

Policy – Sub-fund Portability

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

Purpose

As per its mission, ACF is committed to supporting its donors to realise their philanthropic goals. However, from time to time sub-fund owners may request a transfer of their Sub-fund to another PuAF or PAF, as is now permitted under the portability clause of the 2011 PuAF guidelines.

The purpose of this policy is to ensure that there is consistency and transparency in the decision-making process regarding transfers and clarity for donors about the process.

Definitions

Portability refers to the transfer of assets from one Public Ancillary Fund (PuAF) or PAF (Private Ancillary Fund) to another PuAF or PAF. Under the relevant government guidelines, portability can only be approved if:

- the transfer is of all the assets or all assets of a specific sub-fund; and
- the distribution minimum requirements attributed to that sub-fund for that financial year have already been met; and
- the assets attributed to that sub-fund have not been previously transferred during the last two financial years

Policy

All requests for transfer of Sub-funds must be made in writing to the Trustee. If agreed by the Trustee, the transfer must then be approved by the Commissioner for Taxation.

All requests for transfer will be considered by the Trustee against the conditions outlined below. However, the Trustee reserves the right to refuse transfer of a fund of any size, if it considers that the proposed transfer may impact negatively on ongoing organisational viability. This includes taking into consideration whether the proposed transfer may impact ACF's ability to meet its 4% distribution obligation against the corpus.

Conditions

The Trustee will only agree to transfer a Sub-fund if the Ancillary Fund to which it is being transferred is properly established, compliant with ATO and ACNC requirements and is willing to receive the transfer.

If the recipient fund is a Private Ancillary Fund it must be larger than \$1million when all funds are transferred. If the recipient fund is a Public Ancillary Fund it must be larger than \$500,000 when all funds are transferred.

If the recipient fund is a Public Ancillary Fund the decision to approve the transfer will also be based on its perceived viability and ability to fundraise, assessed against a set of sustainability criteria.

PuAF Sustainability criteria

- Catchment/potential donor base - geographic or issue based
- Funds development strategy and diversity/stability of income
- Organisational/operational and governance elements - structure, capacity, operating cost, governance/leadership
- Longevity
- Alignment of mission with resources and goals for growth

Approval will not be given for the transfer of Gumnut Accounts (i.e. less than \$20,000).

Sub-fund Distribution Obligations

The Trustee must disburse at least 4% of Sub-fund assets in each financial year from the date of the request to transfer until the transfer is complete. This is a requirement of the PuAF Guidelines.

Timeframe from lodging request to transfer a sub fund out of ACF

The timeframe for Trustee decision, from time of receipt of donor request to transfer out relates to the size of the Sub-fund. This timeframe ensures that any impact to organisational viability and functioning from the loss of corpus is minimised. The timeframe for transfers, including ATO approval, is as follows:

\$20,000 - 500,000	6 months
\$500,000 -1m	12 months
\$1m – 2.5m	18 months
>\$2.5m	24 months