



Private ancillary funds



Your vision | Your contribution | Your legacy

Create a meaningful, philanthropic legacy with an AET private ancillary fund.

Do you want to create a personalised and purposeful giving program?

Philanthropists want their donations to be effective and sustainable over the long term. As a donor with the desire and capacity to provide generous support, choosing the right structure for charitable giving is crucial.

A private ancillary fund (PAF) enables individuals and families to establish long-term, personalised charitable giving programs.

Why partner with us?

We have been partnering with philanthropists and their advisers for more than 130 years to help them achieve sustainable and effective philanthropy.

As one of Australia's leading providers of charitable trustee services, we have the knowledge, expertise and proven track record to successfully establish, administer and manage private ancillary funds.

By partnering with AET as your philanthropic services provider, you can focus principally on the purpose of your giving with comfort knowing your foundation is being managed prudently and efficiently in the future.

What is a PAF?

A PAF is a charitable trust that allows you to create your own personalised giving program.

It is a private fund through which you make tax-deductible donations to support your nominated charities, rather than making one-off donations.

These donations are then prudently invested, effectively managed and wisely distributed to your nominated charitable organisation(s).

Many donors use a PAF to engender a sense of social responsibility within their family and to establish a tradition of giving. PAFs can support advisory committees and are ideal vehicles to engage others in your giving. In so doing, you are able to share your passion for philanthropy with current and future generations of your family, friends and/or associates.

Is a private ancillary fund right for me?

A PAF is an appropriate philanthropic structure if you:

- want to establish a long-term **personalised giving program**
 - want to **be involved** in the investment management and/or distribution/gifting decisions
 - want your philanthropy to be effective over the **long term**
 - want to **involve family members** and future generations in your passion for philanthropy.
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Your private ancillary fund

Establishing a PAF

With our guidance and expertise, establishing a PAF is a straightforward process.

Simply complete an AET PAF application form and return it to us. We will then work with you and your adviser to establish the PAF and put the necessary governance structures in place to ensure your PAF operates smoothly in the future.

Each PAF requires its own trust deed. Our legal team will draft this document and liaise with the appropriate Government agencies to ensure it's endorsed with the necessary tax concessions.

Corporate trustee

The trustee of a PAF cannot be an individual; it must be a corporation. The directors of the corporate trustee must include at least one party who meets the definition of a 'responsible person' and is actively involved in the decision making of the PAF. The 'responsible person' cannot be the founder, a major donor or an associate thereof.

A corporate trustee must adhere to prescribed guidelines and those who fail to comply are in breach of strict Australian Taxation Office (ATO) requirements. It also needs to keep abreast of both the common law principles of trust law and the Trustee Act of the State or Territory in which the fund operates.

We recommend our clients appoint AET PAF Pty Ltd as the sole trustee of their PAF. Clients who elect AET PAF Pty Ltd ultimately retain power over the management of their foundation via the Appointor clause included in their trust deed. This enables them (or their successors) to remove a trustee at their discretion.

Making contributions

Contributions to your PAF are irrevocable donations and can be made by you (as the founding donor) or your family or friends.

There is no restriction on the value or frequency of additional contributions to your PAF and many donors elect to leave some or all their estate to their PAF. However, your PAF is prohibited from actively soliciting funds from the public.

Please note that by law, your PAF cannot hold certain asset classes (for example collectibles such as artwork).

Tax advantages

All donations made to your PAF are 100% tax-deductible. Tax deductions can be apportioned over five years from the date of the initial donation.

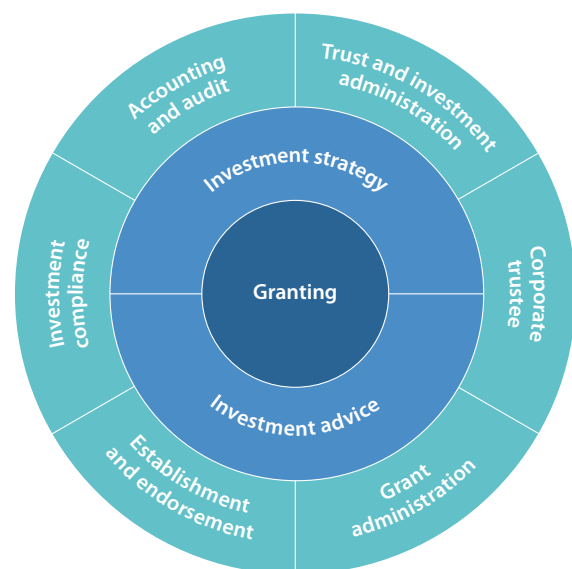
Ongoing administration, reporting and online access to your account

The trustee is responsible for the ongoing administration of your PAF including the maintenance of all transaction records, meeting minutes (including funding and investment decisions), audits and the lodgment of all regulatory reporting. We will provide these services.

You can access relevant documents at all times via your online account as well as the following reports and statements:

- quarterly investment reports
- annual donor statements
- financial statements and audit reports
- tax-deductible receipts.

Roles and responsibilities of managing a private ancillary fund



Key

- Risk – Trustee
- Return – Investment adviser
- Reward – Client

Achieving impact and defining your legacy

Each financial year, your PAF account is required to distribute a minimum of five per cent of the market value of the account's net assets (as at 30 June the previous financial year), or a minimum of \$11,000 to an eligible charity. Currently the Australian Taxation Office stipulates eligible charities must be endorsed as 'deductible gift recipient Item 1' entities. There are over 29,000 eligible charities operating in Australia and overseas.

Nominating charities and making payments

Most donors request us to make an annual distribution from their PAF account, usually in line with the end of the financial year. However, you can elect to make a grant at any time, for any value.

As an AET PAF donor you can make a grant to an eligible charity:

- using your pledge book
- via a grant agreement
- by emailing the trustee and requesting to make a grant payment directly to a nominated charity.

Once we receive your grant pledge we will:

- confirm the nominated charity's account details
- obtain approval from the trustee
- arrange for the payment of your grant to be made within 48 hours to your nominated charity.

Giving Connect

We can assist you to develop and implement a clear giving strategy to help you achieve your philanthropic goals via the Giving Connect service.

For more information on Giving Connect, please visit givingconnect.com.

Co-funding opportunities

If you have participated in our Giving Connect service, you may wish to nominate your charity partners for co-funding via AET's discretionary grants program.

Defining your legacy

Many philanthropists use their PAF as a vehicle to honour their legacy and engender a sense of social responsibility and tradition of giving for future generations.

If you wish to leave a testamentary gift to your Foundation to further your legacy, we can help you to create a letter of wishes to ensure the trustee adheres to your vision over the longer term.

Involve others in your giving

PAFs can support advisory committees and are ideal vehicles to engage others in giving.

This can enable you to share your passion for philanthropy with current and future generations of family, friends or associates.

Investments

A PAF is usually established to run in perpetuity and is required under Trust law to invest its assets in line with the prudent person principle.

The adviser you appoint to manage your foundation's investments will develop an investment strategy tailored for the PAF's risk profile and targeted investment returns.

As your trustee, AET PAF Pty Ltd will ensure your foundation's assets are managed in line with the agreed investment strategy via an annual investment review. You can access your foundation's investment performance at any time via your online account or by contacting your adviser.



Fees and services

Establishment fee (excluding GST)*	
\$5,000	
Annual Management fee (excluding GST)*	
Account balance	Annual Management fee
\$250,001 – \$500,000	\$3,500 per annum
\$500,001 – \$750,000	\$6,000 per annum
\$750,000 upwards	\$8,500 per annum

*GST is rebated back to your foundation.

The Establishment fee includes:

- legal documents
- endorsement
- establishment of accounts
- investment strategy
- Giving Connect workshop and grant making strategy

The Annual Management fee includes:

- corporate trustee
- grant administration
- online access
- accounting and annual returns fee
- annual relationship meeting

The Annual Management fee excludes:

- Giving Connect grant making services
- Investment Advice Fees
- Audit costs

Need more information?

If you would like more information on establishing a PAF, please contact your financial adviser.

Alternatively, please contact your AET philanthropic services team on **1800 684 672**, email **philanthropy@aetlimited.com.au** or visit our website **www.aetlimited.com.au**

Giving Connect

We can help establish your granting strategy and oversee a comprehensive granting process on your behalf. Please note that additional fees may apply.

Yes, I/we would like information about your granting services.

Section 6: Fees

I/We confirm that fees will be deducted from my/our PAF.

Section 7: Acknowledgement and founders/donor signature(s):

- I/We have read the attached PAF Guide and have the Financial Services Guide, and agree to be bound by the provisions of the trust deed and additional terms and conditions outlined in the client guide.
- I/We understand any donation to the PAF is an irrevocable donation and is not refundable to me/us.
- I/We certify that no associate will receive any material benefit, directly or indirectly, from the charitable or community organisations I/We wish to support.
- I/We understand my/our granting recommendations to the trustee are non-binding, and the trustee has ultimate discretion in the decision of which eligible organisations will benefit from distributions from my/our fund.
- I/We agree that information relating to this fund will be disclosed to my/our advisor, unless I/we advise the trustee otherwise.
- I/We request access to AET My Portfolio and the issue of my/our login ID and password. I/we confirm I/we have read, and agree to be bound by Australian Executor Trustees' terms and conditions for AET My Portfolio as amended from time-to-time.

Signature founder 1

X

Date

/ /

Signature founder 2

X

Date

/ /

Signature donor 1 (if different to founder 1)

X

Date

/ /

Signature donor 2 (if different to founder 2)

X

Date

/ /

