

# A simple cure for 'affluenza'

Motivated to help others? With a modest amount you can set up a charity, says Magnus Grimond

PHILANTHROPY is in fashion, and not just for the super-rich. Our growing wealth is prompting more of us to ask how we can give a leg-up to those less fortunate than ourselves.

Mark Markiewicz, of Truestone, a wealth management company, says: "It is partly guilt. If you earn at least £37,000 and own a house, you are in the top 1 per cent of the world's wealthiest. Many people are wearing a 'Make Poverty History' wristband and asking, 'What can I do?'"

The answer for a small but growing number is to set up a charitable trust. Once seen as the preserve of the wealthy, this is now an affordable option for ordinary mortals.

Truestone is backing an embryonic scheme set up by GivingWorks, a charity that promotes philanthropy, which will allow anyone with as little as £2,500 to set up a "mini-trust". Mr Markiewicz says: "We do all the compliance and

the financial reporting to the Charity Commissioners. It is philanthropy on the cheap."

The Charities Aid Foundation (CAF), which exists to help to channel money to other charities, has been offering a similar scheme for years. The minimum for a CAF Trust is £10,000, which then comes under the wing of the charity's in-house trustees. Donal O'Brien, manager of trust services at the CAF, says: "Our trust document states that individual donors can determine where the assets go, as long as it's for charitable purposes, as defined under UK tax law."

With the CAF, you pay an administrative charge of 1 per cent of the value of your trust up to £50,000, plus VAT, and then on a sliding scale down to 0.25 per cent (which is itself negotiable) at £250,000 or more. Truestone charges a £250 set-up fee and 3 per cent of the value annually.

Charges, it seems, are not an issue for many people set-

ting up a trust. Julian Smith, of Farrars, the solicitors, says: "When you get rich, sophisticated people, they are not that bothered about the cost of setting up and running it. They are more interested in things like privacy and control."

Mr Smith says that Farrars would charge anything from £1,500 to £5,000 for setting up a trust. The cost depends on whether the charity is to be a simple grant-making body or something more complicated.

As for what motivates people, Mr Smith says that it is difficult to generalise. "There are those who have lost someone through cancer and have a very specific motivation. But often people come to me and say, 'I want to do something charitable and get the money in before the year end. Can we set something up and decide what we do with it later?'"

In that case, at least part of the motivation is likely to be tax. The Government's Gift Aid scheme means that for



ADRIAN SHERRATT

## CASE STUDY

MARKSTEEN ADAMSON'S decision to set up his own charity to fight addiction in young people was forged by his own experience. He was global creative director with Interbrand, the world's biggest branding agency, but says: "The lifestyle became too much. I hit the bottle."

He quit four years ago to go it alone and also started the Cold Turkey charity.

Mr Adamson, pictured with his wife, Louise, had the idea of presenting the fight against addiction as akin to training for a marathon, with trophies for each stage achieved. The charity has already helped more than 2,000 people fight their addictions through its website at [www.thebigcoldturkey.com](http://www.thebigcoldturkey.com).

every pound you give, the charity can reclaim another 28p from the Treasury. Furthermore, higher-rate taxpayers can reclaim up to a further 18p in the pound in tax relief.

Less obviously, some newly wealthy people worry about what might be termed "affluenza" — how money can adversely affect their happiness. Nick Tucker, of Merrill Lynch, the wealth manager, says: "I can think of four or five examples in the past year of families that have sold businesses and gained more wealth than they had ever dreamt of. Their No1 worry is how much damage that wealth will do to their children."

The idea is that, by helping to run a trust, children can come to better appreciate the value of money, while bringing the family together in a common endeavour.

But some have higher aims. Clive Cowdery's role model is Joseph Rowntree, the 19th-century confectionery entrepreneur, who bequeathed a large part of his wealth to three trusts promoting political and social reform. Mr Cowdery's fortune has come from the insurance industry, but he now gives away £800,000 a year to his Resolution Foundation. "If we can emulate a percentage of the hard-edged practical policy research that

the Joseph Rowntree trusts have achieved, but do it in my lifetime, then I will be very happy", he says.

After 18 months of operation, he is celebrating its first success. After lobbying by Resolution and others, Ed Balls, the Economic Secretary to the Treasury, has launched a study into the feasibility of a national service that would offer generic financial advice to the less well-off.

But Resolution also demonstrates another aspect of the new philanthropy. Modern-day Rockefellers want to bring the same rigour to charity work that they have applied to making themselves rich.

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