



Charitable Trusts Transfers

Why not consider your local Community Foundation to be a safe haven for your charitable trust?

Over the past 10 years Community Foundations have provided a safe haven for over 3400 trust funds with asset transfers totalling in excess of £60 million.

Historically many of these trust funds became moribund and ineffective when their objects became increasingly difficult to fulfil. Trustees faced a dilemma in knowing what if any action they could take. By engaging with their local Community Foundation assistance was provided to regularise the situation resulting in the assets being re-invigorated and used to support charitable giving in the future.

More recently an increasing number of Trustees responsible for active trust funds have realised, from a succession planning and continuity perspective, they need to plan for the future and have sought to transfer their trust fund to their local Community Foundation.

Community Foundations have worked closely with the Charity Commission for England and Wales to develop understanding, knowledge and the specialist expertise to handle trust transfers.

They are able to provide guidance and support to Trustees wishing to consider transferring responsibility for their charitable trust and the attaching assets to an organisation that can either reinvigorate dated objects and make assets fit for future charitable use or simply to carry on the good work of former Trustees and continue to deliver effective grant making in support of individuals or groups established to deliver projects and initiatives for the benefit of their local communities.

Moribund and ineffective trust funds

We are aware there are significant charitable assets that, for a variety of reasons, are not being used effectively resulting in the trust funds becoming moribund (dormant) or ineffective (consistently being unable to spend annual income).

This could be due to:

- The objects of the trust fund, over time, becoming impossible to fulfil
- The historical area of benefit becoming restrictive making it virtually impossible to identify qualifying grant recipients
- Trustees being unable to administer the trust fund due to illness, lack of resources and expertise or other commitments
- The assets of the trust fund being too small to have significant impact
- Financial returns on cash/investments held reducing over time resulting in a negligible amount of annual income being available for grant distribution
- Trustees no longer having the relevant local knowledge to deliver grants effectively
- The work of administering a charitable trust fund becoming a serious concern and inconvenience to Trustees

By engaging with their local Community Foundation, Trustees can find a solution to their problems leading to effective grant making recommencing in line with the donors original intentions.

Active trust funds

Local Community Foundations manage significant numbers of trust funds on behalf of donors, delivering charitable benefit in support of the objects of the funds.

In many cases Trustees have transferred their trust fund to their local Community Foundation to ensure that the excellent work they have undertaken for many years is continued in perpetuity.

In some situations Trustees have elected to remain as advisers of the fund, for example, to oversee grant making and provide local input to decision taking on grant awards.

Very often the returns on investments have been significantly improved upon with the transferring assets joining a larger pool of money, effectively managed through appointed Investment Managers.

Trustees seeking a compatible charity to merge with

If you are a Trustee, seeking to identify a suitable charitable trust to merge with, then it would most certainly be worthwhile contacting your local Community Foundation.

Mutual benefits and the assurance that the Community Foundation would work with Trustees to ensure that all legal requirements are completed to the satisfaction of the Charity Commission before the Community Foundation would be eligible to take over responsibility of your trust fund's assets will provide absolute assurance that the adoption of the existing objects and area of benefit of your trust fund will be maintained in future years.

The objects of your local Community Foundation will be broad and flexible, typically supporting 'the promotion of any charitable purposes within the community they serve' and often extending to other areas of the United Kingdom which in the opinion of the Trustees are beneficial to delivering community benefit on behalf of one of their donors.

The benefits to consider in transferring your trust fund to your local Community Foundation

All Community Foundations are affiliated to UK Community Foundations (UKCF) and accredited to standards endorsed by the Charity Commission for England and Wales.

Accreditation is renewed every three years and involves an independent review of:

- Definition and Governance
- Finance and Risk controls
- Philanthropy and Donor Development
- Grant making Effectiveness and Community Investment
- Community Engagement and Communications
- Corporate Assessment

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Company registration number 2651777, registered in England and Wales. Registered charity number 1004630

Community Foundations are registered charities and the majority are companies limited by guarantee. They are run by an elected Board of Trustees and their most recent annual report and accounts are available for scrutiny.

It is acknowledged that it is a big step to consider transferring your trust fund to your local Community Foundation and should not be taken lightly.

Below are some of the benefits which should apply if you decide to proceed:

- The potential for the transferring assets to achieve a significant increase in total returns through prudent but effective financial management.
- The ability for Trustees to absolve themselves from the responsibility of managing and administering a trust fund but in some cases retaining the ability to maintain an interest in the fund by acting as an adviser.
- For significant trust transfers a Fund Agreement to be entered into by both parties, to include appropriate Service Level Agreements, with an annual impact report being provided to former Trustees and other interested parties
- Your local Community Foundation will ensure that grant awards are made in line with the objects of the transferring trust fund and always be used to meet real needs.
- Your local Community Foundation will be happy to provide guidance and assistance to Trustees and obtain the necessary permissions from the Charity Commission for England and Wales to effect the transfer of your trust fund, through the application of the provisions of the Charities Act 2011.
- In some cases it may be possible to add real value to the asset transfer by determining the eligibility for 'match funding' to transferring capital assets. Please see the below link to Community First Match (http://ukcommunityfoundations.org/programmes/community_first/) which is available to qualifying applicants through to 31st March 2015.
- The satisfaction in knowing that if your trust fund has become moribund and ineffective that the original donor's philanthropic beliefs can still be delivered through your local Community Foundation exercising the relevant provisions of the Charities Act 2011 to use the assets broadly in line with their original objects, to support charitable purposes now and in the future.

If you are a Trustee and would like to know more about how your local Community Foundation can:

- Be of benefit to rejuvenate the assets of a moribund or ineffective trust fund
- From a succession planning perspective, become party to merging with your trust fund
- Take over Trusteeship of your active trust fund with a view to continuing to deliver the current objects of the trust fund

In the first instance, please contact Toni Shaw via email at fabbricini@btinternet.com or via mobile at 07471 689910.