



How to support Hohepa and make financial provision for your family member

**Hohepa Foundation and
Hohepa Resident Trusts**

JULY 2018

This booklet provides information on:

- The Hohepa Foundation, and
- Setting up an individual Hohepa Resident Trust

It covers:

- How you can support the on-going work of Hohepa by making a bequest to the Foundation
- How, as a family member, you can establish a trust to assist with the future welfare of your family member at Hohepa

It is important to stress that you should consider taking independent legal advice before finalising any matters set out in this brochure.

At the end of the booklet information is provided on how to progress from here

How to support Hohepa and make financial provision for your family member:

Providing for your family member residing at Hohepa financially is a critical question for family members. While the State meets many of your family member's basic needs on a day to day basis, we as families may choose to supplement this during our working lifetime and in our retirement. How can we have this continued after our death? Different families will make different decisions and have different abilities to provide financial support.

In many instances there will be siblings who during their lifetime can provide some financial assistance, although it is arguably best if families can set arrangements in place so that they can contribute when possible to provide resources that will be available when needed. A prime consideration in all of this is that our family member should not hold any monies in his/her own name.

Establishing a Resident's Trust is one way to achieve this. If this is done through the facilities of the Foundation, the on-going trusteeship mechanism is provided for.

Family members need to make decisions on how to split their estate, whether to divide it equally between all their children or make a different provision for their Hohepa family member. There are no right answers to these decisions. The Trustees of the Foundation and the Directors of Hohepa Trustees Limited are very keen to ensure that:

- A contribution is made to assist with the future work of Hohepa through a donation or bequest to the Hohepa Foundation, and
- Provision is made during the resident's lifetime for your family member by establishing an individual Hohepa Resident Trust.

PART 1- HOHEPA FOUNDATION

History:

The Hohepa Foundation was established as a charitable trust in 1990 and is an Endowment Fund, i.e. it is there to receive donations and bequests, invest the money and make grants in the future.

While it was very much a parent initiative and extensive fundraising was initiated in the 1990s, it is a partnership between family members and the Trust Board. Two of the main figures in the early life of the Foundation were John McGowan, Chairman of the Trust Board from 1983 to 1996 and Russell Davis, a parent who originally came from Auckland. Russell was also the Chair of the Foundation till his death in 2008.

A special function was held in Napier to launch the Foundation. It was widely publicised and attended by many people and family members both from around the Hawke's Bay region and wider New Zealand. Small fundraising groups were set up throughout the North Island wherever Hohepa family members lived. These fundraising groups were very active.

Christchurch also had an active group led by the Honourable Sir Justice Roper who was made Patron of the Foundation. It soon gained momentum and by 1993 the Family members had raised \$330,000, and by 1994 the assets of the Fund stood at \$460,000 through gifts and donations. Current assets are \$3,567,800.

Purpose:

The funds held by the Foundation are used to support the on-going work of the Hohepa community. The grants that the Foundation makes assist Hohepa to improve the quality of life for all the residents and support the essence of Hohepa. When making decisions on a grant, the Trustees will take account of all relevant factors, and having two Trustees from the Trust Board, ensures that its perspective and needs will be fully considered.

Hohepa is organised on a regional basis with communities in Canterbury, Hawke's Bay and Auckland and sub-funds within the Foundation exist to support each community. Grants from each sub-fund go solely to each applicable region.

There is also a General Fund which supports the wider Hohepa community in New Zealand.

Examples of grants made to date:

Recent examples of grants made include:

Hawke's Bay:

Grants supporting Special Character activities and the work of therapists with residents

Canterbury: Grants contributing towards the costs of a nurse and the Day Service

Auckland: While in recent times the Foundation has not made any grants to Auckland, it was instrumental in the formation of the Auckland community and raising funds to assist with the purchase of Christopher House

Mortgages: The Foundation has a history of providing mortgages to the regional communities, and currently has advanced mortgages from the General Fund of \$200,000 to both Canterbury and Auckland on 15 year terms.

The Foundation is also advancing a loan of \$255,000 from the General Fund for a period of two years towards the new Kapiti Community development.

Trustees — Election Basis:

There are five Trustees, one each elected by the three regional Families' Associations and two nominated by the Hohepa Homes Trust Board. The Trustees are also Directors of Hohepa Trustees Limited.

Grants from the Regional Funds are guided by advice from Regional Advisory Committees which receive such requests from their Regional Boards. Hawke's Bay and Canterbury have Regional Advisory Committees with their members appointed by their respective Families' Associations and approved by the Foundation Trustees.

Investment of the Funds:

The assets of the Foundation are invested with Milford Asset Management, a professional asset management firm with assets of over \$5 Billion under management. They are a New Zealand firm with an experienced team of well-known investment professionals. They were chosen in 2009 after submissions were requested from four different firms. The custodian of the assets is the Public Trust. Visit www.milfordasset.com for further information.

When should I contribute to the Foundation?

The Trustees would like to think that all family members will, at some time, make a contribution to the Foundation to recognise the role Hohepa has paid in the life of their family member and so enable the Hohepa experience to be shared with future generations.

This can be achieved as follows:

On your death to make a bequest to the Foundation for the General or Regional funds or to an individual resident's fund.

- If you as a family have established a Hohepa Resident's Trust, then on your family member's death, any amount then left may go to the Foundation.
- If you as a family have established an independent trust fund for your Hohepa family member, then you may nominate the Hohepa Foundation as a beneficiary of the trust.
- Family members may wish to make a donation to the Foundation either in general or specifically for the benefit of a regional Fund during their lifetimes. The main advantage of this is that such donations are tax deductible.

You can choose to do all of the above.

Expressing your view on how you wish a bequest to be used:

The Trustees will implement the wishes accompanying a bequest. It may be that as a Hawke's Bay parent you have a particular affinity to the School and would like to support, for example, the training of teachers in the future, or alternatively you wish to support the on-going therapies. All this can be achieved and such wishes should ideally be included in your Will.

Illustrative wording for a bequest to the Foundation:

The following wording is suitable for inclusion in your Will to make a bequest to the Foundation:

"I give and bequeath the sum of (\$...) to the Hohepa Foundation and I request that this is applied for either the general purposes of the Foundation, or specifically within the region my family member resides, and I direct that the receipt of the Secretary of the Foundation shall be sufficient discharge to my trustee who shall not be bound to see the application thereof."

Donations to the Foundation are tax deductible:

Donations to the Foundation are deductible against tax in accordance with the Income Tax Act. Currently the maximum tax credit is at the rate of 33.33%. The total donations you claim cannot exceed your taxable income for the year. If they do, you can claim donations up to the amount of your taxable income.

Basic Information on the Foundation:

The Foundation's Charities Services registration number is CC 10696 and information including the latest Financial Statements and the Trust Deed are available on the Charities Services website.

PART 2 - HOHEPA RESIDENT TRUSTS

Establishing a Hohepa Resident Trust:

For a minimal amount, you can establish a Hohepa Resident Trust. Once established you can make additional contributions at any time. The monies will be invested professionally with Milford Asset Management (minimum of \$10,000 required to enable investment with Milford, otherwise the Trust will be held in the General Fund). The Trustee is Hohepa Trustees Limited, the Directors of which are the same people as the Trustees of the Foundation. A specimen Trust Deed is available on request. The key points in the Deed are:

Beneficiaries:

- Your family member – the Resident
- The Hohepa Foundation
- The Hohepa Homes Trust Board

The use of the funds in the Deed includes:

Following are guidelines for a Memorandum of Wishes held for an individual trust

- For example:
 - Meeting the cost of necessities and luxuries for your family member – not funded as part of the funding received for your Hohepa family member by the Government, such as:
 - Provide nursing assistance, housing or holidays
 - Make payment to other members in your family to assist them to visit your family member
 - Provide equipment, mechanical assistance, recreational and other aids required by your family member
 - In the event that your family member moves to another provider, these payments will follow the resident accordingly

On the death of your family member:

- **Use of balance of Trust:**
 - Funeral expenses
 - Payment to either the Trust Board or the Foundation as per the Trust Deed provisions for the benefit of the region where your family member resided, or for the benefit of the broader Hohepa community (via the Foundation's General Fund).

Reasons for setting up a Hohepa Resident Trust:

- To ensure that additional funds are available in the future, possibly after a parent/primary family member has died, to meet special items to improve the day-to-day quality of life of your family member
- Often other family members wish to make a gift to support your family member and this can be achieved by them paying directly into the resident's individual Trust
- The Trustees will endeavour to follow any Memorandum of Wishes attached to a resident Trust Deed while funds allow

All Hohepa residents receive funding from the State for their welfare and it is very important that residents do not hold significant income earning assets in their own name. Establishing a Hohepa Resident Trust achieves this purpose.

Currently the custodian of the General Fund, Regional Funds and Resident Trusts is Milford Asset Management.

To make provision after your death:

When you set up a Resident Trust, it is important that the Trust remains in place after your death. To ensure this happens, it is advisable to have in place co-Trustees, generally family members, who are familiar with the process and the purpose of the Trust. It is also important to identify one key person who will become the contact person for the Foundation to ensure your Resident Trust continues to fulfil its purpose. It is also important that your wishes are recorded in your Will or Statement of Wishes.

Tax basis of the Hohepa Resident Trusts:

As the funds in a Hohepa Resident Fund are for the purpose of the named resident, the amounts paid into the Fund are not deductible and the income earned is taxable.

The Funds are invested in a PIE fund and the tax is payable within the Fund, currently at the rate of 28%. Your family member is not liable for any tax on the investment as it is taxed at source.

Hohepa Trustees Limited:

Hohepa Trustees Limited is a limited liability company set up solely for the purpose of acting as trustee for these funds.

PART 3 - REGULAR INFORMATION ON THE FOUNDATION

AND INDIVIDUAL RESIDENT TRUSTS

Elected Trustees provide their Regional Families' Associations with an annual update on the Foundation's activities.

As a family member with a Hohepa Resident Trust, you can at any time request details of its balance. A twice yearly update of Trust balances is provided to family members and the Regional General Managers (of Trusts under their region), with the April/May update including the Annual tax statement from Milford Asset Management.

Engaging with a lawyer:

Whilst this brochure sets out reasons for making a bequest and setting up a Resident Trust, it is important that family members obtain competent advice based on their own individual circumstances.

Where to from here:

Each of the family elected Trustees is committed to ensuring that families in their region are fully informed on the Foundation and the Hohepa Resident Trusts. Where possible, each Trustee will endeavour to advise families in their region why the ideas in the booklet are so important to both your family member and to the future of the regional Hohepa communities. To answer your questions, please contact your regional representative to discuss further.

Regional representative contact details and a specimen Resident's Trust Deed can be obtained from the Hohepa Foundation's Secretary, Irene Grether.

Please call or text 027 353 4240, or e-mail *Foundation@hohepa.com*