charity is often used as a synonym for voluntary, or not-for-profit organisations, popularly understood as organisation that raise funds for or offer support to the disadvantaged in society. However, the legal meaning of the term can differ from the popular understanding. In legal terms, a charity is an entity established for altruistic purposes that the law regards as charitable.

When we refer to a charity, or a charitable organisation, throughout this guide, we are referring to an organisation which has been endorsed by the Australian Tax Office as a Tax Concession Charity. While the Australian Tax Office endorses organisations as eligible for charitable status, the Tax Office does not set the criteria to decide whether or not an organisation is a charity. Criteria for deciding what is a charity have been established by case law.

It is important to recognise that some organisations which most people would assume are charities, including some hospitals, public art galleries, and other types of organisation, have not been endorsed as charities by the Australian Taxation Office. This is especially important if you are thinking about setting up a charitable foundation, as some types of foundation are limited to only funding endorsed charities.

Corpus

The original gift and ongoing principal that forms the asset base from which a foundation operates. Income from the corpus is given away in the form of grants.

Deductible Gift Recipient (DGR)

A deductible gift recipient (DGR) is a fund or organisation that can receive tax deductible gifts. Some DGRs are listed by name in the income tax law. They include organisations like Amnesty International Australia, Landcare Australia Limited and the Australian Academy of Science. There are also prescribed private funds listed by name in the income tax regulations. For other organisations to be DGRs, they must fall within a general category set out in the income tax law. Examples include public benevolent institutions, public universities, public hospitals and school building funds.

When referring to DGRs, you may see or hear the terms "type 1" and "type 2" DGR (or DGR1 and DGR2). These terms stem from where the related legal provisions are located in the Income Tax Assessment Act 1997.

DGR 1 is the entity that directly engages in activities (the 'doer'). The vast majority of organisations that are endorsed as a DGR will be a type 1 DGR.

DGR 2 supports other organisations (the 'giver'). DGR2 organisations are generally only allowed to give funds and support to DGR1 entities. Public ancillary funds and private ancillary funds are examples of DGR2 entities.

Overseas Aid Gift Deductibility Status: enables Australian organisations to issue tax deductible receipts for donations to their overseas aid activities. These activities must be to support aid activities in countries that are declared as 'developing' by the Minister for Foreign Affairs. Members of the Australian community can then claim their donation as a tax deduction.

You can find further information regarding [Deductible Gift Recipients \(DGR\) from the ACNC](#) website and [Overseas Aid Gift Deductibility Status from the Department of Foreign Affairs and Trade](#) website.

Tax concessions for not-for-profit organisations

There are a number of tax concessions available to not-for-profit organisations, both from the Australian Taxation Office (ATO) and from relevant state and territory governments.

Charities must be registered with the ACNC to apply for charity tax concessions from the ATO. You can apply for charity tax concessions from the ATO when completing the ACNC's charity registration application.

It is important to note that while the ACNC registers charities for Commonwealth purposes, the ATO remains responsible for tax – including the decision to endorse charities for tax concessions.

Other not-for-profits may be eligible for tax concessions by the ATO.

For more information visit the site below:

- [The ATO guidance on Tax concessions for not-for-profits](#)
- [The ATO guidance on income tax exempt organisations](#)
- [The ATO guidance on endorsement as a tax concession charity](#)
- [The ACNC factsheet on charity tax concessions](#)

Trustees

Trustees are the persons or institutions responsible for the administration of a trust. Trustees can be a Trustee company, or family members, or a company limited by guarantee. Trustees are responsible for the investment decisions and for ensuring that income is distributed in line with the stated purposes in the trust deed.

Trustee Company

Trustee companies are corporations that are legally authorised to serve as executors of Wills, as Trustees of charitable and non-charitable foundations, and other executor and Trustee services. Many charitable trusts and foundations are managed in Australia by Trustee companies (by some estimates, this is between half and two-thirds of all trusts). Trustee companies offer a structure through which the wishes of the donor can be carried out as instructed in perpetuity.



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