



The Community
Foundation for Ireland

A COMMUNITY FOUNDATION FOR IRELAND REPORT

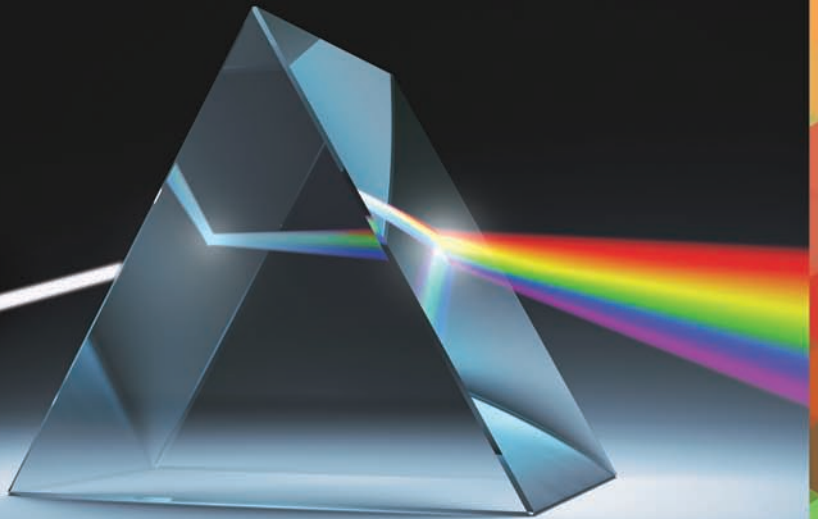
GIVING AND GAINING

HOW ENTREPRENEURS VIEW
PHILANTHROPY IN IRELAND

SUPPORTED BY



AIB PRIVATE BANKING







INTRODUCTION

by the Chairperson and Chief Executive of The Community Foundation for Ireland (CFI)

Notwithstanding a number of recent reports, relatively little is known about philanthropy in Ireland - in terms of more strategic, structured and purposeful charitable giving. In particular, little is known about philanthropic donors or those with the propensity to give. This report on 'Giving and Gaining - How entrepreneurs view philanthropy in Ireland' provides insights into one such group.

The report is being published against a backdrop of economic recovery following a severe recessionary period in Ireland. With a clear correlation between income, wealth and philanthropy, such trends suggest that philanthropic giving should increase.

Through its work with the non-profit sector and community groups throughout Ireland, CFI is aware that the recessionary period has had a high toll for the community and voluntary sector. In an environment of limited public resources, community and voluntary groups remain under severe pressure to provide much needed services. An additional challenge is the imminent closure of The Atlantic Philanthropies, as well as the exiting of The Joseph Rowntree Charitable Trust from funding in Ireland. Although never a substitute for state funding and investment in core services, The Community Foundation for Ireland believes that increased philanthropic giving – in particular in planned and committed ways – could make a significant difference across many areas of society including health, education, the arts and community development.



Louis FitzGerald,
Chairperson

Positively, despite relatively low engagement in structured and strategic giving to date, the report finds that there is an appetite for engaging more in philanthropy amongst many entrepreneurs. There is also a clear interest in seeing certain trends and supports which have encouraged entrepreneurs to engage in philanthropy globally, replicated in Ireland.

As part of a global network of over 1800 community foundations world-wide, CFI has the opportunity to collaborate with other community foundations and to learn from their extensive experience developed over the past 100 years.¹ Having worked directly with the Silicon Valley Community Foundation (SVCF), we were aware that it is now the largest in the United States based on its success in engaging with entrepreneurs in Silicon Valley. Indeed the largest philanthropic gift in the United States in 2013 was a donation by Mark Zuckerberg and his wife Priscilla Chan of \$1bn to the Silicon Valley Community Foundation. Through this research initiative, we were interested to learn more about how entrepreneurs are engaging in philanthropy and how they are facilitated to do so, as well as building an understanding of the interrelationship between entrepreneurs and philanthropy in an Irish context; about which little is known.



Tina Roche,
Chief Executive

We were fortunate that AIB Private Banking is interested in the area of study and supported the project. Through their generous support, CFI commissioned Sia Partners to undertake the research phase of the project. We thank Jane Williams for her excellent and thorough work in this regard and all who gave generously of their time to complete the survey and/or to be interviewed.

If you would like general advice around how to engage in philanthropy or are interested in setting up a charitable fund at CFI, please feel free to contact us at any stage.

¹ The first community foundation was established in Cleveland, Ohio in 1914



Patrick Farrell,
Head of AIB
Private Banking

Message from Head of AIB Private Banking

AIB Private Banking is delighted to be supporting this report and hope it gives a unique insight into the link between entrepreneurship and philanthropy. We have all witnessed the effect the past number of years has had on the community and the voluntary sector but I am confident that the recent seeds of recovery present new opportunities for giving and donating to worthwhile initiatives. I wish to acknowledge the superb work The Community Foundation for Ireland do in empowering people who want to make a difference through a model of philanthropy that is based on trust, effectiveness and impact and wish them well with all their future endeavours.

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01

The Community Foundation for Ireland (CFI) is aware of the particular impact that successful entrepreneurs are having on the world of philanthropy and in this report was interested to explore philanthropic giving by Irish entrepreneurs in the light of significant entrepreneurial success in Ireland in the last 15 years.

EXECUTIVE SUMMARY

Through the support of AIB Private Banking, CFI commissioned Sia Partners to undertake a study of entrepreneurs – with over fifty entrepreneurs completing an online survey and 15 subsequent interviews with entrepreneurs and key informants.

Engagement in charitable giving and perceptions of philanthropy

The report provided interesting insights into entrepreneurs' current engagement in philanthropy and motivations to give (or indeed not to give). Although 96% of respondents indicate that they give in some way (through financial donations or by giving time and expertise), one in eight entrepreneurs do not give financially. Although two thirds of respondents understand 'philanthropy' to be a strategic, more engaged and purposeful approach to charitable giving, only a third perceives that they give in such a way. The term philanthropy also generates some unease in an Irish context with some respondents expressing their discomfort with the term 'philanthropy' as appearing elitist and not aligning well with Irish culture.

Environment for philanthropy

The survey respondents do not see philanthropy as a topic that comes up regularly amongst their peers although in common with international research, entrepreneurs in Ireland are strongly motivated by ‘putting something back’. The report also provides interesting insights into how entrepreneurs view the environment for philanthropy with almost all of the interviewees identifying ways in which the environment could be made more supportive in Ireland. Factors such as changes in tax legislation, attitudes to successful people and the lack of efficient and accountable interlocutors were identified as examples of the shortcomings and the report also brings forward suggestions for improvement.

Looking internationally confirms that a supportive environment for philanthropy encourages engagement by entrepreneurs. Such an environment includes supportive fiscal and regulatory arrangements, as well as the capacity of non-profit organisations to engage effectively with entrepreneurs. Different models of engagement, channels of giving and the facilitation of complex gifts have also underpinned greater engagement by entrepreneurs globally.

Communicating with entrepreneurs

The report found that entrepreneurs perceived the usual approaches to promoting charitable giving in Ireland to often be unsophisticated, unsubtle and not strategic. Entrepreneurs had a strong preference to be communicated with on philanthropy via contact through peer and business networks, as well as through philanthropic intermediaries such as CFI.

96%

of respondents indicate that they give in some way

Communicating with entrepreneurs

The report makes a number of recommendations arising from direct suggestions by respondents in the areas of donor services, the non-profit sector and public policy. These include developing an active engagement and leadership in relation to philanthropy on the part of business networks, as well as the provision of a suite of supports and services to support charitable giving on the part of professional advisers and intermediary philanthropic organisations, such as CFI. The report highlights that the non-profit sector needs to address concerns in relation to governance and efficacy, as well as developing their capacity to partner with entrepreneurial donors. In terms of public policy, the report highlights the need for a supportive regulatory and fiscal environment, as well as the opportunity to harness the “can do” and innovative capacity of entrepreneurs in addressing social challenges. Finally it suggests that there is a need to create an Irish meaning of ‘philanthropy’ which aligns with Irish culture and values.

This report identifies a latent potential for entrepreneurs to engage more – both in terms of their financial contributions but also in bringing a mind set and skill set that has much to offer as Ireland starts the process of rebuilding both its social capital and infrastructure.


02

Where philanthropy may once have been perceived to be the preserve of those with inherited wealth and inter-generational family trusts, in recent decades the philanthropic pendulum has increasingly swung towards entrepreneurial wealth.

SETTING THE SCENE

2.1 Introduction

How people made their money has shifted dramatically. Just twenty five years ago, four fifths of the wealthiest individuals in the UK had inherited their wealth and one fifth was self-made. The past few decades have seen a complete reversal of this ratio.² It has been noted that a key defining feature of Irish wealth is that it is first generational by nature and more entrepreneurial than in many other developed countries.³ Wealth that is self-made rather than inherited tends to have a positive effect on philanthropy. Entrepreneurs and the companies they lead are more inclined to give to charity.⁴



The philanthropic pendulum has increasingly swung towards entrepreneurial wealth.

Globally, the last two decades have been a time of significant wealth creation with a surge in the numbers of high net worth individuals, as well as an increased polarisation in wealth between rich and poor. Linked to such wealth creation, is a significant global, inter-generational transfer of wealth. From 2007 until 2061, 'baby boomers' and the Second World War generation will pass on their estates to their heirs and charity. In the US alone, this wealth transfer is estimated to be worth \$59 trillion, with \$6.3 trillion being bequeathed to charity and an additional \$20.6 trillion through life time giving.⁵

In the US alone, this wealth transfer is estimated to be worth
\$59 trillion

Notions of 'armchair philanthropists' – engaging in philanthropy in later stages of life and in a somewhat detached manner have increasingly been replaced by the 'philanthropreneurs'. Having achieved business and financial success relatively early in their lives, such entrepreneurial philanthropists begin to pursue philanthropic and social entrepreneurship interests at a relatively young age, often demonstrating the passion and energy which drove their original business success.

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- www.wealth.barclays.com/en_gb/home/research/research-centre/wealth-insights/volume-17/a-changing-wealth-landscape.html
 - Bank of Ireland Wealth of the Nation Report, 2007
 - www.fidelitycharitable.org/docs/Entrepreneurs-and-Giving-Executive-Summary.pdf
 - "A golden age of philanthropy still beckons", Schervish and Havens, Center on Wealth and Philanthropy, 2014

02

“People should leave their children enough money so that they would feel they could do anything but not so much that they could do nothing.”

The best known example is the Bill & Melinda Gates Foundation (which is designed to spend down its capital within 50 years of the death of its last founder). The two largest philanthropic funders in the past decade in Ireland, The Atlantic Philanthropies and The ONE Foundation – are also spend down foundations.⁶

A growing trend amongst parents is to wish to involve their children in their philanthropy. Through engaging their children in philanthropy many parents wish to avoid ‘affluenza’ – the dissatisfaction that is said to come from the pursuit of a material life and the negative effects of burdening children with excessive wealth. Succinctly captured Warren Buffet when he said: “people should leave their children enough money so that they would feel they could do anything but not so much that they could do nothing.”

The ways in which people give are changing with a wide range of giving options and approaches to philanthropy, including donating on line and mobile donations. There is also a wider range of philanthropic approaches from more conventional grant making approaches and community philanthropy, through to venture philanthropy and social investment. There is also a trend towards collaborative giving, with donors often funding as part of a wider circle or network of donors.

In tandem with such trends has been an emerging infrastructure around giving with those new to philanthropy increasingly drawing on specialist advice and guidance and the emergence of philanthropic intermediaries, such as community foundations which support donors in their giving and provide alternative channels of giving.

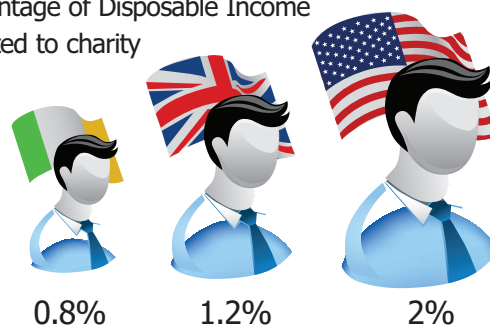
2.2 Philanthropy in Ireland

The proportion of the population giving to charity is consistently very high in Ireland. Despite high levels of participation, the levels of giving in Ireland (with only 0.8% of income donated to charity) tend to be low. However, in many countries with a similar government philosophy to Ireland, people are donating more than 1% of their disposable income.⁷ In the UK 1.2% of income is donated. Although recognising that the United States has particularly high rates, in the US, 2% is donated.

It is not only what people give that is of relevance but also how they give. Giving in Ireland has been characterised by spontaneous giving channels such as responding to emergency appeals and street collections and fundraising events. Planned giving includes direct debits and standing orders. In Ireland, only 15% of people give in a planned way, compared to 36% in the UK.⁸ Ireland also has the smallest number of charitable foundations in Europe and donor advised funds are only emerging as a way to give.

An additional challenge is that the terms 'philanthropy' and 'philanthropist' tend to conjure up mixed perceptions in Ireland. Attitudinal research commissioned by Philanthropy Ireland⁹ revealed that 52% of people in Ireland have never heard of the term 'philanthropy' and just a quarter know what the term means. When asked how much someone would have to donate to be

Percentage of Disposable Income
donated to charity



a 'philanthropist', the survey found that the average amount was €130,000. Although the Irish see themselves as a nation of givers, "the positive embrace of philanthropy only extends to the smaller donations made by the majority of the population. By contrast, the general public and the media tend to be distrustful of the large scale philanthropic activities of Ireland's wealthy."¹⁰

If Ireland mirrors trends in demographics and philanthropy elsewhere, notably in the UK and the US, we are likely to see a sea change in charitable giving resulting in sustained, higher levels of giving by a greater number of individuals and families in the coming years.

-
- 6 ONE Foundation ceased funding in 2013 and The Atlantic Philanthropies will finish its grant making by 2016
 - 7 Forum on Philanthropy and Fundraising Report, 2012, p. 9
 - 8 Forum on Philanthropy and Fundraising Report, 2012, p. 9
 - 9 Research into Awareness and Understanding of Philanthropy in Ireland, Behaviours and Attitudes, 2011
 - 10 Philanthropy in the Republic of Ireland, McKinsey & Co, 2010, p. 4

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2.3 Entrepreneurship in Ireland

The strong growth of the late '90s and early 2000s, together with international trends in innovation in telecommunications, bio-sciences and ICT produced a strong, opportunity led, growth in entrepreneurial ventures in Ireland.

During the recent recession, there was a dramatic fall in the level of entrepreneurship. However, the GEM 2013¹¹ study has identified a recovery in the rate of entrepreneurial start up in Ireland. Government policy is to support new entrepreneurial ventures and make Ireland the 'best small country in the world to start and grow a business.' The rate of entrepreneurship has also increased (9.2% in 2013 from 6.1% in 2012) and Ireland's ranking against other countries has greatly improved. Ireland is now ranked 11th among the OECD countries, 9th of the EU-28 countries and 2nd of the EU-15 countries.

The last two decades have produced significant numbers of successful entrepreneurs in Ireland and, despite the impact of recession, the indications are that the trend is upwards again with 32,000 individuals starting new business in 2013.

2.4 Entrepreneurship and philanthropy

2.4.1 The relationship between philanthropy and entrepreneurship

To date there has been little research on the intersection of entrepreneurship and philanthropy although many prominent entrepreneurs have

also been philanthropists, including Carnegie, Rockefeller and more recently, Gates and Zuckerberg.¹²

However, we do know that that many of the characteristics specific to the individual play a large role in their level of engagement in entrepreneurship and philanthropy. Entrepreneurs recognise opportunity and organise resources to start new organisations, develop organisations and enable change. They may also use their local networks to shift norms that lead to institutional change when they transition to policy entrepreneurs – advocates who invest resources to bring about policy change. It has also been noted that entrepreneurs tend to be distinguishable by their high levels of social acuity and their ability to define problems, build teams and lead by example.¹³

2.4.2 Vibrancy of place

In looking at how entrepreneurs engage in philanthropy, a common theme is that they frequently choose to support the local community where they were raised or where they started their business. Indeed the story of successful places is often predicated on an individual who was "instrumental in creating institutions and making connections that were transformative for a local economy" or who act as "regional champions." Such highly connected individuals who live and work in a region and who, "through their actions, make a difference in the economic vibrancy and prosperity of a place." Recent

Passing on the baton - The ONE Foundation

Founded in January 2004, the ONE Foundation was a private Irish philanthropic foundation which invested all its resources by the time it closed, in December 2013. Over ten years, ONE Foundation spent more than €85 million targeting solutions in relation to its goals in the fields of Disadvantaged Children and Families, Youth Mental Health, Integration, and Social Entrepreneurship in both Ireland and Vietnam. The ONE Foundation was set up with a determination to focus on solving issues, rather than just alleviating them.

In reviewing the ten years of the ONE Foundation, its co-founder Declan Ryan has talked about what was achieved through engaging in a structured and strategic philanthropic approach: “Most exciting and most important for me, however, has been to witness the social impact achieved by ONE, which has been

greater than I ever could have imagined. Of course, we made more than a few mistakes along the way. Yet what has been achieved for young people here in Ireland and in Vietnam was and, I hope, will continue to be, significant. While I don’t want to list the home runs here in detail, one of the things which heartens me most is the impact we made in the area of Youth Mental Health. The thought that a kid from rural Ireland can now go to a Jigsaw centre and find the help there to avoid a lot of pain – and perhaps even death – is in my book a pretty amazing one. Thankfully now, at last, Youth Mental Health is now on everyone’s agenda.”

The ONE Foundation was based on the philosophy of ‘giving while living’, as coined by the Irish-American philanthropist Chuck Feeney. “In keeping with this outlook, and putting his own spin on it, Declan Ryan sees philanthropy as a relay race, in which each generation must step up and play its part, taking the baton at the appropriate time. After ten years he would pass on the baton to other players, who could in turn drive forward the progress already made by ONE and others.”¹⁴

research identifies how an entrepreneur’s affinity and connection to a region can result in tangible economic and social benefits - “the role of entrepreneurs who have made a difference in their local communities through business practices, complementary investments in the region and ultimately through philanthropy”.¹⁵

Many donors choose to target their philanthropic support to a selected town or indeed county and

community foundations provide an ideal mechanism to channel such support and to facilitate grassroots grant making.

11 Global Entrepreneurship Monitor, 2013

12 Handbook of Research on Entrepreneurs’ Engagement in Philanthropy, Introduction, p.1

13 Mintrom and Norman, 2009

14 www.onefoundation.ie

15 Handbook of Research on Entrepreneurs’ Engagement in Philanthropy, 2014 (Feldman and Zoller, 2012)

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2.4.3 Facilitating entrepreneurs' transitions to philanthropy: the case of the Silicon Valley Community Foundation¹⁶

Silicon Valley Community Foundation (SVCF) is the largest community foundation in the United States with \$4.7 billion in assets and working with more than 2,600 individual and family donors, many of whom are entrepreneurs who became involved in philanthropy with its assistance. The typical entrepreneur who works with SVCF initiated their relationship at the recommendation of their tax, investment or legal adviser, although personal referrals through other entrepreneurs are also common.

Through its extensive work and experience, SVCF has identified four characteristics of entrepreneur donors, namely:

1. They are curious – with a “gift for inquisitiveness that expresses itself through boundless questions and new ideas”;
2. They invest in learning about how and why things work the way they do (including an appreciation of failure);
3. They have a capacity to make connections among seemingly unrelated areas;
4. They are “uniquely optimistic” coming to philanthropy with a strong belief that complex problems can be solved with the right resources, correctly applied.

SVCF identifies that the first step for engaging with a prospective donor is to understand their needs and goals. The selection of the appropriate vehicle

How one family give back to their community: The Callery Family Fund

Jim Callery is a successful entrepreneur and is also well-known for his involvement in the restoration of Strokestown Park House and the Irish National Famine Museum in his home county of Roscommon. In 2004 Jim and his family set up a philanthropic fund at The Community Foundation for Ireland (CFI) as Jim describes:

“People who have made some money or a lot of money themselves generally had very little time during their working lives to consider the needs of others. It is only as you get older in life that you begin to realise these things. I think, when you and your family are provided for, there is a duty to be helpful to others in a financial way. So when I came across CFI, I thought that this was an ideal and very tax efficient way to channel funds to local efforts among one’s own community.”

The Callery Family Fund has, and continues to successfully fund projects in Roscommon that support education, the arts and community development.

by which to support the donor's philanthropy is guided by factors including the level of control the donor wishes to maintain, the time horizon of their giving, the level of involvement they intend to have and their preferred investment. In the experience of SVCF, entrepreneurs typically want to move quickly and SVCF "must be ready to act promptly and responsively to their ideas and interests in order to help them move to active philanthropy".

SVCF has worked hard to develop an understanding and responsiveness to Bay Area entrepreneurs. Such responsiveness has included accepting complex gifts such as shares (including 36 million Facebook shares it received from co-founder Mark Zuckerberg and his wife, Priscilla Chan), bitcoins and ripples (both forms of virtual currency). For SVCF, this often means being open to working with prospective donors in new ways. SVCF has figured out how to process other complex gifts that entrepreneurs are likely to want to donate, including pre-IPO shares from start-up companies, large blocks of publicly traded stock, and property.

Tailoring giving plans to each donor's preferences – based around a donor's own style of giving – is a critical success factor for SVCF in working with entrepreneurs. This includes pairing donors who are entrepreneurs with non-profits that welcome interaction and assistance and determining how these "highly curious donors can contribute beyond making cash donations. Many donors end up volunteering their time, technology skills, or strategy suggestions."

The Tony Ryan Fund for Tipperary

The Tony Ryan Trust was established in December 2009 by the estate of the late Tony Ryan. The Trust has provided €1.9m in funding over a five year period to organisations that seek to improve the life experience of children and young people living in County Tipperary. To do this effectively, The Tony Ryan Fund for Tipperary donor advised fund was launched in May 2013 and is being managed by The Community Foundation for Ireland (CFI). The Fund awarded grants to initiatives that support children and young people to reach their potential with a focus on community evidence based programmes. In this instance, CFI had the infrastructure in place to effectively deliver an initiative at a county level on behalf of Tony Ryan Trust. CFI takes responsibility for all administration, grant making and governance in relation to the Fund and the work aligns closely with other strategic initiatives that are being undertaken by CFI in relation to early education. The Fund has awarded its second year of grants from the programme and now expects to have significantly improved many aspects of the lives of children and young people in Tipperary. An evaluation is being undertaken to assess the impact of bringing evidence based programmes into a specific geographical region in a relatively short timeframe.

16 Draws on Handbook of Research on Entrepreneurs' Engagement in Philanthropy, (Taylor, Strom and Renz, 2014), Part II, section 8 "Facilitating Entrepreneurs Transitions to Philanthropy; the case of the Silicon Valley Community Foundation", Carson and Stilwell

03

The Community Foundation for Ireland, through its international connections, is aware of the particular impact that successful entrepreneurs are having on the world of philanthropy.

HOW ENTREPRENEURS VIEW PHILANTHROPY IN IRELAND

3.1 Introduction

Ireland has experienced significant entrepreneurial success in the last 15 years. In 2014, The Community Foundation for Ireland (CFI) commissioned a report to explore philanthropic giving by Irish entrepreneurs. Sia Partners successfully tendered to undertake this report on behalf of CFI.

3.2 Objectives of the report

The key objectives of the report were as follows:

01

To develop an understanding of how Irish entrepreneurs view philanthropy and the inter-relationship between entrepreneurship and philanthropy in Ireland

02

To gain insights into the appetite, routes to, barriers for, and changes that would support, philanthropy by Irish entrepreneurs

03

To identify views and perspectives that will assist The Community Foundation for Ireland and others with an interest in growing philanthropy in Ireland



Some entrepreneurs believe that the culture in Ireland would not support the US concept of prominent and public giving.

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3.3 Method

Research was undertaken by Sia Partners in 2014 comprising an on line survey coupled with interviews. The survey was completed by over 50 entrepreneurs, representing a high completion rate in the selected sample. In order to obtain a deeper understanding of themes emerging from the survey, Sia Partners undertook in-depth, personal interviews with ten entrepreneurs and five key informants to explore qualitatively the survey findings and to obtain further insights into the views of entrepreneurs on philanthropy in Ireland. The completion of the 50+ surveys and 15 interviews makes this a significant report, by the standards of research amongst elites where the respondents could be regarded as 'experts' in the topic or having unique insight and understanding.

The survey was issued to a selected sample to include entrepreneurs from the ICT, Life Sciences, Agribusiness, Media, Retail and Manufacturing. The selection criteria included entrepreneurs who started the business themselves and who had achieved significant success with the business in terms of realisable financial value. The sample also attempted to include the sectors in Ireland, which are prominent in terms of the level of known entrepreneurial success such as ICT. The recruitment method for respondents was through CFI's contact base, supplemented by Sia Partners' network of entrepreneurs and

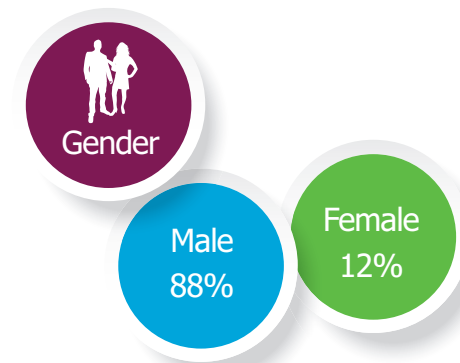
experts in entrepreneurship. From this base, a snowballing method was applied to access a wider circle of respondents who fitted the selection criteria.

The analysis of the outcomes of the survey and the interviews shows consistency in key findings across the two methods, survey and interview.

3.4 Findings

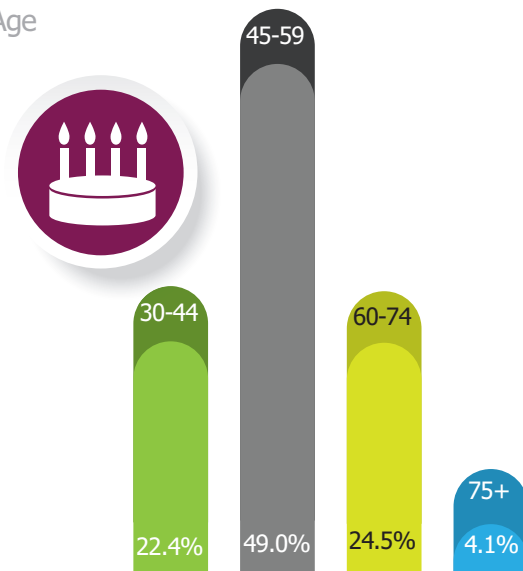
3.4.1 Profile of respondents

The profile of respondents to the survey was as follows:

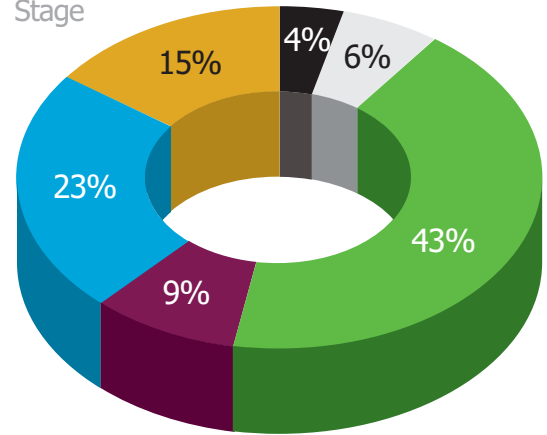


The low participation rate of females in the survey is consistent with statistics on the number of female-led successful entrepreneurial businesses. To provide insight into the projected increasingly female successful entrepreneurs of the future, Sia Partners targeted additional female entrepreneurs and key informants, for the interviews with 47% of the interviewees being female.

Age

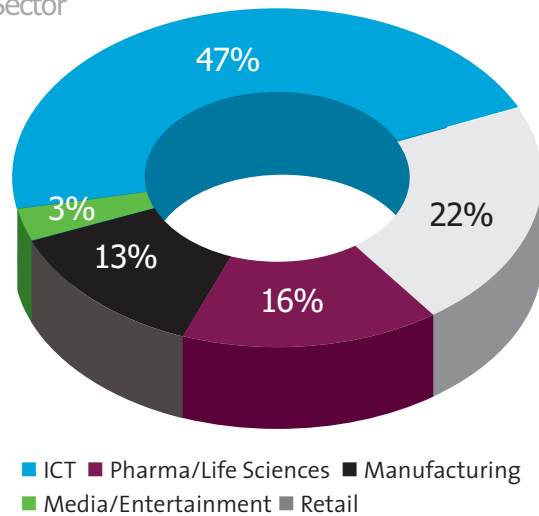


Entrepreneurial Stage



- Nascent Entrepreneur ■ Start up Entrepreneur
- Established and Developing Entrepreneur
- High Growth Entrepreneur ■ Serial Entrepreneur
- Retired

Sector



- ICT ■ Pharma/Life Sciences ■ Manufacturing
- Media/Entertainment ■ Retail

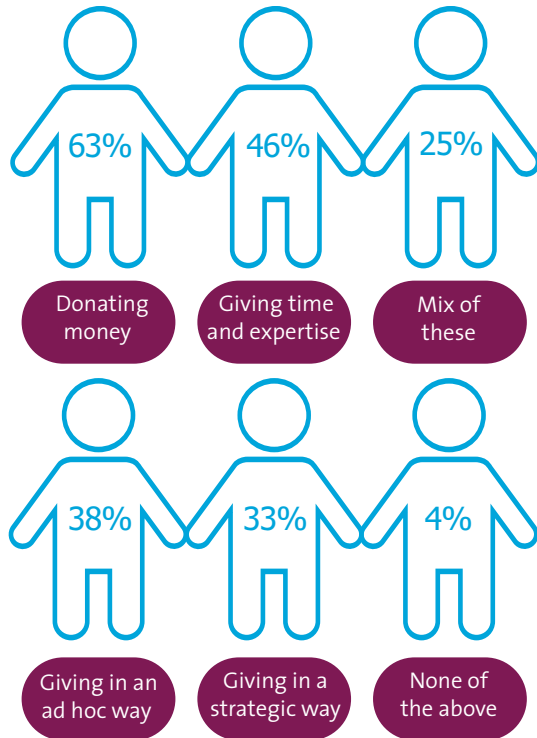
3.4.2 Engagement with philanthropy

a. Current giving

All but two (96%) of the respondents to the report provided information indicating some form of charitable giving. When asked for reasons for not giving currently, six answered the question, indicating that 12.25% of respondents do not give financially.

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In terms of current philanthropic engagement, the following picture emerges from the responses:



Although none of the respondents initially responded to say that they are giving by donating other assets such as property or shares, when subsequently asked how they give 2% selected by 'giving shares'. About a third perceive that they give in a planned and strategic way and about a third see themselves as giving in a somewhat ad hoc way.

b. Motivation to engage in philanthropy

The motivations for giving mirror the UK research¹⁷ into philanthropy in general with the following key reasons chosen:



“ Giving is fun and I get real pleasure from doing this.”

Interview respondents provided additional insights. A number disclosed that philanthropy is their way of engaging their children in understanding that others are not as fortunate and that they have a responsibility for helping to support people less fortunate than themselves; for some CFI has been important in facilitating that effort for them.

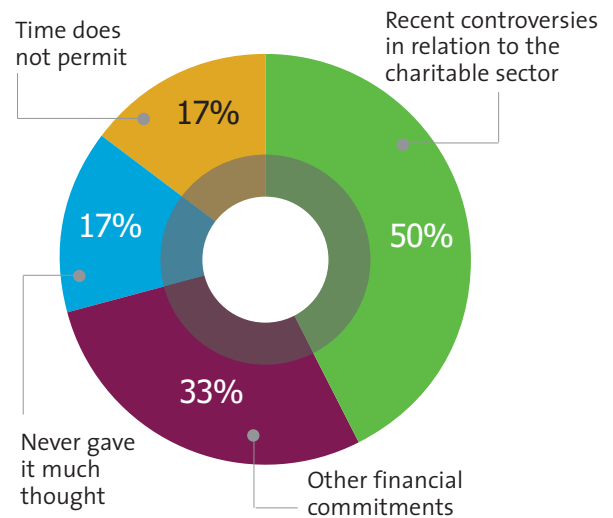
Others cite the recent recession in Ireland as a key motivator (“It has been an appalling six years”). A sense of helping out in hard times was an important motivator for many interviewees. A number cite the pleasure and enjoyment they get from giving. They also believe that many philanthropists are unaware of this as a motivation for their giving and see their giving as one-way traffic with the philanthropist giving and the beneficiary receiving. (“Giving is fun and I get real pleasure from doing this”).

The belief in their own capacity to make a difference was considered by entrepreneurs to be a particularly strong trait in their make-up that carries from their businesses into their philanthropic giving. Like their capacity to look at an area and spot the business opportunity, they feel that they are particularly well equipped to spot the social issue and develop an innovative solution

to meet that problem, successfully. Their capacity to network and to bring the resources together is an additional capacity which they believe could be very effective if harnessed well.

c. Reasons for not engaging in philanthropy:

Six respondents (12.25%) indicated that they don't currently give citing the following reasons:

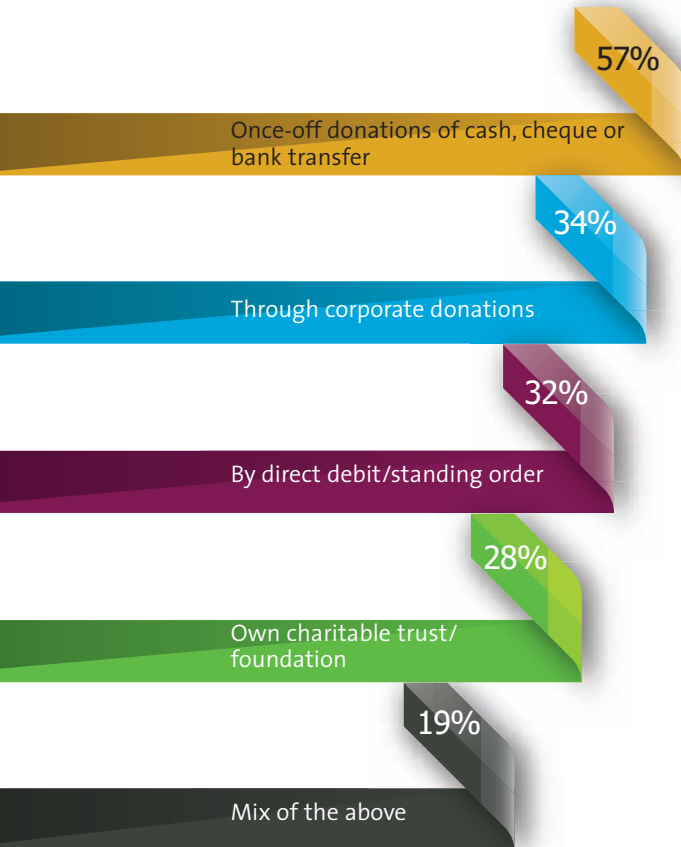


17 Richer Lives: why rich people give, Beth Breeze, Theresa Lloyd, 2013, Pears Foundation University of Kent

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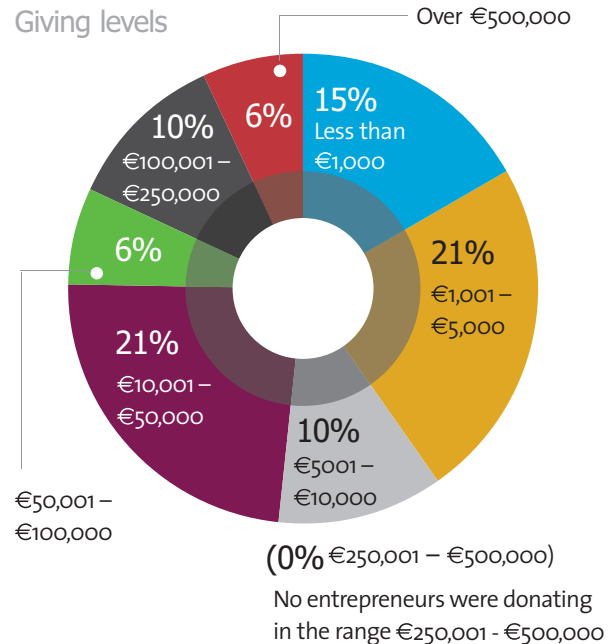
3.4.3 Ways of engaging in philanthropy

In response to the question ‘How do you give?’, respondents identified a number of methods:



A small number mentioned giving through a donor advised fund (9%); writing charities into their will (6%); or giving shares (2%).

The most common annual giving levels were between €1,000 and €5,000 and between €10,000 and €50,000. The full responses produced the following pattern:



3.4.4 What philanthropy means to entrepreneurs in Ireland

a. Strategic, more engaged and purposeful giving

Two thirds of the respondents to the survey understand ‘philanthropy’ to be a strategic, more engaged and purposeful approach to charitable giving. Their understanding of strategic and

“ A number of the interviewees expressed a discomfort with the term ‘philanthropy’ or ‘philanthropist’ and felt it was not an Irish term or a word that sits well in Irish conversations.”

impact focused giving was clear and articulated in interviews and relates back to their entrepreneurial traits and experiences. Some also commented on the creativity and spirit that is required to devise new businesses, including problem solving. A few commented on the unique perspective of entrepreneurs, which allows them to see the social problem differently to the public servant or the charity executive. This capacity brings added value in that the problem is likely to be tackled in an innovative way, which is likely to be more effective and to be less costly than more standard approaches to social issues.

b. The term ‘philanthropy’

One in ten did not relate the word ‘philanthropy’ to themselves or their own charitable giving. 80% of respondents do not see philanthropy as a topic that is discussed regularly amongst their peers. There is a strong association amongst

survey participants and interviewees between philanthropy and high profile entrepreneurs such as Bill Gates, Chuck Feeney and Denis O’Brien. ‘Philanthropy is for billionaires’ was a response from more than one interviewee.

A number of the interviewees expressed a discomfort with the term ‘philanthropy’ or ‘philanthropist’ and felt it was not an Irish term or a word that sits well in Irish conversations. They saw ‘philanthropy’ as being an American term. The word philanthropy can appear elitist and so for only a few. (“We are not as class conscious as the UK and the USA. If you start creating elitism, you will turn off Irish support. It should be open to everyone”). They believe that the culture in Ireland would not support the US concept of prominent and public giving and tends towards a quiet, understated approach. One respondent suggested the alternative ‘social investing’ as a better term. This need for an alternative term is echoed by other interviewees.

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The respondents were evenly divided between those who felt that entrepreneurs don't have time to engage in philanthropy (33%), those that disagreed with that (33%) and those who were neutral or unsure (35%). The interviewees gave additional insight into this with the concept of the stages in the entrepreneurial journey emerging as a theme. For example, those at the beginning of their entrepreneurial journey are heavily committed ("I work more than 80 hours a week at the moment and have no time for anything but the business"). When they have realised some of the value in their businesses, they may have more time for charitable giving ("I have sold my business and now have time to get involved in other things.")

c. Bringing entrepreneurial traits to philanthropy

There is significant expectation that entrepreneurs are likely to be drawn to philanthropic projects with clear and defined social returns on the investment. The interviewees elaborated to say that entrepreneurs have very strong egos (their term) and these drive their actions in their businesses and elsewhere. They saw a strong determination to achieve outcomes, together with self-belief, as being part of the makeup of an entrepreneur which can be harnessed to meet philanthropic objectives effectively. These attributes will also drive their engagement with philanthropy so that they are very outcome/return on investment driven.

They also expect those they work with to be efficient and accountable and many indicated the parties they engage with in philanthropy are not as professional, efficient or as accountable as they would wish.

d. Entrepreneurs giving back

In common with international research, entrepreneurs are strongly motivated by 'putting something back'. ("I have enjoyed success and so I should put something back". "My parents raised us to believe that it is important to give back to the society we live in"). Another referenced the strong tradition of cooperation in communities, particularly in rural areas. The current poor economic situation has brought out this spirit again with communities seeing that they must fend for themselves and help one another. The view was expressed that the level of philanthropy in Ireland is masked because there is a lot of activity going on all over the country but it is not called 'philanthropy'. Rather it is seen as local co-operation and helping out a neighbour.

Almost half (48%) of respondents support the view that the best way entrepreneurs give back to society is through growing their business interests and supporting new ventures but 21% disagree with this view.

e. Collaborative giving

The potential of collaborative giving was touched

on in the report with 38% of respondents agreeing that entrepreneurs are naturally drawn to collaborative giving and 19% disagreeing with this concept. A further 44% were not sure. There are different possible interpretations of the term 'collaborative giving' ranging from formalised collective giving to giving that is influenced by peer groups. The interviews focused on the peer group dimension as well as collaborative approaches that entrepreneurs often use to achieve business success. One interviewee indicated that he had significant cynicism for the idea of philanthropy and a total lack of belief that charitable organisations were in any way efficient and deserving of support until a business person whom he respected and admired approached him to support a particular cause. He wrote the cheque on the spot and has been impressed by the efficiency and accountability of the organisation involved. He stressed the power and significance of peer invitation and validation. Two interviewees noted the growing use of philanthropic giving as a source of self-validation and peer group validation amongst high net worth individuals, including entrepreneurs, in Ireland.

3.4.5 The environment to support philanthropy in Ireland

The survey respondents' were divided (at 50/50) as to whether they perceived the environment to be 'supportive/very supportive' or 'not supportive' of philanthropy. However, almost all of the

interviewees identified ways in which the environment could become more supportive in Ireland and cited changes in tax legislation, attitudes to successful people and the lack of efficient and accountable interlocutors as examples of the shortcomings.

The survey scores ranged across a number of factors, notably:



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A number of interviewees mentioned recent changes in the taxation system (whereby eligible tax relief goes straight to the recipient charity and not to the donor) as being a regressive step. This change appears to have been felt deeply at an emotional level by some interviewees. Some had experience of good advice and specialist information and so did not see this as a barrier to philanthropy. Many cited the 'dead hand' of public administration as a barrier to the development of greater philanthropic giving in Ireland with a perception that the culture and mind-set within the public service are at variance with those of the entrepreneurial community.

Interviewees gave some additional insights into what might lie behind these scores. The economic climate has an impact on philanthropic giving and the current climate remains uncertain. Many do not want to be seen to have money in such difficult economic times. The culture of begrudgery is still a consideration with many wanting to give quietly to avoid this. The attitudes towards 'do-gooders' are another deterrent. This tendency varied from sector to sector with ICT being more willing to be open about their philanthropy and the pharma/life sciences being the least willing to be known for having been a success and for engaging in philanthropy. The view was also expressed that the tax system is not developed to support philanthropy. The US system was cited as a good example of a supportive tax

system for philanthropic giving. The recent changes in the tax system have cut the level of money going to philanthropy because of the switch to the benefit going to the charity. The Revenue approach can be bureaucratic and so delays getting charitable status for elements of an enterprise that has social rather than profit motives. Another interviewee saw a conflict of interest for the public service in facilitating philanthropic projects and a stronger philanthropic sector. It would move aspects of social work, from the current system where it is done by the public sector (or under the public sector's control) to civil society, where it will be done more effectively. The suggestion was made that Ireland's culture is not well developed when it comes to philanthropy, as it is not instilled in education or in many families. "We will never see anybody stuck. We give generously to the next crisis in Africa. However, we will not do it in a planned and strategic way to produce an outcome. We can do ad hoc but not strategic".

There is a poor view of the charity sector and this is impacting on philanthropic giving. This is evidenced by the views of interviewees on the need for clarity on the governance and allocation of funds in the sector. The cynicism of many interviewees was strong on this, with limited or no belief that the capacity for efficient and effective action is in the sector. "Fifty per cent of the funds given to the charity sector are wasted." This comment typifies the belief expressed by respondents.

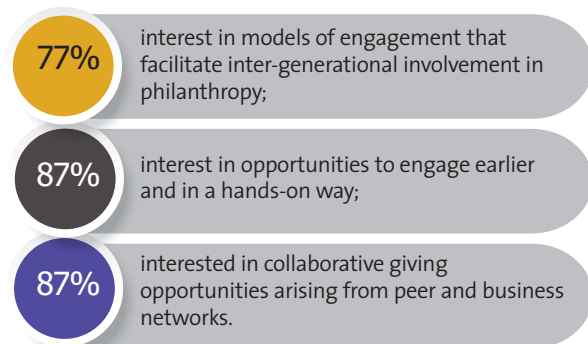
“ We will never see anybody stuck. We give generously to the next crisis in Africa. However, we will not do it in a planned and strategic way to produce an outcome. We can do ad hoc but not strategic.”

3.4.6 International trends

Respondents were asked to indicate their level of interest in seeing global trends and supports for philanthropy replicated in Ireland, including:



In terms of replicating international trends, a number of interviewees mentioned the distinctive aspects of Irish culture that needs to be taken into account when considering Irish philanthropy including the strong sense of community and



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helping each other that exists in Ireland and in particular in rural Ireland. A connection to place and 'where I came from' emerged from a number of interviews. The sense from respondents was that the international trends would have to be adapted to take Ireland's culture and way of doing things into account before seeking to implement them here.

3.4.7 Communicating with entrepreneurs effectively

The overall sense was that entrepreneurs found the usual approaches to being asked to support charitable causes in Ireland to be often unsophisticated, unsubtle and not strategic. Through some of the interviews, the interviewees expressed reservations in relation to the usual methods of approaching wealthy individuals for charitable donations.

The survey responses indicated the strong preference of entrepreneurs is to be communicated with in relation to philanthropy via contact through peer and business networks (with 98% agreeing that this is a very effective or somewhat effective method of contact). The next most preferred is through intermediaries such as CFI or The Ireland Funds (91%). Greater clarity about overheads and expenditure in non-profit organisations, through the Internet and social media and professional/wealth advisers and respected intermediaries were the next most preferred methods. Articles, guidance

91%
of entrepreneurs have a preference to be communicated with through intermediaries such as CFI or The Ireland Funds.

studies and other printed materials were the next preferred by 82.6%.

In summary, the report shows that the majority of entrepreneurs are engaged in giving – often through financial contributions as well as through giving their time. However, they span a wide spectrum in terms of whether they give in a structured and strategic way (for example, a few have a donor advised fund or their own trust or foundation) or whether they give on an ad hoc basis. Their motivations to give align closely with international studies but they also express a clear interest in seeing more opportunities to give in Ireland which align closer with some of the characteristics which have contributed to their business success, including opportunities for engagement, creativity and innovation, as well as a return on their social investment.

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Against a backdrop of an emerging literature on the topic internationally, this report provided the opportunity to gain insights into how entrepreneurs in Ireland view philanthropy.

IMPROVING THE SUPPORT ENVIRONMENT

and encouraging entrepreneurs to engage in philanthropy

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International research and experience indicate that entrepreneurs tend to engage in philanthropy in a distinctive and creative way and often wish to give back to society (or often a particular geographical area such as where they came from) on foot of their success in business. In doing so, they tend to bring many of their business skills to their giving. Such skills include being innovative, solution oriented, as well as the capacity to think outside the box and problem solving. The ways in which entrepreneurs give often align with their business style and this has led to a growing interest in more hands-on engagement on the part of such donors and the emergence of a number of different models of giving including venture philanthropy, social entrepreneurship and social investment.

Notwithstanding a strong culture of giving,¹⁸ Ireland has a weak tradition when it comes to more structured giving, as evidenced by the tiny pool of trusts and foundations in Ireland.¹⁹ Despite the significant setbacks of the recent recessionary period, there has been strong underlying growth in the economy and levels of wealth in the past 25 years. In addition to the success of foreign direct investment, there has been a strong entrepreneurial component to Ireland's economic growth. If we are to meet the aspiration of developing more planned and strategic philanthropy in Ireland, entrepreneurs are a key constituency with the capacity to engage more – both in terms of providing

financial support, as well as their time and talent.

Looking internationally confirms that a supportive environment for philanthropy encourages entrepreneurs to engage in philanthropy. There also needs to be an effective infrastructure to support giving, including the capacity of non-profit organisations to engage effectively with entrepreneurs, as well as varying models of engagement, channels of giving and the facilitation of complex gifts.

So what insights does the report give us into how entrepreneurs might be encouraged to engage in more strategic, planned and purposeful charitable giving and how might the support environment be improved? The following recommendations arise from direct suggestions by respondents to the survey and by the interviewees.

4.1 Developing supports for donors

A number of suggestions and recommendations arose in the report around developing better supports for donors to engage in more structured, strategic and more purposeful charitable giving including:

Business networks

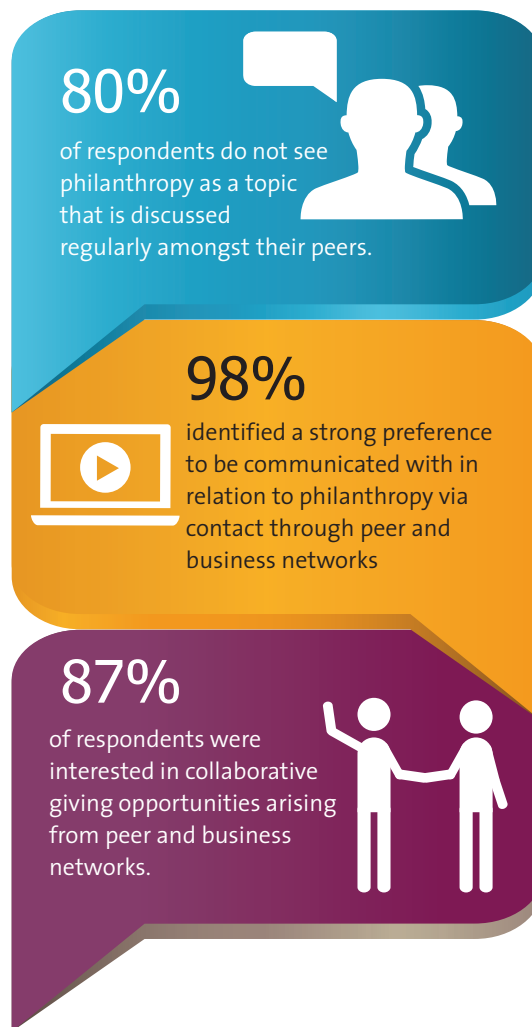
The survey responses indicated that 80% of respondents do not see philanthropy as a topic that is discussed regularly amongst their peers. On the other hand, the report identified a strong

preference on the part of entrepreneurs to be communicated with in relation to philanthropy via contact through peer and business networks (with 98% agreeing this is a very effective or somewhat effective method of contact). In addition 87% of respondents were interested in collaborative giving opportunities arising from peer and business networks. A variety of business groups – including trade associations and business and sectoral networks could play an important role in introducing philanthropy and opportunities for charitable giving to their areas of interest and work programmes. In line with global research, the importance of peer invitation and validation (in relation to introducing or endorsing particular charitable initiatives or non-profit organisations) was also raised in the report.

Philanthropic intermediaries and professional advisers

There were mixed findings in relation to accessing specialist advice and services. Almost two thirds (62%) did not perceive that there is easy access to supportive advice and services. On the other hand, some respondents had experience of good advice and specialist information and so did not see this as a barrier to philanthropy.

Almost two thirds of respondents (61%) indicated that the emergence of specialist intermediaries/ philanthropy guidance through professional advisers would be of interest. Such services have grown rapidly in markets such as London in recent years and are emerging in Ireland as well. CFI



18 The 2014 World Giving Index places Ireland at 4th place
19 Philanthropy in the Republic of Ireland, McKinsey & Co, 2010

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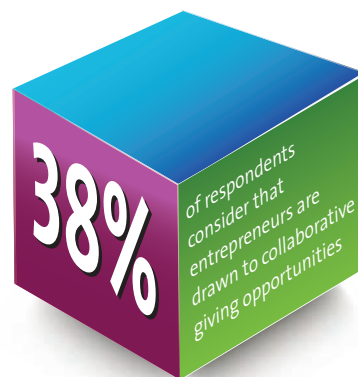
works closely with many professional advisers and receives valuable advice and support through its Professional Advisers Advisory Group.

The report indicated a strong interest in a number of areas where professional advisers and philanthropic intermediaries (such as CFI) can play an important role working with donors. These included an interest in bespoke services and giving plans tailored around individual needs (on the part of 70% of respondents), 75% of respondents expressed interest in support for more complex gifts such as donating shares and property and 77% were interested in models of engagement that facilitate inter-generational involvement in philanthropy.

38% of respondents consider that entrepreneurs are drawn to collaborative giving opportunities. This is an area which is only emerging in Ireland and is being facilitated by philanthropic organisations such as CFI, Social Entrepreneurs Ireland, Ashoka, Social Innovation Fund Ireland and ChangeX.

Encouraging early engagement

Encouraging early engagement amongst entrepreneurs is about building the relationship with philanthropy in advance of the time of significant philanthropic giving. The early stages are often a challenging time for such engagement in the following respects: other



than in the formal start-up hubs, early stage successful entrepreneurs do not present as easily identifiable targets; they are also very busy and don't have much or any free time available. However, a thread in the interviews was the capacity for early stage entrepreneurs to have a philanthropic aspect to their business from the start but that this needs to be supported by the tax system to allow it to flourish.

4.2 The non-profit sector

The second area where a number of suggestions were made related to the non-profit sector and indeed individual non-profit organisations, including:

Address concerns about governance and effectiveness

63% rated the regulation and governance of the charity sector as unsupportive and only 37% perceived it to be supportive. The report

“Recent controversies in the non-profit sector in Ireland have impacted on how the sector is perceived.”

highlighted that there is a poor view of the charity sector amongst entrepreneurs and this is impacting on philanthropic giving. This is evidenced by the views of interviewees on the need for clarity on the governance and allocation of funds in the sector. The cynicism of many interviewees was strong on this, with limited or no belief that the capacity for efficient and effective action is in the sector.

Clearly recent controversies in the non-profit sector in Ireland have impacted on how the sector is perceived – both as an overall sector, as well as individual organisations. While the sector itself has work to do in restoring confidence, it also comes back to individual non-profit organisations to assure potential and current donors regarding their governance and efficacy in their core work.

Refining the ‘ask’

The report identifies that Irish entrepreneurs would welcome more sophisticated, subtle and strategic approaches for support. A direct “Give money to this important cause” is unlikely to be

successful and will not acknowledge or harness the attributes that entrepreneurs recognise in themselves as being very valuable and capable of making a significant difference.

Entrepreneurs do not see the standard approaches, which are used in Ireland to elicit donations, in a positive light. A number of the interviewees were quite cynical on the concept of charitable giving. It is also interesting to note that in practice two thirds



Only 25% see the environment as offering opportunities to bring an entrepreneurial approach to giving

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Entrepreneurs want to apply their skills to problems. They derive satisfaction from seeing a problem, innovating a solution and implementing it – making it work



(63%) give once-off donations. Only 25% see the environment as offering opportunities to bring an entrepreneurial approach to giving, with 75% considering that this is not the case.

The process of engagement with successful entrepreneurs around philanthropy will require design and testing to ensure that it takes their specific characteristics into account and differentiates the philanthropic ‘ask’ from the standard charity donation ask. It will need to explore the extent of engagement that the entrepreneur would like to have and harness the spectrum of support the entrepreneur wishes to offer. Because of their interest in efficiency and effectiveness, entrepreneurs are also likely to want evidence of these in both the organisations they engage with and in the outcomes that they seek to secure through their involvement.

Developing processes for active engagement

Entrepreneurs want to apply their skills to problems. They derive satisfaction from seeing a problem, innovating a solution and implementing it – making it work. They are interested in getting involved in problems of interest to them, allowing them to see first-hand the issues that exist and encouraging them to develop ideas and approaches that draw on their skill set.

4.3 Public policy

The final area where recommendations arose was in relation to public policy, including:

Effective regulatory environment

Notwithstanding the role of individual non-profit organisations (as well as the wider sector), it is ultimately the role of the State to ensure effective governance, transparency and accountability of the charitable sector in Ireland. With the appointment of the Charities Regulatory Authority in 2014, Ireland is finally moving towards having a modern and effective regulatory regime but it will be essential that the Regulator is given adequate resources and consistent support in order to ensure that this is achieved.

Harnessing the ‘can do’ and drive of entrepreneurs

Many cited the ‘dead hand’ of public administration as a barrier to the development of greater philanthropic giving in Ireland with a perception

that the culture and mind-set within the public service are at variance with those of the entrepreneurial community. Entrepreneurs are acknowledged as having drive and a 'can do' attitude. However these are attributes that the public administrative system often characterises as 'a loose cannon'. A capacity to understand and work with entrepreneurs is key to success in harnessing not just the financial strengths that successful entrepreneurs can contribute but also to facilitating the engagement of the particular skills and perspectives that entrepreneurs have towards the social issues that often defy the policy system to solve.



A key challenge is the lack of time on the part of entrepreneurs

A key challenge is the lack of time on the part of entrepreneurs (up to a late stage in their entrepreneurial careers for many but some would engage from the beginning), together with their desire to be in charge and to drive the project.

Interviewees identified the need to introduce a new incentive to promote investment in projects/businesses/organisations that are tackling social issues



Having a capacity to engage entrepreneurs requires understanding and flexibility. Traditional structures and processes such as boards and committees don't function with innovation and speed to match these entrepreneurs. Consequently, it will take imagination to develop methods that can attract and retain their energy and drive effectively, while also monitoring the approaches to ensure that they meet the criteria and outcomes desired, all within the bounds of today's governance standards.

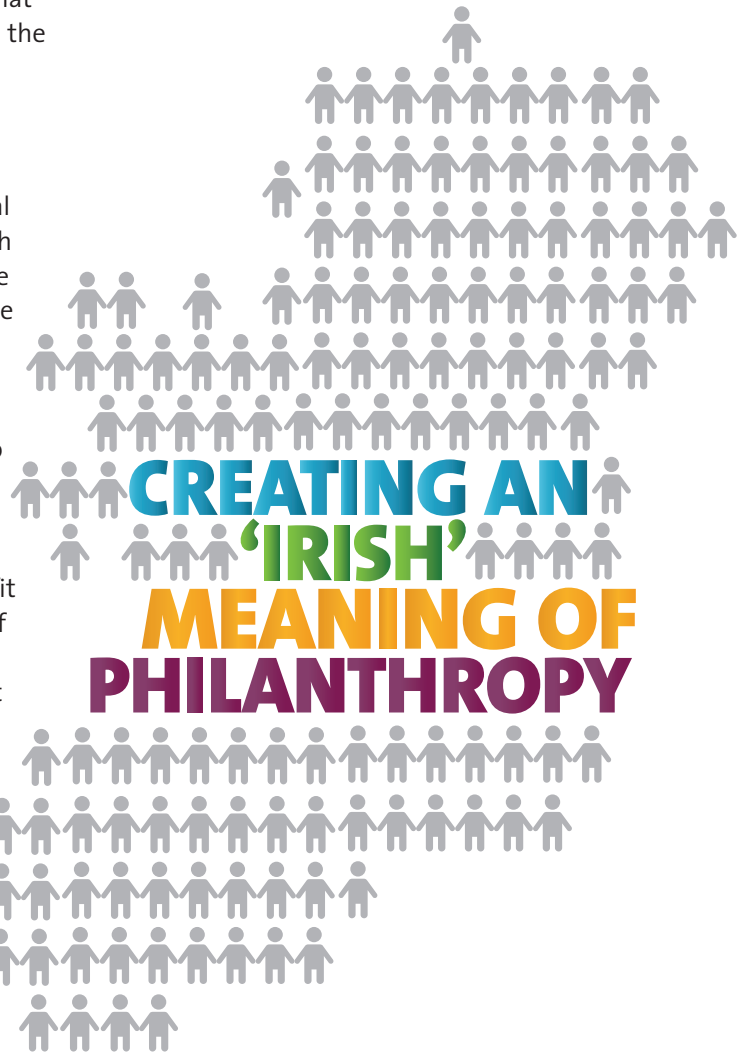
Effective fiscal environment

The tax system has potential to incentivise philanthropic giving – or penalise it. The administrative change which took effect in 2013 to allow the charity to reclaim the tax paid, rather than to be claimed against the donor's tax bill, was remarked on negatively. It is perceived as a

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disincentive to charitable giving and somewhat bureaucratic for the donor. Interviewees held the opinion that the US tax set off system has facilitated the development of philanthropic giving in the United States.

Interviewees made a number of specific fiscal recommendations that are likely to work with entrepreneurs. Specifically, they identified the need to introduce a new incentive to promote investment in projects/businesses/ organisations that are tackling social issues. For example, the suggestion was made to allow entrepreneurs selling their company to retain 25-50% of the Capital Gains Tax that is payable in a fund for investment in philanthropic ventures with demonstrable social impacts. The social issues would benefit from funding, the entrepreneurial capacity of the successful entrepreneur and the other expertise that the entrepreneur could attract from his/her network. The resolution of social issues can benefit from alternative thinking and entrepreneurial approaches to problems and a capacity to see the opportunity where others see an issue. The entrepreneur sees that he/she can make a difference by putting his/her time into the direction of the fund and that this effort is supported by a tax incentive. The State gets different thinking and management capability for no cost. The beneficiaries receive greater funding and alternative approaches to the issues. An



additional suggestion was to make the tax rules friendlier to the endowment of foundations or donor advised funds.

Creating an ‘Irish’ meaning of Philanthropy

From a wider public policy dimension, the report confirms that entrepreneurs would seem to share a general wariness if not mistrust of the term ‘philanthropy’ and yet 92% were interested in more openness and less suspicion around philanthropy and philanthropists. The report indicates that the term ‘philanthropy’ often tends to be associated with the United States, as well as being associated with large scale philanthropy on the part of the mega wealthy and having somewhat negative connotations in an Irish context. On the other hand, the survey showed that those interviewed had a clear sense of philanthropy as entailing strategic, purposeful and engaged charitable giving, which they generally saw as a positive way to give. The report suggests that what is needed is a model of philanthropy which aligns with Irish culture and values and not a direct import of a US style of philanthropy. There is a need for clarification of how such issues will be addressed from a public policy perspective and in particular given the uncertain status of the Government appointed Forum on Philanthropy which had a mandate to encourage greater philanthropy in Ireland.

4.4 Conclusion

This report – ‘Giving and Gaining - How entrepreneurs view philanthropy in Ireland’ gives interesting insights into how entrepreneurs view the environment for giving in Ireland. Entrepreneurs have concerns about standards of effectiveness and governance within non-profit organisations, as well as reservations about current fiscal arrangements in relation to charitable giving. Notwithstanding such reservations, there is a clear interest and appetite amongst entrepreneurs to see certain international trends replicated in Ireland, including more opportunities for collaborative giving, better tax incentives and greater facilitation of complex gifts. Given its historic over reliance on state funding, the charitable sector needs to identify new streams of sustainable funding and philanthropy has an important role to play to help to deliver just and progressive social change. Although for the most part already giving in a variety of ways, this report identifies a latent potential for entrepreneurs to engage more – both in terms of their financial contributions but also in bringing a mind set and skill set that has much to offer as Ireland starts the process of rebuilding its social capital and infrastructure.

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PHILANTHROPY AT A GLANCE

5.1 Getting started

Deciding to take a new approach to charitable giving may be prompted by a number of factors including:

An opportunity has arisen

Perhaps you have had a windfall gain through the sale of a business or an inheritance and feel you would like to 'give back' a bit more?

Frustration with your current giving

Maybe you feel that your current charitable giving is somewhat ad hoc but that you would like to adopt a more selective and strategic approach?

Engaging your family

Maybe you would like to pass on a spirit of giving to the next generation or continue a family legacy?

5.2 Giving options

Philanthropy can take many forms but the main options for individuals and families are:

To give directly

This approach works well where there are few transactions and it is also most appropriate for smaller scale charitable giving where the level of giving would not justify any administrative costs and is manageable for the donor.

To set up a charitable trust or foundation

Setting up a foundation allows flexibility in

choosing the areas to support and in the approaches taken to philanthropic investment. However, it also requires a commitment of time and resources. The majority of philanthropic organisations in Ireland are established as a charitable trust or as a company limited by guarantee and not having a share capital.²⁰

To set up a donor advised or family fund

Community foundations are pioneers of Donor Advised Funds which provide many of the same benefits to a donor as a private family charitable foundation (including all tax reliefs) but donors are also able to access the community foundation's grant making expertise, due diligence, monitoring and reporting processes.

5.3 Donor Advised Funds – How does it work?

- Based on a simple fund agreement, the donor sets up a donor advised fund at The Community Foundation for Ireland in their chosen name. Management fees are agreed up front and there are no hidden charges;
- The donor makes a gift to CFI (in cash or shares);
- Following recent changes in relation to tax relief for charitable donations, any eligible income tax relief on that donation accrues directly to the Fund;

²⁰ For additional information see Philanthropy Ireland: Guide to Setting up a Foundation in Ireland

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- The donor identifies the cause(s) which they would like to support and CFI's staff will assist in ensuring that the money goes to the project where it can make most impact;
 - CFI handles administration and issue grants in the name of the fund or anonymously (as the donor chooses);
 - The donor receives agreed feedback and outcome reports;
 - The donor can choose to increase or reduce their level of grant-making periodically based on their time and financial demands.
- In the case of a donor advised fund at The Community Foundation for Ireland, the tax relief will accrue directly to the fund. For example, a donor makes a donation of €10,000 to their donor advised fund. If eligible, the tax relief, grossed up at 31% on that donation will accrue directly to the donor's fund (once it has been claimed back from the Revenue Commissioners) resulting in a revised balance of €14,493 in that fund to disperse to charitable causes.

5.4 Tax relief on donations to charity

a. Personal donations

Key Features of the Revised Scheme in relation to tax relief on donations to charity:²¹

- Tax relief in respect of donations made on or after 1 January 2013 by individuals (whether self-assessed or PAYE-only taxpayers) to an approved body is allowed to the approved body rather than to the donor at a blended rate of 31%;
- An annual limit of €1million per individual can be relieved under the revised scheme and donations under the scheme are no longer subject to the higher earner restriction;
- In the case of a donor who is "associated" with the charity (employee, board member, member etc.) the limit for tax relief on donations to a maximum of 10% of annual income continues to apply;

b. Corporate donations

If a company donates to an approved charity, the donation can be treated as a trading expense (subject to a minimum donation per charity of €250), and so will be deductible for corporation tax.

5.5 Complex gifts, including shares

a. Donating shares (plc)

In 2005, income tax relief was introduced for the donation of publicly-quoted shares to eligible charities. Those giving gifts of publicly quoted shares (of €250 or more) have to choose between an Income Tax relief and capital Gains Tax (CGT) relief. If income tax is chosen, the procedures are the same as for cash donations. If the donor opts for CGT relief, the sale of the shares will be treated as a 'no profit no loss' sale i.e. it is treated as if the shares were sold for exactly the same price as was paid for them.

For example, a donor makes a donation of €10,000 to their donor advised fund. If eligible, the tax relief, grossed up at 31% on that donation will accrue directly to the donor's fund (once it has been claimed back from the Revenue Commissioners) resulting in a revised balance of €14,493 in that fund to disperse to charitable causes.



b. Donating shares (private company)

A donor may still decide to donate shares in a private company to a charity. However, unlike in the case of publicly quoted shares, the charity (for example, The Community Foundation for Ireland) would arrange for sale of the shares in order to realise their value. Similar to donating any other asset to charity or to a philanthropic organisation, the donor will be treated as if he/she did not make a profit or loss on the transfer of the asset. As long as the proceeds are used for charitable purposes, the recipient charity

will not have to pay either CGT when it sells the asset, or any form of Capital Acquisition Tax (i.e. Gift or Inheritance Tax) on the original gift of the asset.

c. Other gifts

The case study in relation to Silicon Valley Community Foundation (SVCF) in this study highlighted that the SVCF has worked with entrepreneurial donors in the US to facilitate complex gifts including shares, bitcoins and ripples (forms of virtual currency), as well as pre-IPO shares in start-ups and property. Some guidance in relation to the taxation of a variety of innovative gifts and property is contained in PWC's Charitable Giving Guide²² or please contact your professional adviser or CFI to ascertain the way such gifts would be treated in an Irish context (if known).

5.6 The Community Foundation for Ireland

The Community Foundation for Ireland (CFI) empowers people and organisations who want to make a difference through a model of philanthropy that is based on trust, effectiveness and impact. Established in 2000, CFI has made grants on behalf of donors of over €20 million in Ireland and overseas.

²¹ Which took effect on 1st January 2013.

See www.revenue.ie/charities for additional information

²² Helping to maximise donations to the wider community, PWC, 2013

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CFI has a proven track record in empowering donors who want to make a real difference in their communities by tackling social issues effectively through:

- Being here for the long term and operating within a proven model of philanthropy;
- A dedicated and committed staff with extensive experience of grant-making in Ireland and overseas;
- A strong commitment to ensuring that CFI attains impeccable standards of governance and transparency and follows best international practice;
- Insights and working relationships with over 3,000 non-profit organisations at a national, regional and local level throughout Ireland;
- Partnering with professional advisers to create highly effective approaches to charitable giving;
- Ensuring giving is fast, efficient and rewarding, as well as cost effective for donors.

5.7 Resources

Websites

The Community Foundation for Ireland
www.communityfoundation.ie

Ashoka www.ireland.ashoka.org

ChangeX www.changex.org

New Philanthropy Capital www.thinknpc.org

Philanthropy Impact (formerly Philanthropy UK) www.philanthropy-impact.org

Philanthropy Ireland www.philanthropy.ie

Social Entrepreneurs Ireland www.socialentrepreneurs.ie

Social Innovation Fund Ireland www.socialinnovation.ie

The Ireland Funds www.theirelandfunds.org

UK Community Foundations www.ukcommunityfoundations.org

Reports

Coutts Philanthropy Handbook (www.coutts.com/files/pdf/philanthropy-handbook-sample.pdf)

Giving and Gaining through Philanthropy – A guide to family and personal giving (The Community Foundation for Ireland, 2013)

Guide to Giving; Association of Charitable Trusts (www.acf.org.uk/uploadedFiles/Publications_and_resources/Publications/Publication_repositry/AGuidetoGiving3rded.pdf)

Handbook of Research on Entrepreneurs' Engagement in Philanthropy (Taylor, Strom and Renz, 2014)

Helping to maximise donations to the wider community, PWC, 2013 www.pwc.com/ie/pubs/2013_charitable_giving_guide.pdf

Ireland's Vital Signs 2015 (The Community Foundation for Ireland, downloadable at www.irelandsvitalsigns.ie)

ONE Final Report, 2014 (www.onefoundation.ie)

Philanthropy in the Republic of Ireland, McKinsey & Co (2010)

Report of the Forum on Philanthropy and Fundraising (2012)

Richer Lives; why rich people give (Breeze and Lloyd, 2014)



This report was written by Jackie Harrison, Head of Development at The Community Foundation for Ireland based on an independent study undertaken by Sia Partners which was commissioned by CFI in 2014. The information contained in this report is meant only to serve as a guide. CFI recommends that where appropriate, individuals and families seek advice from professional advisers.

To find out more about any of the topics covered in the Guidance Report, please do not hesitate to contact Jackie Harrison (jharrison@foundation.ie)
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