

Guidance notes for Lawyers

when a client is establishing a fund with the Northland Community Foundation



A. Complete the “Establishment of a Named Endowment Fund” form

1. Include the client’s contact details (section 1).

2. Name of Endowment Fund (section 2).

Funds over \$25,000 become a Named Fund that is tracked, and distributions and fund value is reported to the donor each year. Donors with a fund that will have a value of more than \$50,000 can choose which charities receive their annual distributions from their named fund.

Funds under \$25,000 go into the Northland Community Fund which is fully distributed each year to any charitable purpose (or purposes) within the Northland area at the discretion of the Trustees of the Foundation.

3. Intended Beneficiaries (section 3).

- These beneficiaries must operate for a charitable purpose as recognised by the Charities Commission and the Inland Revenue Department. If your client nominates a charity that is nationwide but wishes their distributions to be used in the local region, this must be specified.
- Your client may wish to specify several charities, e.g. 25% to ABC school, 25% to XYZ charity and 50% to be distributed to any charitable purpose (or purposes) within the Northland area at the discretion of the Trustees of the Foundation.
- If your client wishes all of their annual distribution to be at the Trustees’ discretion (which approximately half the Northland Community Foundation donors are doing) then write 100% in section 3i

Establishment Donation

The Northland Community Foundation encourages people to consider making an establishment donation of \$5000 towards its operating expenses. People may choose to pay this at the time of establishing their fund, pay \$1000 annually for 5 years (and claim the 33.3% tax credit), or it can be debited at the time the Foundation receives the funds.

Authorisation for Name Disclosure

It can be very encouraging for people to see donors listed who they know and respect. However, Northland Community Foundation appreciates that this can be a very delicate subject for some people and will only list names where we have been given authority to do so.

Once this form has been completed and signed by your client, please post to **Northland Community Foundation, P.O. Box 10011, Te Mai, Whangarei 0143** for our records. Northland Community Foundation will then make personal contact with your client, to acknowledge their generosity.

B. Amend Your Client’s Will

Nothing can happen until provision has been made in your client’s Will for the Northland Community Foundation. Suggested wording is as follows:

“Transfer% of the residue to the Northland Community Foundation, to be paid into the *(name your client will call their Northland Community fund; [OR ‘Northland Community Fund’ if under \$25k])* fund (which I/we have established *[remove if going into Northland Community Fund]*), so that it may be dealt with by the Trustees of the Foundation in accordance with the terms of that fund.”

C. In the Case of Funds Being Donated from a Trust

If your client’s Northland Community Foundation endowment fund is to be provided from a client’s Trust, you will need to add a Memorandum of Wishes to the instructions. Suggested wording as follows:

“After we have both died, it is our wish that you pay or transfer% of the Trust’s net assets to the Northland Community Foundation, to be paid into the “(Name of the fund) Fund” which we have established, so that it may be dealt with by the Trustees of the Foundation in accordance with the terms of that Fund.”