

Setting up a personal named fund

Many people have a desire to put something back into their community and establish a personal fund so that their philanthropic wishes can be met.

In these circumstances, setting up a new charitable trust is the conventional route. However, the legal responsibilities of trustees under charity law can appear onerous. Any new charity will need to ensure they do the following:

1. Prepare audited accounts annually
2. Decide on an investment policy and monitor the investments
3. Decide on the needs they wish to help meet
4. Agree the level of support to provide each group
5. Advertise their fund, assess applications and carry out due diligence checks
6. Award grants and monitor the impact of the grant

Whilst many individuals have some of the skills to do this work, they may not have the time or the same level of expertise as those in the charity sector. Some people who like the concept of a charitable trust are put off by the cost and compliance requirements.

Heart of Bucks provides a simple, cost-effective alternative to a charitable trust for individuals and family trusts, as well as businesses.

Establishing a fund through Heart of Bucks

A unique feature of community foundations is the ability to establish a personal fund where the administrative burden and legal compliance is managed by us, but still enable you to remain as closely involved in the application of your money as you wish. A personal fund with Heart of Bucks works in a similar way to a charitable trust but is much more straight-forward for you to manage. We handle the investment, correspondence, compliance and governance.

Personal funds are bespoke and can be set up in-line with your charitable objectives. You can choose the geographical area of benefit within Buckinghamshire, the causes that you wish to support and your level of your involvement. You can also choose to remain anonymous, if preferred.

Heart of Bucks receives hundreds of requests for funding each year and we have a great depth of understanding as to what makes a good application and viable project. We also know how to reach small groups that many donors might otherwise be unaware of. Our funding checks ensure that applicants have good governance and the skill set to deliver a project that is really needed. This provides a strategic approach to charitable giving and ensures a low level of risk.

Types of funds

There are a few options to consider when establishing a fund and we can work closely with you to explain the choices available to enable you to make an informed decision:

- **Endowment fund** – an endowment provides permanence to a donation and demonstrates a long-term commitment to the local community. Endowed funds are

invested, with the annual income being distributed in grants. Funds are invested with a view to growing the value of the fund over time, to create an expanding and sustainable source of funds for grant making in perpetuity.

- **Flow-through fund** – sometimes referred to as immediate impact funds, flow-through funds are often established by making an annual donation which is awarded as grants within that year to provide immediate support to local communities.
- **Hybrid fund** – these are very appealing for those donors who wish to grow an endowment over time but also wish to make grants from a revenue fund to make an immediate impact.

An additional benefit of setting up a fund through Heart of Bucks is that, periodically, we have access to 'match-funding' programmes which provide an uplift on donations into endowment funds. We can provide further details of any current schemes.

Management and contributions to Heart of Bucks

As an independent charity, we are responsible for raising 100% of our administration costs and accordingly, need to ensure that we cover the cost of administering and managing our donors' funds. These are met out of contributions to Heart of Bucks, related to the funds managed.

Benefits

We encourage donations to be made in a tax-effective manner, usually with Gift Aid, where possible. This means that for every £10,000 donated, we can claim back £2,500 at no extra cost to you. We can also accept gifts in cash, shares, land, property or other assets which can also be made tax efficiently.

Donations made using the Gift Aid scheme are eligible for full personal income tax relief as well as exemption from capital gains tax. A gift of £1,000 worth of listed shares could reduce a basic rate taxpayer's income bill by £220 and a higher rate payer's by £400. In addition, no capital gains tax is payable on gifts of shares to charity. Similar relief also applies to donations of land or buildings.

You will not have to handle any unsolicited approaches; we manage all the communication, publicity and applications.

However, the key benefit to you is knowing that by setting up a fund through Heart of Bucks, you are making a significant and lasting difference to those in need in the local community without the burden of running a fund yourself.

In short, we take out the stress of giving, making it the pleasure it should be.

There are further advantages that personal funds have over the establishment of a charitable trust. Please refer to our **comparative benefits table**, which highlights the comparisons.

Ready to find out more?

Please get in touch on 01296 330134 or email info@heartofbucks.org