

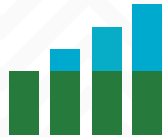


# Top of the South COMMUNITY FOUNDATION *Tē Tauihu*

Top of the South Community Foundation (TotSCF) is a registered charitable trust set up to inspire generosity in the top of the South Island and provide ongoing support for the charities and community groups that operate there.



Your gift



is invested  
and grown



and the  
ongoing income  
earned



goes to the  
local causes  
you love.

## How does it work?

People (the 'Donors') are encouraged to set up a 'Fund' which is held and managed as an endowment fund by **TotSCF**. Donors may also contribute to other funds that have been already set up by **TotSCF**, or make regular 'living giving' donations. The Donor can contribute in whichever way best suits their personal situation.

Gifts may be made during the Donor's lifetime (in which case there are income tax benefits to the Donor) or upon the Donor's death (i.e. under their Will), or both.

All money received is pooled and invested by **TotSCF**, and each year the investment income is used to make distributions to the local community in accordance with the Donor's wishes (or the purpose of the fund they are donating to), so the capital remains intact.

## Which charities receive payments from the Fund?

This is entirely up to the Donor who sets up the Fund.

The Donor may specify particular charities or charitable purposes that are to receive annual distributions; or the Donor may leave the gift "unrestricted" in which case **TotSCF** allocates it where the need is greatest each year.

Many Donors choose both; they specify a certain percentage of the distribution to go to particular charities or causes and leave the rest unrestricted.

## What does TotSCF do?

### a. Manages each Fund

While each Fund is separately monitored and accounted for, the capital of each Fund is combined with all other Funds to achieve economies of scale.

**TotSCF's** Investment Advisory Committee (a subset of the Board) oversee the **TotSCF** funds and all investment recommendations.

That Committee has appointed Craigs Investment Partners as the investment manager.

### b. Distributes income to the local community

A minimum 4% distribution from each Fund is targeted annually.

**TotSCF** makes these distributions in accordance with instructions which have been given by the Donor at the time that the Fund was created.

Where the Fund is wholly or partially unrestricted **TotSCF** invites applications from local charities and community groups, and allocates those funds based on identified priorities.

**TotSCF's** Board receives, investigates and considers the applications.

### c. Promotes generosity

You don't have to be wealthy to make a difference. Creating a compassionate, caring community just needs thoughtful, committed people.

**TotSCF** aims to make the process as easy and rewarding as possible so that everyone can contribute in a way that works best for them, whether that be giving in their lifetime, or in their Will, or both.

## What are the benefits to the Donor?

### a. Personal satisfaction

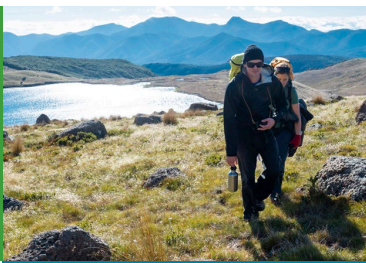
Donors giving during their lifetime derive real pleasure from seeing their money making a difference in the community now.

People who choose to give in their Will love knowing that what they have worked and saved for will provide lasting benefit across the region, for generations to come.

People giving in their Will usually choose to leave a certain percent of their estate for **TotSCF** to administer. A popular choice is to give 90% of their estate to their children, and leave 10% to the community, through **TotSCF**. Others who don't have any immediate family often leave a significantly higher proportion to **TotSCF**.



Make your giving go further



Give where you live



Everlasting generosity made easy



### b. Avoids problems of personal charitable trust

Some people may consider the idea of setting up their own charitable trust, to continue making donations on their behalf when they are gone. Some of the issues to bear in mind with this option include:

#### i. Ongoing trusteeship

Who will continue to manage the Trust after the Donor and the Donor's advisers have passed on?

#### ii. Administrative burden and costs

Compliance requirements and costs of properly managing a Trust mean annual administration costs can reduce the effectiveness of the gift.

Establishing a Fund through **TotSCF** has much the same effect as establishing a personal charitable trust but without those problems.

Some of our Donors who already have an active charitable trust have provided that when they die it will become a Fund that then becomes managed by **TotSCF**, which can also overcome the challenges outlined above.

## What are the benefits to the charities?

### a. Regular future income

Most charities desperately need an ongoing passive source of income. Where a Donor nominates a particular charity that charity knows it will continue to receive that income forever without having to go through the cost and uncertainty of making applications for grants. That charity can rely on that income and budget accordingly.

### b. Asset not recorded in financial accounts

If a charity is holding investment funds to maintain an income flow this sometimes renders the charity ineligible for other funding. If the investments are owned by **TotSCF** the charity receives the annual donation but the invested capital is not listed in its financial accounts.

### c. Expert investment advice

The charity itself does not have to worry about making investment decisions and can focus on serving its community.

**TotSCF** has a very favourable arrangement with Craigs Investment Partners and the benefits of this arrangement are indirectly passed on to the charity.

In addition, there is the expert oversight by **TotSCF's** Investment Committee.

### d. Extra source of funding

Even if a charity has not been specified by a Donor the charity can apply to **TotSCF** for part of the income from the unspecified funds. This is particularly valuable for new or emerging charities.

### e. Increased charitable giving

**TotSCF** is helping to change attitudes towards philanthropy generally, and in particular gifting to local organisations to support our community. The establishment of a Special Purpose Endowment for a community organisation gives potential donors a special and attractive way to provide long term financial support for their favourite cause.

## How is TotSCF funded?

All **TotSCF** Trustees and committee members are volunteers. There are, however, administrative costs and the Board is very conscious of keeping these costs at a minimum while providing a professional service.

In order to cover operating costs, Donors who create a named endowment fund are asked to make an initial donation of \$5,000 when the Fund is established, or \$1,000 annually for five years, or \$5,000 upon the Donor's death, whichever the Donor prefers. In addition, 1% of the Fund is donated to **TotSCF** each year for its administration.

**TotSCF** is also supported by local businesses and donors who are choosing to provide administration funding support until such time as **TotSCF** is self-sustaining.

## Who runs TotSCF?

**TotSCF** has a robust governance model. A minimum of one Trustee must be a current member of the NZ Law Society, and at least one Trustee must be a current member of the Chartered Accountants Australia and New Zealand.

FOR MORE INFORMATION CONTACT:

Gavin Larsen, Executive Officer | M: 021 409 860

Email: [eo@topsouthfoundation.org.nz](mailto:eo@topsouthfoundation.org.nz) | [www.topsouthfoundation.org.nz](http://www.topsouthfoundation.org.nz)

