



# Create lasting change

OVERVIEW OF CHARITABLE FUND ACCOUNTS

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**Realise your  
philanthropic vision**



## Contents

- 4** Inspiring Philanthropy since 1923
- 5** Why establish a Charitable Fund Account with Lord Mayor's Charitable Foundation
- 6** How does a Charitable Fund Account work?
- 8** Benefits of establishing a Charitable Fund Account
- 10** Key features at a glance
- 12** Commonly asked questions





## Inspiring Philanthropy since 1923



For over 95 years, Lord Mayor's Charitable Foundation has been inspiring philanthropy by bringing people, ideas and resources together to help communities across greater Melbourne and Victoria become more healthy, resilient and sustainable.

As an independent, not-for-profit community foundation, we provide everyone with an opportunity to participate in philanthropy. We help to support positive change by bringing donors and experts together, conduct cutting-edge research and make grants that increase opportunity, improve community life and tackle issues affecting our local community.

Lord Mayor's Charitable Foundation provides expertise on grantmaking, emerging and current community issues and takes care of the administration, investment and compliance, leaving our donors to focus on their philanthropic journey.

We are committed to partnering with you to help you support the issues you care about most and make a lasting difference in our community.

Your generosity combined with the Foundation's extensive knowledge of the issues and challenges facing greater Melbourne and Victoria, will ensure your giving will have the greatest impact.

We look forward to working with you, your family and your professional adviser to help you realise your philanthropic vision.



## Why establish a Charitable Fund Account with Lord Mayor's Charitable Foundation

Establishing a Charitable Fund Account with Lord Mayor's Charitable Foundation, is a simple and tax effective way to support the issues that are most important to you.

Our Charitable Fund Accounts are administered by a not-for-profit trustee and provide a flexible, cost-effective giving vehicle that allows you to support charities over the long term. Charitable Fund Accounts are less costly and easier to administer than other forms of giving such as private foundations and are growing in popularity as a flexible, efficient and thoughtful way for donors to structure their charitable giving.

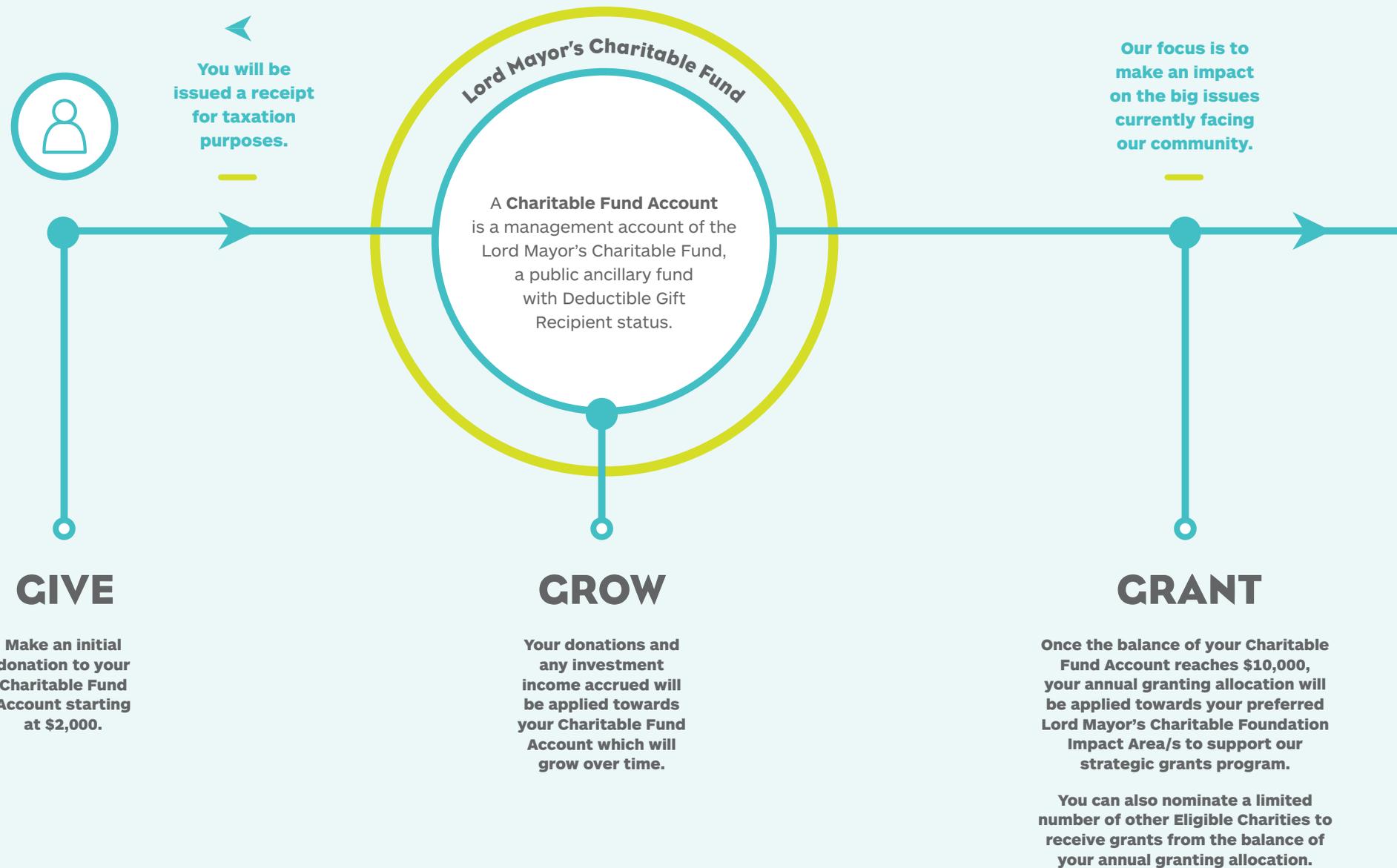
There are many reasons why donors may choose to establish a Charitable Fund Account. They range from having an emotional connection to a charitable cause, a desire to engage family members in philanthropy, a way to contribute to the community after experiencing success in business or perhaps to honour the memory of a friend or family member. Some donors set up Charitable Fund Accounts during their lifetime to enable them to 'give where they live,' and then decide to make a bequest to their Charitable Fund Account leaving a legacy for generations to come.

By partnering with Lord Mayor's Charitable Foundation, you can benefit from the Foundation's finance and compliance services, expertise in grantmaking and deep knowledge of current community issues, to help you realise your philanthropic goals and make a lasting difference.

We are excited about continuing to grow a network of passionate donors who share our vision of inspiring philanthropy and sustained social impact.



# How does a Charitable Fund Account work?



## Lord Mayor's Charitable Foundation Impact Areas

### Education & Employment



Supporting young and older people to access education and work.

### Environment & Sustainability



Transitioning towards a low-carbon economy, building a sustainable food system and protecting aquatic eco-systems.

### Healthy & Resilient Communities



Addressing inequities in healthy ageing, building community resilience in the face of climate change and strengthening social cohesion and reducing discrimination.

### Homelessness & Affordable Housing



Increasing the supply of affordable housing and early intervention to prevent entry into and entrenchment in homelessness.

### Other Eligible Charities



## Benefits of establishing a Charitable Fund Account

- 1** A Charitable Fund Account provides an efficient and strategic way to support the issues you care about.
- 2** We encourage you to maximise your impact by aligning your giving with the Foundation's grantmaking in any of our priority Impact Areas: Education & Employment, Environment & Sustainability, Healthy & Resilient Communities, Homelessness & Affordable Housing.
- 3** You will gain access to Lord Mayor's Charitable Foundation's deep knowledge of the emerging needs and issues affecting Melbourne and the charitable organisations that are working to address those issues.
- 4** Our Greater Melbourne Vital Signs research gathers and publishes data which helps ensure that you are equipped with knowledge to enable you to direct your grantmaking to the most critical areas.
- 5** You can claim a tax deduction for donations made to a Charitable Fund Account which can be spread over a period of up to five years.
- 6** A Charitable Fund Account can be established within three business days once you have completed the establishment form, and upon receipt of your establishment donation.
- 7** Once established, the funds that you have donated are pooled and invested with income and capital attributed accordingly.
- 8** Your family and friends can make donations to your Charitable Fund Account.
- 9** Lord Mayor's Charitable Foundation is committed to accessible and cost-effective philanthropy, which means minimal administration fees are charged on Charitable Fund Accounts, leaving you to focus on your philanthropy.
- 10** Lord Mayor's Charitable Foundation will manage the investment, governance, compliance and administration of your Charitable Fund Account.
- 11** You will have opportunities to meet and partner with the Foundation and other like-minded donors through co-funding strategic grantmaking initiatives and joining collective giving groups.



## Key features at a glance

### Legal structure

A Charitable Fund Account is administered as a management account of the Lord Mayor's Charitable Fund (ABN 63 635 798 473), a public ancillary fund endorsed by the Australian Taxation Office (ATO) as a Deductible Gift Recipient (DGR). A Charitable Fund Account is not operated as a separate entity.

Lord Mayor's Charitable Foundation (ABN 48 042 414 556) is the not-for-profit trustee and administers the Lord Mayor's Charitable Fund.

### Establishment

A Charitable Fund Account can be set up within three business days, once you have completed the Charitable Fund Account Establishment Form. The minimum establishment donation is \$2,000. Donors start recommending Eligible Charities for a grant once the Charitable Fund Account holds \$10,000 or more. Funds range in size from a few thousand to millions of dollars.

### Naming

You can name your Charitable Fund Account (within the ATO guidelines). Grants made to Eligible Charities from your Charitable Fund Account will refer to this name. Please advise us if you would prefer to remain anonymous.

### Granting process

Each financial year, we determine a total amount to be distributed from the Lord Mayor's Charitable Fund. During each financial year, the Foundation is required to distribute a minimum of 4% (minimum annual distribution rate) of the market value of the Fund's net assets. We will advise you of the net amount available for granting.

In making grants, we will consider the Foundation's Impact Area/s and any recommended Eligible Charities you have indicated you would like to support from your Charitable Fund Account's annual Granting Allocation.

### Eligibility of grant recipients

Eligible Charities must be endorsed by the ATO as Tax Concession Charities and have DGR Item 1 status. Under the provisions of the Lord Mayor's Charitable Foundation Act 2017 (Vic), Eligible Charities must also be established or operating within Victoria. The Foundation undertakes due diligence on all grant recipients.

### Grantmaking advice

Our expert Program Managers can provide guidance on the charitable organisations working to address issues within each of our priority Impact Areas.



### Donor participation

You will have opportunities to co-fund with the Foundation and maximise the impact of your philanthropy through strategic grantmaking and collective giving initiatives.

### Administration fees

The Foundation's current annual administration fees are based on the capital balance of a Charitable Fund Account at 30 June the previous year.\*

Fee Schedule

Charitable Fund Account balance	Administration fee (% PA)
Up to \$500k	1.4%
\$500k – \$1m	1.3%
\$1m +	1.1%

This fee covers grant due diligence, donor education, research, investment management, reporting and compliance by the Foundation. There is no fee to establish your Charitable Fund Account. The trustee is not-for-profit and all proceeds are reinvested back into the Fund.

### Tax advantages

You can claim a tax deduction for your initial donation and any subsequent donations made to a Charitable Fund Account. You can elect to spread each deduction for a period of up to five years.

### Investment strategy and objective

The Foundation, as the trustee of perpetual charitable funds, adopts a long-term investment view. A balanced approach is taken to continue to grow the consolidated investment corpus and achieve a consistent level of distributable income available to provide grants to charities. The investment objective is to achieve a return target of at least CPI +2.5% per annum measured over a rolling 10-year period.

The Foundation maintains a capital Investment Policy which includes an Investment Strategy, a Social Impact Investment Policy and an Ethical Investment Policy.

\* This fee is accurate at the time of writing and the Foundation reviews its fees from time to time.

## Commonly asked questions

### Opening a Charitable Fund Account

#### I'm interested in starting a Charitable Fund Account, what are my next steps?

To establish a Charitable Fund Account with Lord Mayor's Charitable Foundation, you will need to complete the Charitable Fund Account Establishment Form, which can be found on our website at [lmcf.org.au/start-a-fund/charitable-funds](http://lmcf.org.au/start-a-fund/charitable-funds)

We encourage you to contact LMCF Philanthropy Services on 03 9633 0033 or [philanthropy@lmcf.org.au](mailto:philanthropy@lmcf.org.au) to discuss your charitable intentions and ensure we can assist you throughout the establishment process.

#### Who can establish a Charitable Fund Account?

Individuals, businesses, trusts, estates and local councils can establish a Charitable Fund Account.

#### How long will it take to establish a Charitable Fund Account?

It generally takes about three business days to set up your Charitable Fund Account from the time you have submitted your establishment form, along with your initial donation.

#### Can I choose to remain anonymous?

Grants made to Eligible Charities from Lord Mayor's Charitable Foundation will be attributed to your Charitable Fund Account and acknowledged as the name of your Charitable Fund Account. You may however request anonymity.

#### How does Lord Mayor's Charitable Foundation work with my professional adviser?

Lord Mayor's Charitable Foundation partners with many professional advisers, including investment advisers, accountants, financial planners and legal advisers. We provide advice and resources to help advisers plan their clients' philanthropic giving strategies. Through LMCF Philanthropy Services, we can provide a wide range of advice about philanthropy and the charitable sector.

#### Can I wind up my Private Ancillary Fund (PAF) and transfer the full net assets to Lord Mayor's Charitable Foundation?

If you no longer wish to manage your own PAF or there is no succession plan in place, you can apply to the Commissioner of Taxation to transfer the full net assets of your PAF to become a Charitable Fund Account, provided certain conditions are met. This will mean Lord Mayor's Charitable Foundation will take over the compliance, administration and investment activity, while still allowing you to provide recommendations on grantmaking. We recommend you seek professional advice and contact us to talk through your objectives.

For larger PAFs, the Foundation will consider taking on the trustee role. Lord Mayor's Charitable Foundation may also act as the trustee of a new PAF. Again, please contact us to talk over your philanthropic goals if you are considering establishing a PAF.

### Making contributions

#### What is the minimum donation I need to establish a Charitable Fund Account?

You can establish a Charitable Fund Account with an initial donation of \$2,000 or more, with the commitment of growing the fund over time. Your account needs to grow to \$10,000 before charitable distributions can be made.

#### Can I contribute other financial assets such as shares or real estate to my Charitable Fund Account?

Yes, you can donate assets such as shares or real estate to your Charitable Fund Account.

#### Can I invite others to give to my Charitable Fund Account?

Yes, your family and friends can make tax-deductible contributions to your Charitable Fund Account. They will be provided with the option to remain anonymous should they choose, which means the Foundation will not disclose their name and donation amount to you as the Charitable Fund Account holder. The person making the donation will receive the tax-deductible donation receipt.

#### I'm interested in doing some fundraising for my Charitable Fund Account. Are there any guidelines?

Yes, please visit our website at [lmcf.org.au/start-a-fund/fundraise](http://lmcf.org.au/start-a-fund/fundraise) to view our Fundraising Guidelines and forms that will assist you with your fundraising initiative. It is important to seek approval from Lord Mayor's Charitable Foundation for any fundraising initiatives you intend to undertake on behalf of our Foundation.

#### Can I withdraw funds after I have contributed to my Charitable Fund Account?

The nature of the tax-deductible status of the Lord Mayor's Charitable Fund means that your donations, once made, become the property of the Foundation and cannot be refunded.

#### Are my donations tax-deductible?

Yes, donations are tax-deductible. You can also elect to spread the deduction over a period of up to five years.

#### Will I receive a tax-deductible receipt for the donations I make to my Charitable Fund Account?

Yes, we will issue tax-deductible receipts for the value of your initial donation and your additional donations. Many Lord Mayor's Charitable Foundation donors add to their Charitable Fund Account each year.

## Commonly asked questions

### Grantmaking

#### What is the minimum amount distributed, and when does this occur?

Each financial year, we determine a total amount to be distributed from the Lord Mayor's Charitable Fund (the Fund Distribution). The Public Ancillary Fund Guidelines 2011 (amended in 2016) require the Foundation to distribute at least 4% of the net value of the Lord Mayor's Charitable Fund each financial year.

#### What types of charitable organisations can the Foundation make grants to?

Grants from the Lord Mayor's Charitable Fund can only be made to Eligible Charities that are endorsed by the ATO as Tax Concession Charities and have DGR Item 1 status.

Under the provisions of the Lord Mayor's Charitable Foundation Act 2017 (Vic), Eligible Charities funded from the Lord Mayor's Charitable Fund must also be established or operating within Victoria.

(The Foundation may make grants to charities more broadly from other bequest funds not held in the Lord Mayor's Charitable Fund.)

#### Does Lord Mayor's Charitable Foundation report publicly?

Lord Mayor's Charitable Foundation is an Australian registered charity with the Australian Charities and Not-for-profits Commission (ACNC). Each year, the Foundation reports on its activities and granting from the Lord Mayor's Charitable Fund (a public ancillary fund) and other bequest funds to the ACNC.

The Foundation also reports to the Federal Treasury under the Public Ancillary Fund Guidelines 2011 (amended in 2016) in respect of the Lord Mayor's Charitable Fund.

#### Is Lord Mayor's Charitable Foundation required to follow my charity recommendations?

To comply with charity law and tax regulations, the trustee of the Lord Mayor's Charitable Fund has the ultimate discretion to determine which Eligible Charities will benefit from each Charitable Fund Account. Donors' recommendations are always considered but the Board is not required to follow a donor's recommendation. The Foundation endeavours to monitor recommended charities for reputational or financial risk.

#### What portion of my annual Granting Allocation must I commit to Lord Mayor's Charitable Foundation?

Once the balance of your Charitable Fund Account reaches \$10,000, you must designate at least 10% of your granting allocation towards the strategic grantmaking program of your chosen Lord Mayor's Charitable Foundation Impact Area/s. This will ensure that your Charitable Fund Account is taking full advantage of the Foundation's granting expertise and addressing priority community needs across greater Melbourne.

#### Are my grant recommendations limited to a certain amount?

If your Charitable Fund Account balance is \$10,000 or more at 30 June in the most recent financial year, you may also recommend Eligible Charities to receive grants from the Charitable Fund Account's annual Granting Allocation. The Foundation advises limiting the number of Eligible Charities you would like to support to maximise the impact of your grants.

#### Can Lord Mayor's Charitable Foundation help me find effective charities to support?

Yes, our experienced Program Managers can work with you to identify charitable organisations that are working to address community needs aligned with the strategic priorities of the Foundation's Impact Areas. You can also join with the Foundation by co-funding a project that is being supported by the Foundation through its grants program.

### Donor reporting

#### When will I receive a statement on the balance of my Charitable Fund Account?

Lord Mayor's Charitable Foundation will provide you with an annual statement after the end of financial year, detailing the investment value, administration fees and grants attributed to your Charitable Fund Account, within the Lord Mayor's Charitable Fund.

If you have any questions, you can contact us on 03 9633 0033 or [philanthropy@lmcf.org.au](mailto:philanthropy@lmcf.org.au) at any time.

### Succession planning

#### Can my Charitable Fund Account continue after my death?

Yes, Lord Mayor's Charitable Foundation will continue to manage the Charitable Fund Account as your philanthropic legacy. From time to time, a donor may wish to nominate a successor to make grant recommendations in the case of your death or in the event you experience mental incapacity or other legal disability. We will require your successor nominee to sign an acknowledgement.

#### Can I leave a gift in my Will to my Charitable Fund Account?

Yes, you can nominate your Charitable Fund Account to receive a bequest. We are excited about continuing to grow a network of passionate donors who share our vision of inspiring philanthropy and sustained social impact. We can assist you with the correct wording to incorporate into your Will. Please contact us for further information.

Lord Mayor's Charitable Foundation does not provide legal or tax advice and we recommend that donors consult with their own financial, legal or tax adviser to determine the best strategy for their needs.





## Contact us

We welcome the opportunity to discuss how Lord Mayor's Charitable Foundation can help you achieve your philanthropic vision.

**To find out more about establishing a Charitable Fund Account or to discuss your charitable giving goals, please contact LMCF Philanthropy Services.**

Lord Mayor's Charitable Foundation  
Lord Mayor's Charitable Fund

ABN 48 042 414 556  
ABN 63 635 798 473

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