

How philanthropists can maximise the services of professional advisers

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It is vital that potential philanthropists have a clear idea of how their money will deliver the results they seek before investing what are often substantial sums.

Deriving maximum value from professional advisers can be achieved by focusing practitioners' efforts on practical matters and essential, relevant guidance.

With the highest wealth rates in history, many affluent individuals and families are becoming more philanthropically minded, following the proliferation of threats such as global warming, diseases, deprivation and social need.

At the same time, rising numbers of families are deciding to leave 10% of a parent's estate to charity by deed of variation to qualify for the reduced 36% rate of inheritance tax – essentially sacrificing part of their share for good causes.

In the same way as devising a business plan, philanthropists would be advised to begin with the end in mind and establish what a successful outcome would look and feel like before seeking advice from professional services. Planning and focus prevent a fragmented and loose approach – which accumulates unnecessary legal costs that could have made a difference to a worthy cause.

Professional advisers add most value by guiding on how to set the project up properly, and whether it should be an incorporated charity, trust or scholarship.

These choices are important, since an incorporated organisation is regarded by law as a person who is allowed to employ paid staff, enter into contracts in its own name and own freehold or leasehold land or property. Crucially, the trustees of a corporate body generally aren't personally liable for what it does – whereas those of an unincorporated one are.

Practitioners can also ensure the right infrastructure is in place – sorting out reporting and compliance; outlining tax and legal implications; clarifying

obligations to employees, volunteers and landlords; and signposting cost-savings and best delivery.

This focus is important because every philanthropic project's aims and methods of delivery will be different.

For example, one person or family might want to set up a specific project that directly resolves a problem at source – such as addressing the lack of public transport in a rural area by establishing a bus service.

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Others may seek to tackle a disease that has affected loved ones – if so, it is important to decide whether they simply want to donate to an existing charity or research foundation, or invest their money in awareness raising and/or fundraising efforts.

A third could be committed to directly helping bright young people achieve their academic potential.

Efficient, focused sessions spent with practitioners enable more time and money to be channelled into the cause, while also avoiding claims, fines and censure from regulatory authorities.

The specific needs of each philanthropic exercise are too different to draw on a 'standard model' for handling them as all call for bespoke advice.

A good example is a small charitable nursing home where I am a trustee. As with many care homes, the new living wage is proving to be a challenge – particularly where the majority of staff are part time – so we asked an employment law colleague very specific questions about what we can and cannot do to vary contracts.



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This is not to say that a good charities lawyer cannot add value by having some involvement with decision making. While the aforementioned bus service calls for structured advice, a professional with experience in the field could help crystallise a broad ambition to tackle a disease.

However, as small and medium-sized charities have become ever more cost-conscious, the challenge for practitioners is how to provide a good service at a realistic price – so avoid consulting them if you have only the vaguest notion of what you want to do.

After first discussing the desired end point with family and friends, the next step is for philanthropists to seek out third sector professionals with experience in their particular area of interest.

Doing so will reveal whether their plans are realistic – and if not, what the best routes to success are by establishing which partner agencies can help.

It is interesting to note that a recent event at the South Yorkshire Community Foundation, which supports local community groups facing hardship and disadvantage, revealed that the Charity Commission is currently being swamped by applications to set up new charities. The commission's strategy is to suggest that potential donors are recommended to existing charities, which can carry out their aims without incurring the expense of set-up costs.

Ultimately, whatever route philanthropists embark on, up-front investment in research, discussion and planning will undoubtedly reap long-term dividends for the benefactor and the beneficiary.

Michele Todd was born in Newcastle upon Tyne, but grew up in Worksop and has been a solicitor for 15 years.

After studying for a law degree at Sheffield University she took her law finals at Nottingham Trent University.

Michele and the private client team are true specialists in the field of private client work, offering a good, fast and efficient service that gets the job done, with the bespoke personal touch.

Michele's work is in the field of wills and probate – including specifically tax and estate planning – an area she has significant experience and expertise in. She also offers advice on the making and operation of lasting powers of attorney and all aspects of Court of Protection work and asset preservation.

Michele is a member of the Probate Section and Society of Trust and Estate Practitioners and is also on the deputies panel of the Office of Public Guardian.