

A Winning Transatlantic Proposition: The CAF American Donor Fund

Host: Ted Hart

Guest: Mark Greer – CAF American Donor Fund

Announcer: Welcome to the *CAF America Radio Network*, a production of the Charities Aid Foundation of America. As the leader in global giving, CAF America offers more than 20 years of experience and expertise to corporations, foundations and individuals who wish to give internationally and with enhance to due diligence in the United States.

Through its industry leading Grants management programs and philanthropic advisory services, CAF America helps donors amplify their impact. This show is dedicated to these donors and the charities they support. CAF America is uniquely positioned to serve as the bridge between these important partners and transforms vision into meaningful action.

Get on the *CAF America Radio Network*, our leaders and their field who share tips for success and stories that inspire. Our host is Ted Hart, the CEO of the Charities Aid Foundation Of America. This is a live calling show. Add your voice by calling 914-338-0855. After the show, you can find all of our podcasts at cafamerica.org. Don't forget to dial 914-338-0855.

Now, welcome the host of the *CAF America Radio Network*, Ted Hart.

Ted Hart: Welcome here to the latest edition of the *CAF America Radio Network*. Today we have a very important topic, and for our listeners, this is a primer to a very important component of CAF America. Today our guest is Mark Greer. He is a Senior Manager at the CAF American Donor Fund, which is headquartered in London. Prior to his current role, he was the philanthropy director for UK Community Foundations and the CEO of Beacon Awards for philanthropy. Mark has an extensive background working with nonprofit organizations and community foundations within the UK, and is an excellent advisor for all who may wish to use the CAF American Donor Fund.

Let me start off by giving just the framework of what is the CAF American Donor Fund, and then we'll bring Mark Greer into the show.

The CAF American Donor Fund provides dual taxpayers with immediate tax benefits and a simple way to support charities anywhere in the world. We take on all of that process, and we're going to talk about that today. Our goal with the CAF American Donor Fund is to make your philanthropy possible.

Giving is not always easy, particularly for those who pay both US and UK taxes among other problems. US tax rules sometimes invalidate UK tax breaks for charitable giving. The CAF American Donor Fund is an expert in offering solutions, allowing dual tax payers to claim gift aid in the UK while still benefiting from a US tax deduction.

Welcome to the CAF America Radio Network, Mark Greer.

Mark: Thanks Ted. It's good to be with you.

Ted: Well, Mark, it's great to have you on here because this is so important to many Americans who are working in the UK and are philanthropic, they come from philanthropic rep backgrounds, and but find themselves now needing to be compliant with not just the IRS and the US tax code, but also the UK tax code. Why don't you start off by giving us a little bit more of a bit of the framework and the background, but the ability to give tax effectively and be able to make contributions both in the UK and around the world into international markets.

Is one of the main reasons why we've seen such a large increase in the utilization of the CAF American Donor Fund. Talk to us a little bit more about why this works and how this works.

Mark: Sure. Yes. The CAF American Donor Fund is a fantastic solution for anyone who is paying tax in the US and the UK. Mainly that is Americans who are living over here in the UK, but it can be other people as well. Some of our donors are Brits who have been successful either in business or sometimes in the entertainment industry in the US, and for that reason, are paying tax in both countries, or sometimes if people that are on property in the US. For other reasons, if anyone is paying tax in the US and the UK, you've got to structure your charitable giving really carefully to make sure that you gain the maximum tax benefit from it.

For example, if an American living over here were to give back to their college, as many, many of them do, that was a US college, they get a tax deduction in the US because it's the US charity, but the British government may very well not recognize that donation as a charitable nation that could be deducted off of UK tax. The other way round as well. If they were giving to perhaps the church or a religious institution or to take institutions over here, they wouldn't be able to claim that on the US tax returns.

But what we do is we solve that problem for them because the CAF American Donor Fund is a dual registered structure. It works like many donor funds do, except that it is both the US 501(c)(3). It's giving to a US charity, but it's also a UK registered charity. When people give to us, they can deduct it on both tax returns.

But you also mentioned gift aid, and that is an additional benefit that we give to people. In the UK, any UK taxpayer who gives to charity, the charity can claim 25% of that gift in tax back from the government. That 25% doesn't go to the donor, it goes first to charity. For example, if someone gives £100,000, the charity would receive £25,000 and then the donor would receive the rest, that tax benefit. Obviously that's fantastic for charities because you gave them a 25% uplift on their donations.

But because when donors give through us, even if ultimately they're going to suggest against that to an American charity because they've given to the CAF American Donor Fund, which is a UK charity as well, they get that 25% uplift on that gift. Immediately-

Ted: Because CADF will claim that gift aid and match that to the original donors gift?

Mark: That's exactly right. They can get that 25% uplift to the charity no matter where that charity is. But if they were just to give directly back to a US institution, obviously they don't get that. That's pretty good gearing, just that 25% uplift.

Ted: Yes, and this is a bit of -- and I understand that we have donors who use the CAF American Donor Fund very successfully from a number of nationalities who have dual tax requirements, but speaking specifically to the Americans who may have no concept of gift aid, because that's not the US IRS approach to charitable tax effective giving.

Understanding that there are benefits on both sides of the Atlantic and the donors who have tax obligations in both countries, receive both sets of benefits.

Mark: Yes, that's right, and there's no other way to do that because if you just want to give. I'll just donor vice fund or direct to a charity that was purely US or purely UK, you lose half of the equation. But cut off is unique in that you get both. You get a lot more giving through cut off. [cross talk]

Ted: It takes a lot of work to maintain the compliance with two government entities, and that is part of what makes CAF unique. I just want to interject that, because anyone who is listening to this podcast and is considering using the CAF American Donor Fund, of course you're very smart, you're going to feel very smart because you are going to be compliant, fully compliant for both governments.

But passing this on to friends is going to be a big surprise to them because suddenly they're going to potentially have a 25% uplift to their giving because of this dual qualified status.

Mark: Yes, that's right. There's a huge benefit in that both to the donor and to the charities, it's a win win on both sides by using the American Donor Fund.

Ted: That brings us to the strategic relationship between CAF UK and CAF America as integral to the success of the CAF American Donor Fund. The CAF American Donor Fund is a subsidiary of CAF America, but the richness of the support networks on both sides of the Atlantic then are available to the donor for no additional fee. It becomes part of the services they're provided. There's no one who can compete with the wealth of services that the CAF American Donor Fund can bring to bear. Talk to us a little bit more about the context of the relationship and why it is so critical to differentiating the CAF American donor fund in the marketplace.

Mark: Yes, obviously I work very closely with colleagues in the UK. CAF has a big footprint in the UK and also with colleagues in CAF America. In order to make the CAF America Donor Fund work properly, we have to stay compliant with both US and UK regulations. Not to be all boring about regulation, but obviously it matters to donors because we have to show, in order to get donors that tax return in the US and the UK, we've got to show the world they're giving to is charitable in both countries, because otherwise one of those jurisdictions is unlikely to recognize it as a charitable gift and the donor would lose the tax deduction.

We do a lot of work looking at the charities that our donors are supporting, making sure that they'd be deemed charitable in both the US charity law and UK charity law. That's obviously vital to making sure that our donors get the benefits that they need, and we do that through collaboration across those offices, with the expertise on the US system, obviously CAF America and the UK system here in the UK and joining all of that up.

What listeners may not know is, CAF in the UK and in the US is part of a big global network of CAF offices all around the world. That makes us part of something so much bigger and so much more powerful because as particularly the individuals that I work with, who are very successful in business, they have a footprint all over the world in terms of where that business interests are, and that charitable interest tend to follow that. But giving across borders isn't often a very simple thing to do.

Because we have that network across the world, we have expertise in all sorts of charitable giving, and particularly in charitable giving across borders. As our donors live increasingly global lives, our global network can help people to get over the compliance and the tax challenges of giving overseas and make that as simple as possible. We can't always make it simple and it's never simplistic, but we try and make it as simple as possible so that donors get to enjoy that giving, rather than getting all tangled up in the complexity of regulation.

We take that so that our donors can get on with enjoying their giving and working with the charity, they're giving to rather than getting bogged down in that-

Ted: I think it's important to note that because we want people to be able to support the charities of their interest around the world, and to be able to focus on the good work that they're doing with their philanthropy. As you pointed out, it can often be a bit weighty, when you start delving into the regulation for both the UK and the US that then secures the tax deduction. It's one thing to say that you're vetting a charity, it's quite a different thing to have offices on six continents and advisors throughout Africa, in the Asia Pacific region, and be able to do a deep dive that meets the regulatory compliance for both governments.

The firepower, if you will, the expertise and the network that comes with the basic service of the CAF American Donor Fund is on. Again, our listeners are making a very smart choice and using the CAF American Donor Fund, because they're able to be philanthropic without having to worry about all the details. Because we guarantee regulatory compliance, we take out full risk for the grant, and the vetting process that we put the charity through is designed in such a way to protect the reputation of the donor.

All of those come into play when people are making a decision about how they would like to make their contribution to charities, and it's not just the massive tax benefits that they receive. Knowing that it's done right, it's fully compliant, the anti-money laundering regulations are being followed, and those are being followed on both sides of the Atlantic, is the complexity of your job and your team, Mark, and making sure that all of that happens.

Who is the target market for the CAF American Donor Fund, who is listening to this podcast, or maybe thinking of forwarding it on to someone, who would make maximum benefit of utilizing the services of the CAF American Donor Fund?

Mark: Well, it's really anyone who is paying tax for whatever reason in the US and the UK. Largely, that's Americans who are working here in the UK, and I'll say the US tax authorities are going to follow them here and tax the UK income, but it's also that there's all sorts of people. We have a number of celebrities who are British, but have earned a lot of money in the US in the entertainment industry and they're paying tax on both sides of the Atlantic and they're very philanthropic and they want to maximize their charitable giving by using the American Donor Fund.

There are also people who perhaps are British, but are partners in an American partnership and they're exposed to US tax for that reason, or British people who have property interests in the US, and again, are exposed to tax in the US for that reason. We're also increasingly funding as giving comes online and reporting requirements for Americans all around the world are becoming much more stringent than a lot of people are actually discovering that they're American and didn't really realize it.

People who are British, but whose parents or grandparents had American citizenship, and they didn't quite realize that that citizenship is conferred down to them. We're getting a lot of people who are starting to get their taxes sorted in order because they've realized that they have this exposure to US taxes they weren't aware of before. There are all kinds of different people who end up needing us.

Ted: We're going to take a very quick break and when we come back, Mark, I wanted to ask you when you come back, if you could share a couple of examples that we give context for our listeners to scenarios that that they may think of or maybe hadn't thought of in terms of how they might benefit from the services of the CAF American Donor Fund, and we'll be right back.

Ted: We're back here live on the CAF American Donor-- with the CAF America Donor Fund and the *CAF America Radio Network*. Mark Greer is the Senior Manager at the CAF American Donor Fund, headquartered in London. Mark, we're back, we've talked about the framework and the structure, the legal aspects of compliance for both governments, for both the UK and US governments. Can you give us some examples that would give context for our listeners on when they would know that they want to be using the CAF American Donor Fund?

Mark: The first example, which is perhaps often the most one of the most common scenarios is, someone who perhaps works for an American multinational company, say, an international bank or some financial services. Perhaps they are living and working in the US and then that company decides to post them to the UK for a few years. Suddenly, they're going to have this new challenge of they will never been exposed to UK tax before, but they are going to be, once they arrive in London, start working over here and are paid over here.

They will be paying tax to the UK Government on the income that they make in the UK. If they're earning enough, then they'll be paying tax on that income to the US Government as well. We can help them by-- Their giving might not necessarily even change. They may be giving to the same causes they've given to for many years. But if they route it-- If they do that giving through us, then we can help them get that tax deduction on the UK tax and the US tax. Whereas if they carried on doing it the way they were before, they would almost certainly lose the UK tax deduction, and we double it up to get the gift aid as well which we knew at that stage. That's a pretty common scenario.

We can also help them to give in a way that perhaps uses their US based assets and they can give to-- They can use that money to give in a way that won't get that money caught into the UK tax net as well. It all gets a bit complex once we start going into the detail of that, but we can help people to use assets that they have around the world in a way that is very tax effective in the UK. That's one scenario.

Ted: Yes, that's one. Let's go ahead and go right in the middle here and then I want to ask you to share another one. How would someone contact you directly to gain your advise and counsel as they're starting to think about structuring their philanthropic efforts to be compliant for both governments?

Mark: Yes. You can contact us in a few ways. The website, if you go to casonline.org/americanonorfund, you'll get the relevant pages. Or you can email us on cadf@cafonline.org, or our UK phone number is (0)3000-123-150. That's the best way to reach out to us and then we can send information. We're always really happy to meet with either tax advisers or the donors themselves.

We can obviously talk on the phone if they're in the US at that time, but we can meet up in person in London. We're always happy to come sit down and see potential clients to properly go through their giving and work out how it can be best structured for their new tax situation.

Ted: Perfect. Give us another example of a call you might filled in and how that really benefits a person on the other end of the line.

Mark: Often we get-- I recently helped someone who is a, he's a scientist and he's about to be posted-- He's British and he's about to be posted to an American university to help with some research over there for about five years. So he's going to be certainly a CAF American Donor Fund potential client. He's philanthropic. He gives a lot, and he wants to make sure that he's not losing out on the tax benefits that he could get once he's over there in the States and he's suddenly, again, caught into tax jurisdiction. Another one that I would say, I know you didn't ask for three but here's the third, is we help charities a lot. Often American charities can really benefit from suggesting that their donors use the American Donor Fund to give to US charities, because again, like I said, they get that gift aid benefit, and that's great for the donors. It can be a really excellent way for a charity to impress their donors and to add real value for the donors to root them through out. British charities likewise who are working with American donors over

here if they know that they can have message of value to their major donors if they introduce them to us.

You asked about the calls I get. One of the most common calls I get is from charities who are looking for ways to help their donors give in the most effective way possible.

Ted: It's so important to look at those different kinds of markets because, you're right, many times the conversation might start with a charity because they're in conversation or know of a donor who's considering giving, and of course from the Charity's perspective, they want to give really good advice in terms of how they can help the donor maximize their benefits because of course that provides even more value back to the charity. It's really a win-win for everyone involved when a charity has this part of their offering the services of the CAF American Donor Fund.

I often say to folks that we are really your philanthropic back office. When you want to be philanthropic, just contact us and let us know what you'd like to accomplish and we'll take it from there. It really is a wonderful benefit for donors and for charities. We only have a few moments left, so I wanted to ask you to do a couple of things in the next two, three, four minutes. One is to sort of summarize the CAF American Donor Fund in terms of the value add and the benefits, what makes it unique and why you would want to use the CAF American Donor Fund, but also just go through all of your contact information again for anyone who didn't have their pen handy when you shared it before, they're going to grab one now and they'll be ready for it when you give it to us. Take it away, Mark.

Mark: Sure. The main benefits of the CAF American Donor Fund are that it helps people who are paying tax in the US and the UK to give to charities anywhere in the world. It doesn't matter where in the world the charity is based. We're taking it to charities worldwide and claim tax relief in the US and in the UK which could have been given through UK donor advise fund. We get a 25% uplift from the UK Government, and so they get that. That can either be passed on to the charity or put on the donor advise fund to be given out to other charities further down the line. They can do that in a way that benefits them in both countries. That's really the main benefit. My contact information for the website is cafonline.org/americanonorfund. The email is cadf@cafonline.org, and the UK phone number is (0)3000-123-150.

Ted: Mark Greer, the director of-- The senior manager rather of the CAF American Donor Fund, thank you for bringing this primer to our audience. Just to give context for folks. This is right now an organization that is a couple of decades old, is very well established in doing this kind of work. Expert in compliance for both governments, and currently, tens of millions of pounds are donated each year through the CAF American Donor Fund, is that right?

Mark: Yes, that's right.

Ted: The CAF American Donor Fund, again, provides dual tax payers with immediate tax benefits in a simple way to not only support charities anywhere around the world, but to be fully compliant with both UK and US tax obligations. Please contact Mark Greer if we can be of

any assistance to you, your family members, your company or if your a charity pass this on to your donors. Mark Greer, thank you so much for being my guest here today on the *CAF America Radio Network*.

Mark: Thank you. It's been great.

Announcement: You've been listening to the *CAF America Radio Network*. Tell all your friends and colleagues to check out our production schedule. Sign up for our free newsletter and download our iPad and iPod friendly podcast at CAFAmerica.org. Thanks for listening to the *CAF America Radio Network*.