

# Fremantle Foundation

**SUPPORTING YOUR CLIENT'S  
GIVING**

2024



## Philanthropic giving – a growing market

**The value of large-scale giving is rapidly rising in Australia.**

In the 2020-2021 financial year, the total value of donations given by the top 50 philanthropists in Australia was \$942 million.

In 2021, the donations of Australia's top 50 givers had more than doubled since the list of our top givers was first published in 2016.

Wealthy Australians are increasingly acknowledging their good fortune and are looking to make a bigger contribution to social, environmental, cultural and community causes they connect with.

Australia will shortly experience the largest intergenerational wealth transfer in its history. Over the next two decades, \$2.6 trillion is expected to pass to the next generation.

If 10–20 percent of that amount went to charity, it would release \$260–520 billion to support the most crucial causes in our society, and would be transformational for Australia.

## An opportunity to engage your clients on philanthropy

**Financial advisers, lawyers and accountants play a key role in growing philanthropy in Australia.**

The most effective way of doing this is by proactively talking with your clients about giving. This conversation is not as complex as you might think. Advisers who engage with their clients about philanthropy recognise the many benefits of doing so, including:

- you can build trust and rapport with your clients
- by raising the idea of giving with your client you are demonstrating you can provide more holistic advice
- discussions about meaning, purpose and leaving a legacy helps build long-term, sustainable client relationships
- engaging clients on philanthropy leads to a marked improvement in retention of clients across generations, as successive generations of family members continue the charitable work
- whilst many clients are motivated to make a contribution, they also appreciate the tax concessions that accrue for giving
- donors can become more effective in their philanthropy and support for charitable organisations.

## Why and when your clients give

**Giving tends to be a personal journey for donors and the more they feel personally connected to a cause or issue, the better the funding outcome.**

Understanding your client's motivations can assist you to provide tailored giving advice as well as helping your client to be more effective in their philanthropy.

For clients who have historically given directly to charity, their motivations may be limited to ensuring donations made to deductible gift recipients are taken into account when finalising taxable income.

For clients with capacity and interest in structured giving, advisers can become involved in providing direction on giving structures or foundations.

Typically, a donor's decision to make a high-value gift will be motivated by one or many external factors. When these factors become part of the conversation, raising the topic of giving can prove to be an effective means of engaging with your client as well as building trust and rapport.

You can find a more detailed breakdown of motivating factors and indicators at the end of this guide.

# Starting The Conversation

Many advisors can be reluctant, or unsure how to broach the subject of charitable giving with clients. But starting those conversations is often easier than you think.

## 1. Introduce philanthropy early in your working relationship.

Have you been waiting for your client to raise the issue of philanthropy? Your client might be waiting for you to step up and broach the topic. The conversation around charitable giving shouldn't come up incidentally as a solution to an unrelated tax or estate planning problem. Make the conversation feel more intentional by raising the topic of philanthropy yourself.

Some advisors suggest putting it on the agenda for the very first meeting with a client. Others include it on the initial data collection form they ask clients to fill out, so it is one item on a list of topics assumed to be covered with any new client.

Taking the time to discuss philanthropic goals as part of an overall financial plan will help build your relationships with your clients. People are motivated to give for a variety of reasons including tax implications, the want to leave a legacy, engagement with a particular organisation, pure altruism and more.

Open-ended questions help to widen the dialog and help you understand your client's priorities, motivators and concerns.

### **"What do you want to achieve with your money that is meaningful to you?"**

Particularly for trust and estate attorneys who are likely to be having conversations about an individual's long-term plans, there is a real opportunity to learn more about a client's vision of the world they would like to leave behind. By opening up a conversation on legacy, an advisor can learn more about the client's overall perspective on the world, including whether there might be interest in giving.

If the new client hasn't yet considered charitable giving, bringing up the topic now will get them thinking about it.

### **"Are you currently making gifts to any charitable organisations?"**

### **"Do you think that you will want to explore philanthropy in the future?"**

If the answer is "No," you've learned something useful about your client, and can move on to supporting them in other ways.

If the answer is "Yes," more questions will naturally follow.



## 2. Learn about your client's specific motivations for giving by asking the right questions.

These kinds of questions should go far beyond the facts and numbers.

Again, the questions you ask should present an open-ended invitation for your clients to express themselves. By exploring their history of giving, you can gain insights into why they choose to give and the approach they have taken.

### **"What has motivated you to give to charity in the past?"**

Financial advisors tend to believe tax savings are a major motivation for their clients' philanthropy. In fact, only 10% of high net-worth philanthropists report tax savings as a primary motive.

Learning more about what motivates your client to support philanthropy—on the level of empathy and personal values—can help you better connect with them, and should guide your conversation.

### **"What was special about the cause or charity you chose?"**

This could be determined by broad moral values, or by the nitty-gritty of how a charity actually gets work done.

In terms of causes, a client who believes in a moral imperative to redistribute their wealth to the needy might support a charity that relieves poverty. A client who spends their free time hiking, camping, and doing other outdoor activities might support charities preserving natural landscapes. Your client may not have a specific "pet cause" that they're focused on—they just want to make the biggest impact possible. They're more likely to be concerned most with the charity itself; how they obtain and use their funding.

For instance, one donor may support charities such as the Salvation Army or Australian Red Cross, which receive a large amount of government funding and offer broad, wide-ranging programs across Australia. Another donor might seek out similar or associated charities that don't have official support, offer more location-based programs and perhaps "need" the funding more.

These impact-focused clients will want to see where their money is going. That's where Fremantle Foundation's direct, hands-on approach to facilitating granting comes in handy: We understand where the gaps are, which charities are best to address those gaps, how to deliver the grant funds in a timely fashion, and how those funds are spent.

In most cases, your client will be concerned both with fulfilling their values and with making a measurable impact. Understanding the interplay between these two motivations can help you better guide your client's giving.

### 3. Explore the concept of legacy, and provide options for structured giving

#### **"Is charitable giving a family value you want to share with the next generation?"**

Engage clients by including their families in discussions on philanthropic goals as a part of a financial strategy.

Participating in giving teaches your children valuable life skills such as goal setting, money management, and project planning, as well as helping to teach them empathy and building emotional intelligence.

It's also a way for a client's children to learn how to be good stewards of the family wealth as well as to understand how the money is to be distributed in the future. If those family members are beneficiaries of your client, working with them on philanthropy now is a good way to build a relationship that lasts.

#### **"Would you like to give more?"**

#### **"Have you thought about legal structures through which to conduct your giving?"**

If your client isn't giving as much as they would like, it probably means they lack a cohesive plan for how they'd like to practice philanthropy. Without such a plan, it's hard to spot places where giving can be made more effective.

A simple question like this one has the potential to open the floodgates.

You'll get insights into your client's plans for the future, their approach to giving, and what you can do to help them grow their impact.

When you start talking about aspirations, you build a stronger connection with your client—and plant the seeds to grow the charitable assets under your management.

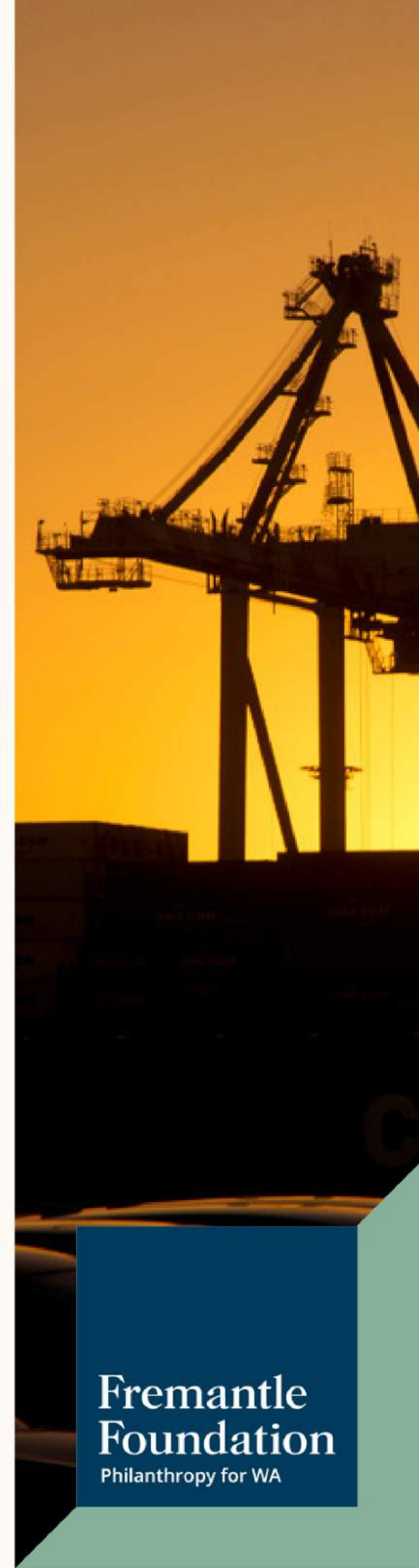
If your client has historically made sporadic, one-off donations, it could be an opportunity for you to help them manage their giving in a more controlled way. Fremantle Foundation can provide the structure, compliance, due diligence and impact reporting that your client will need, leaving them to simply focus on the charities and causes that matter to them.

### 4. Develop your expertise in the area of charitable giving.

To feel most comfortable putting philanthropy in motion for your clients, you should become deeply familiar with charity vehicles like Private Ancillary Funds (PAFs) and Public Ancillary Funds (PuAFs). You can find a handy chart at the end of this guide that breaks down the key differences between these structures.

Financial advisors who are well-versed in philanthropy help their clients give exactly how they want to give – and feel great about it in the process. They take complex gifting and personalise a strategy that simplifies giving while strengthening the impact of that generosity.

Before you know it, you've helped your client create a legacy today that will last for generations.



## What is a Community Foundation?

Every vibrant community in Australia has two important things going for it. First, you've got generous citizens who donate time and money to make their community stronger and; Second, public charities who work to make things better.

In an ideal world, dollars would flow efficiently from donors to non-profits and information about results and outcomes would flow smoothly back to donors. Unfortunately that's easier said than done. All too often, donors aren't sure how to make their donations really count and many nonprofits that do great work are chronically starved for resources.

That's where a community foundation comes in.

The job of a community foundation is to understand the DNA of its community and the needs that exist there better than any single organisation or individual in it. They work tirelessly to know the intricate fabric of local nonprofits, and more specifically, where the greatest ideas, opportunities, leaders and needs lie.

With this view, they are able to educate donors about the most effective charities, connect strong nonprofits with new donors, and identify critical issues not being adequately served.

Community Foundations are the vital portal to effective nonprofit giving, enabling donors large and small to invest their resources where they are most needed and where they will have the greatest impact, and that's good for everybody.

## Fremantle Foundation

Established over 12 years ago, the Fremantle Foundation is an independent philanthropic organisation that operates as a Community Foundation for Western Australia. Created by community, for community.

We are part of the communities we support. We have first-hand knowledge of local issues and needs and bring people together to pool resources and activate the power of collective giving for lasting impact.

We raise money, establish and manage donor-advised charitable funds for individuals, families or businesses and make grants on behalf of donors to support the changing needs of WA communities over the long term.

We have the skills and structures that make it easy for anyone to donate to local causes and charities in the most effective way.

	PRIVATE ANCILLARY FUND (PAF)	FREMANTLE FOUNDATION
<b>PUBLIC DONATIONS</b>	Family members can make tax deductible donations but PAFs cannot solicit funds from the public	Fremantle Foundation is a Public Ancillary Fund (PuAF). Named Funds within a PuAF can solicit funds from the public
<b>TRUSTEES</b>	PAFs require a corporate trustee. The trust is controlled by a company, usually with family members as directors and at least one independent "Responsible Person"	The Trustees are the Board of Directors
<b>DONATIONS &amp; INVESTMENT</b>	Contributions are irrevocable (once funds are donated, they can't be returned to the donor) and must be invested in line with the investment strategy. Requires a stand-alone investment strategy, reflecting 'prudent person' investment principles	Contributions are irrevocable but 'portability' may be an option – a sub-fund holder can request that the trustee transfers the assets to a PAF in the future. Fremantle Foundation retains the ability to individualise investment strategy, depending on the size of the fund
<b>GRANT DECISIONS</b>	All granting decisions are made by the Trustees. All due diligence, research, community consultation, site visits etc are the responsibility of the Trustees	All granting decisions are directed by the Named Fund holders and ratified by the Trustees. Due diligence, research, consultation, site visits etc handled in-house
<b>MINIMUM DISTRIBUTION</b>	PAFs are required to distribute a minimum of 5% of the net assets of the fund per year (unless they have been granted an exemption from the ATO)	PuAFs are required to distribute a minimum of 4% of the net assets of all <b>combined</b> Named Funds per year, which means that in most years, many individual Named Funds needn't grant anything if they wish to focus on growth
<b>MINIMUM CONTRIBUTION</b>	Usually, a minimum contribution of \$500,000, with a plan to donate more to the PAF in order to grow it beyond \$1M	No minimum contribution, although Fremantle Foundation does urge Named Fund holders to hold at least \$10,000 in their fund
<b>ESTABLISHMENT TIME/FEE</b>	Around 2 - 6 months – it's important to keep this in mind if a major donation needs to be made before the end of the financial year. In most cases, an establishment fee of up to 1.5% applies	1 - 3 days, with no establishment costs
<b>ONGOING COSTS</b>	Usually between 1% – 3.0% of value of account	Tend to be more economical to manage than a PAF as the annual fees are much lower. Between 0.5% – 2% of value of account, depending on size of Named Fund
<b>ONGOING COMPLIANCE</b>	PAFs are complex and highly regulated. This means they require expert tax, legal and financial advice for both their establishment and ongoing management	The FF Foundation will take care of everything, so you can focus on choosing the charities you want to support

## Why and when your clients give

MOTIVATION	DESCRIPTION	KEY SIGNS
PASSION	Strongest reason why donors give. Will support causes they identify with and are committed to	May volunteer/social engagement/personal engagement (eg. have an art collection)
LEGACY	Desire to continue the family name or perpetuate a particular cause or passion	No direct beneficiaries
RESPONSIBILITY OF WEALTH	Wanting to address impending intergenerational wealth transfer Desire to engage family and future generations	Estate planning regarding significant wealth transfer to future generations. Succession planning. Transfer of family business
DUTY	Sense of duty based on services and/or support they received, and they want to give back. Eg. hospitals, schools	Commitment to a cause or organisation – personal or family connection or link to someone close
COMMUNITY	Desire to strengthen their local community	Identify with issues in their community or society in general and want to make a difference
TAX MINIMISATION &/OR LIQUIDITY EVENT	Have an income/cash event and have a sizeable tax liability	Sale of a business, shares, property or other asset . Significant inheritance, gift or lottery win. High taxable income or high capital gains tax.
CHANGE IN PERSONAL CIRCUMSTANCES	People rethink life and priorities when personal circumstances change	Marriage, Divorce, Retirement, Redundancy, Death in the family, Accident, Injury, Serious Illness, Recovery





# Contact

**Stuart MacLeod**  
Executive Officer

[stu@fremantlefoundation.org.au](mailto:stu@fremantlefoundation.org.au)  
0407 152 110