

Policy – Sub-fund Succession

Policy Owner	Donor Services and Development	Policy Number & Version	A1
Approved by the Board	Date 26 April 2016	Scheduled review	Date April 2018

Purpose

ACF encourages primary sub-fund contacts to have succession plans in place, so that their philanthropic intentions and activities can continue once they are no longer able to be actively involved. This policy outlines Australian Communities Foundation's (ACF) requirements for managing sub-fund succession arrangements.

Policy

1. All primary sub-fund contacts are requested to identify the names and contact details of sub-fund successor contacts on their establishment form, if these are known.
2. A succession plan will be developed with the primary sub-fund contact as part of ACF's Client Relationship Program – Know Your Donor (KYD). Donors are encouraged to have a 'Letter of Wishes' on file, which names any successor contacts and states whether the primary sub-fund contact wishes the sub-fund to continue and to distribute annually according to the sub-fund's preferred areas of interest. This letter is a simple way of informing ACF of the donor's wishes relating to preferred areas of interest and successor contacts. These plans can be updated at any time by the contact in writing and provided to ACF.

Sub-funds with more than \$100,000

- a. A minimum balance of \$100,000 is required for a sub-fund to continue as a named sub-fund with a successor sub-fund contact.
- b. If the primary sub-fund contact wishes the named sub-fund to continue, they should identify in their succession plan whether they wish successor sub-fund contacts to adhere to any stated preferred areas of interests and priorities or whether these can be changed.
- c. If the sub-fund contact wishes the named sub-fund to continue, but does not wish to nominate a successor sub-fund contact, they may request that ACF continue to make regular grants in line with any stated preferred areas of interest. Alternatively, the sub-fund contact can request annual grants to be made in line with ACF's granting initiatives through the Forward Fund.
- d. If a sub-fund does not have a succession plan (e.g. a Letter of Wishes on file) or a named sub-fund successor contact, the sub-fund will be closed. Funds will be transferred to ACF's Forward Fund for distribution in line with ACF's granting initiatives and, where possible, the sub-fund's preferred areas of interest.

Sub-funds with less than \$100,000

If a Sub-fund has a balance of less than \$100,000 at the time of the successor sub-fund contact appointment, and there is no agreed plan with the contact to raise the balance over \$100,000, the sub-fund will be closed. Funds will be transferred to ACF's Forward Fund for distribution in line with ACF's granting initiatives and, where possible, the sub-fund's preferred areas of interest.

Definitions if required

- Primary sub-fund contact is the person/s who establishes the sub-fund.
- Successor Sub-fund contact/s are persons nominated by the primary (or successor) sub-fund contact in their succession plan to continue to be the contact person for all matters relating to the sub-fund and to be able to make recommendations regarding the sub-fund's preferred areas of interests. Once appointed they become the primary contact.
- Letter of Wishes outlines the primary sub-fund contact's preferences for the future operation of the sub-fund once they are no longer able to be involved.
- ACF Forward Fund supports projects which progress major social, ethical and environmental issues that enable positive societal change across the nation.

Procedure

1. Primary sub-fund contact nominates name/s and contact details for successor sub-fund contact/s in the establishment form (if known).
2. A succession plan preferably in the form of a Letter of Wishes is prepared for every sub-fund as part of the KYD program within 12 months of establishment. If the sub-fund contact does not wish to make a succession plan, it will be made clear to them that the sub-fund will be closed and the funds transferred to ACF's Forward Fund.
3. The succession plan is reviewed at the annual sub-fund review and amended, if required.
4. Once a successor sub-fund contact takes over as the primary sub-fund contact, a new Letter of Wishes is prepared, including the details of any future successor sub-fund contact.