



Programme Guide to Gift Accounts

YOUR GUIDE TO GIFT ACCOUNTS

Welcome

Thanks for your interest in starting a Gift Account with The Gift Trust.

This is a guide to The Gift Trust's Gift Account programme and policies. It also contains important information about creating and maintaining your Gift Account.

All activities of The Gift Trust and donors are subject to the terms and conditions contained in your application form and this programme guide. We may revise this from time to time to reflect changes in the programme.

About The Gift Trust

Giving, simplified

From giving back to the community, to creating a legacy and educational tool for the next generation, people give for many reasons.

But with more than 27,000 Kiwi charities to choose from, an increasing administrative burden to maintain a private foundation or trust, uncertainty about whether gifts have an impact, and persistent requests for continued donations, giving is not always an easy matter.

Since 2010, The Gift Trust's mission has been to further philanthropy in New Zealand by making giving easier. We help individuals, families, companies and organisations support the charitable causes they care about most by removing the administrative burdens and maximising the effectiveness of their giving.

Our Gift Accounts offer a flexible, simple way to partner with us for your charitable giving. Starting from \$5,000, you can join our community of donors. You can open a fund almost instantly with an initial single tax-deductible contribution. We then manage your Gift Account and help you direct donations, at your pace, to the charitable causes you want to support.

Your giving, your way

Gift Account Benefits

- Recommend donations to any qualified charitable cause, at your own pace.
- Access independent philanthropic advice and support, including different and innovative models of giving.
- Personalise your Gift Account by naming your fund after your family, a company, in memory of someone, for a specific cause, or any other name that appeals to you.
- Determine how you would like to be recognised for each donation – or make a donation anonymously.
- All your contributions received into your Gift Account are eligible for a donation tax credit in the year they are given.
- Choose from a variety of investment options to make your funds go further, with tax-free growth.
- Establish a legacy in perpetuity by naming successors to your fund.
- We take care of all the ongoing regulation and compliance requirements under our charitable status, and do the basic due diligence on any donation recommendation you make - enabling you to focus on the joy of giving.

Opening a Gift Account

Who can open a Gift Account?

Individuals, families, companies, trusts, estates, private foundations and not for profits are eligible to open a donor-advised Gift Account.

The individual, or entity, that opens a Gift Account is considered the “Primary Donor”.

Application Form

You, or your adviser, may download or complete a Gift Account application on The Gift Trust’s website (www.thegifttrust.org.nz). You may also request an application form by calling us on +64 (4) 391 4438.

Contributions

Your Gift Account officially opens when an irrevocable donation is made into your Gift Account. Accounts must reach \$5,000 before donations can be made to charitable causes but you can start a Gift Account with a minimum of \$1,000 and build this up to \$5,000 over time. The minimum amount for subsequent contributions is \$100.

Individuals, companies and foundations that are not the initial donor can also make contributions to be credited to a specific Gift Account and will receive their own tax receipt.

Minimum balance

All Gift Accounts must maintain a minimum account balance of \$1,000 but must build up to \$5,000 before donations can be made to charitable causes.

Contributions are irrevocable

Once The Gift Trust has accepted a contribution to a Gift Account, it is an irrevocable donation owned and held by The Gift Trust. The Gift Trust retains exclusive legal control over the contributed assets. This is what enables you to access your tax-credit on your donations at the time they are made.

We will always follow your charitable donation recommendations unless there is a specific reason why we can't, such as the organisation not having a charitable purpose. We would then discuss this with you to find a solution. Read more about this on page 7.

Naming Donor Advisers

When you establish a Gift Account you can name a 'Primary Donor' and a 'Secondary Donor Adviser'. All named donor advisers have access to the account balance and can recommend donations to charitable causes from the Gift Account at any time.

A secondary adviser is often a spouse, child, relative or friend of the Primary Donor. You may change the secondary adviser at any time.

If a company is setting up a Gift Account, up to two individuals or officers can be designated to recommend donations.

Succession options

When creating your Gift Account, you will select a succession plan to guide The Gift Trust on how your Gift Account will make donations after your death.

You may choose one of the following succession plan options. If you do not specify a succession plan, your Gift Account will become part of The Gift Trust General Fund upon your death.

You may request a change to your succession plan in writing at any time.

1. Appoint a Successor(s)

You may name an individual, including your spouse, child, heir or other representative, as a Successor. Your Successor will assume the same rights over the account as you have, such as being able to make donation recommendations and receiving account statements.

Successors must notify The Gift Trust in writing and provide proof of the donor's death for a succession plan to take effect. The process of assigning Successors can continue in perpetuity.

The Gift Trust will use best endeavours to contact Successors. If a Successor fails to respond within one year of the death of the donor adviser, the Trustees will transfer the balance to The Gift Trust's General Gift Fund.

Upon assuming the rights of the Gift Account, the Successor(s) may designate his, or her, own Successor(s).

2. Naming a charitable beneficiary

Instead of naming an individual as a successor, you may choose to recommend one or more qualified charitable causes to be the beneficiary of a Gift Account funds upon your death, subject to the review and approval of The Gift Trust.

Once The Gift Trust has been notified of your death, your beneficiary organisation(s) would receive the remaining account balance, less any pending fees, provided that the beneficiary has maintained their charitable status.

If the charity you elected no longer exists, The Gift Trust will make every effort to donate the funds to an organisation that supports similar purposes.

You may choose a combination of both a successor and nominated charities.

3. The Gift Trust General Fund

You may request that the assets in your Gift Account be transferred to The Gift Trust General Fund upon your death. If you select this option we will ask you to make a written statement about your preferences for distributing these funds to charitable causes and The Gift Trust trustees will endeavour to distribute the funds according to your wishes. The Gift Trust staff will conduct research to identify charitable organisations deserving philanthropic support, and all donations will be approved by our Board of Trustees.

Making donations to charitable causes

When recommending a donation it is helpful to keep these things in mind:

- The minimum donation is \$250.
- You can choose whether you are named to the recipient when we make your donation or remain anonymous.
- You may recommend that your donation be made on a recurring basis.
- We recommend a donation is made from your Gift Account, at minimum, every 3 years.

- International charitable organisations (we have limited capacity for this so please discuss it in advance).
- Individuals only under exceptional circumstances where the donation is charitable, such as the recipient of a scholarship or award that was competitively received.

In the case of unregistered charitable organisations or international charities, additional due diligence will be needed to ensure there is a clear charitable purpose which will usually incur an extra fee for the donors.

How to make a donation from your Gift Account

You can make a donation request at any time using our online form www.thegifttrust.org.nz/grant-recommendation-form
Or by emailing or calling The Gift Trust.

The Gift Trust will review your donation request to verify that the charitable organisation is eligible to receive the donation. If there are any concerns or issues we will contact you.

We process all donations within a fortnight and will confirm to you when they have been paid.

Eligible Recipients

Donations can be made to charitable causes which can include:

- New Zealand registered charities.
- Unregistered organisations in NZ with a clear charitable purpose such as incorporated societies or social enterprises.

Ineligible Recipients

The Gift Trust cannot donate to:

- Political campaigns, candidates, or to support purely lobbying activity.
- Membership fees, school fees, goods from a charitable auction, admission to charity events or other goods or services.
- Anything that will result in a private benefit or profit to an individual person.
- Any recipients that the Trust believes, in its sole discretion, are supporting or engaging in 'hate speech or hateful activities', whether online or offline. 'Hateful activities' are those that incite or engage in violence, intimidation, harassment, threats or defamation, targeting an individual or group based on their race, colour, religion, national origin, ethnicity, immigration status, gender, gender identity, sexual orientation, or disability.

Donation payments

Donations are paid to the charitable causes by bank transfer within a fortnight of receiving your request.

Donations over \$25,000 may require a minimum of four weeks for processing.

The Gift Trust will contact the recipient organisation and identify the gift according to your wishes. We will only pass on your contact details to the recipient if you ask us to do so.

Donor Recognition

The Gift Trust will not release your name or contact information to any recipient charity without your prior consent.

When you make a donation from your Gift Account, you can decide to be recognised in any of the following ways:

- By your Gift Account name only
- By your name and the Gift Account name
- In honor, or memory, of someone
- Anonymously.

Spend down requirements

If you have not made a donation recommendation for more than three years, The Gift Trust will make every effort to contact you, or your advisers, to request you make a donation recommendation, or to find out your intentions for your Gift Account in the coming years (e.g. you may be looking to create an endowment, and in this case no spend down will be required).

If The Gift Trust does not receive a response within a 12-month period, The Gift Trust will be entitled to transfer the entire Gift Account balance to The Gift Trust General Fund.

Receipts and Statements

Gift Receipts

The Gift Trust is a registered charity. This makes you eligible for a donation tax credit for all donations you make to The Gift Trust.

The Gift Trust will provide you with one donation receipt in each financial year to account for all the donations you have made into your Gift Account during this time. This will be issued within one month of the end of the financial year.

Tax credits

New Zealand income tax payers can claim a 33.33% donation tax credit on any donations made. This reduces the amount of tax you have to pay. The tax credits are capped at one-third of your total taxable annual income.

To claim your tax credits you will need to submit your donation receipt to the IRD along with their form, within four years of making the donation.

Read more about donation credits on the IRD website (www.ird.govt.nz).

Companies can also claim tax deductions for all donations made to The Gift Trust, providing your claim does not exceed your total annual net income. A tax deduction creates a reduction in the amount of taxable income. Companies can claim this deduction using the IR4 form.

If you are planning a one-off donation that is likely to be larger than your annual taxable income, you may want to discuss this with us or your accountant

to create a plan that ensures you get the maximum tax credit available.

Statements

The Gift Trust will provide you with quarterly account statements indicating the fund balance and activity for the period, including:

- Gifts received into the fund
- Donations made from the fund
- Investment income
- Fees

Upon request, statement copies may be distributed to third parties. Statements are emailed within 30 days following the end of each quarter.

Investment options

Not available for Accounts under \$20,000.

For Gift Accounts over \$20,000 you can choose from a selection of investment options, depending on your philanthropic goals and risk tolerance. Whichever option you choose, The Gift Trust ensures the funds in your Gift Account are stewarded so that they are ready whenever you would like to make donations.

Remember that with any of the options below your fund has the potential to grow **tax-free**, allowing you to give more to charities over time. The interest or growth from whichever option you choose will be credited to your Gift Account.

The option that you choose will depend on your time horizon for your Gift Account and when you plan to make donations to charitable causes, as well as your tolerance to risk and fluctuations in your Gift Account balance.

1. Bank term deposits

Your gifted funds would be pooled with others and held in a rolling series of bank term deposits. Interest rates fluctuate but currently vary between 3.1 and 3.8%. The advantage to this option is the security that your donated funds are never at risk of reducing in value and you know what level of interest they will earn. The drawback is that interest rates are currently lower than what we would expect in the Socially Responsible Investment pool.

2. Pooled Socially Responsible Investment portfolio

You can choose between two Socially Responsible investment portfolios that we have created with accredited

financial advisers Bloomsbury Associates. There are two options available- 'Conservative' and 'Growth' and your choice will depend on your tolerance for risk and fluctuations to your Gift Account balance.

This option is in our view the "best in market" socially responsible investment option available in NZ. This is an ideal option for donors who seek a pooled investment strategy that considers social and environmental factors, while also emphasizing financial returns. The portfolios exclude assets in weapons and armaments, nuclear weapons, tobacco, child labour, alcohol, gambling, pornography, fossil fuel stocks and factory farming.

The projected long term annual returns for the Growth portfolio are 6.12% (after fees) and 5.16% for the Conservative portfolio.

The advantage to this option is that the funds may increase in value at a higher rate over the long term, possibly allowing you to give more to charity over time. But the disadvantage is that the funds may also decrease in value in the short term, so you will need to consider your timeframe and tolerance for risk.

3. Nominate your own financial adviser

Donors who have more specific needs may recommend your own trusted investment advisor to manage their fund. Please get in touch to discuss this option. If you choose your own financial adviser, your investment advisers' standards fees will apply. The investment adviser is subject to The Gift Trust's approval and must enter into an Investment Adviser Agreement with The Gift Trust.