

Not-for-profit introduction to Pre-tax Give As You Earn

The Give As You Earn program has been developed by CAF Australia to encourage a reliable and healthy flow of resources into the not-for-profit sector in Australia. CAF works with employers, employees and non-profit organisations to facilitate creative and cost effective workplace giving.

A simple way to give is through deductions from their pay, individuals can make simple, ongoing, tax-deductible donations to your organisation.

Donors get the tax benefit upfront with the Australian Taxation Office's approval of Pre-tax payroll giving in Australia, donors receive their donation pre-tax and receive the tax benefit at the time of the donation.

Give As You Earn is an easy step towards a long-time partnership strategy, providing you with regular reliable income and the possibility to nurture long-term donor relations.

It is simple to administer as Give As You Earn can be set up to administer existing payroll donations and new donations. CAF provides you with regular donations and donor reports, and CAF take care of the end of year tax statements.

Employee fills in a simple donor joining form. This allows the employer to deduct an agreed donation amount each year. Employees can join, alter or withdraw at any time. The employer sends donations to CAF and CAF ensures that all donations are recorded and not-for-profit organisations are checked for Deductible Gift Recipient (DGR) status.

CAF then sends a letter of confirmation to the donor confirming the donor joining form details.

CAF sends donations and donor report to non-profit organisations after processing on a monthly basis. The recipient then thanks and manages the relationship with the donor.

CAF issues tax statements at the end of the tax year – This accounts for the total of the employee's donations given via CAF during the year.

CAF deducts 5.5% (or a minimum of 35c) per month to cover the cost of administration.

Receiving funds from CAF

What you need to know

- CAF Australia's Give As You Earn program provides not-for-profits with regular income to support future planning and essential core funding, which is difficult to find from other sources.
- CAF is a program that employers can set up for their employees. Employees sign up by completing a simple form and choosing to donate to the not-for-profit of their choice. The form goes to the payroll department, where they deduct the chosen regular amount from the employee's salary. The donation is sent to CAF who then process and pass the money on as a grant to the organisation that the employee has chosen to support (ie. You)
- Once CAF makes a grant to your organisation (as requested by the donor) it is then up to you to thank and nurture these donors. CAF will provide a donor report including all the information that is needed to build a relationship between the employee and the not-for-profit organisation. It is important that you keep the donors informed of how much their donations are making a difference. You could also encourage them to ask one of their work colleagues to get involved, and in the future, upgrading all of your donors levels of giving.
- Any employer can join Give As You Earn at no cost. Employers like to use Give As You Earn because it is flexible, offers donors choice, simple, quick and inexpensive for them to administer through their payroll departments.
- In most cases employees like to support not-for-profit organisations as they have had some previous involvement with, are familiar with, or have heard about through literature or face-to-face meetings. Ensure you look after the donors.
- Donors can support any Deductible Gift Recipient (DGR) in Australia through the program. This is the only method that CAF corresponds with the donors... the rest is up to you – after all it's your organisation they've elected to give to.

Existing Not-For-Profit Payroll Giving Programs

Many not-for-profit organisations may already receive employee payroll donations from one or multiple companies. These programs can be laborious and costly for both the employer and the not-for-profit run.

The solution can be that you can outsource the administration and processing of any existing program to CAF.

Outsourcing your existing program brings all the benefits of the Give As You Earn program, and also gives you the opportunity to renew and strengthen your relationships with existing employees and employers. While at the same time upgrading donor contributions, and encouraging more donors to support your organisation through the payroll giving.

You have more time to nurture your donors and supporters, keeping them informed of how their valuable contributions are making a difference to your organisation and the community, as CAF takes care of the administration side of payroll giving and the receipting of donors payroll donations.

Employers typically make payroll deductions to multiple charities on behalf of their employees. Through Give As You Earn they are required to make only one consolidated payment per payroll to CAF and all the processing and paperwork is then taken care of.

Re-promoting your existing program and the many benefits

- Some programs have been sitting dormant for some time.
- Outsourcing presents a great opportunity to re-ignite the program, obtain missing and up to date donor information, and give a real boost to the support of your organisation and the community sector.
- The Australian Taxation Office's approval for Pre-tax payroll giving in Australia.

The costs involved in outsourcing to CAF

- Give As You Earn has no registration or joining fee.
- Some programs administration costs for not-for-profits and employers can reach as high as 50-60%. While a 10% administration cost is considered efficient – CAF reduces that to 5.5% which contributes in part to the cost of administration.

Approaching Corporates What You Need to Know

- Find out if the employer you want to approach can make payroll deductions
- Contact CAF to arrange for the necessary information to be issued to the employer. A meeting between all parties is ideal – a joint approach results in an effective and efficient meeting for all. A clear understanding of how Give As You Earn works and the potential when all parties work together is a crucial first stage to a successful program.
- Once the employer agrees to implement the Give As You Earn, a simple Agreement is put in place (CAF can provide this).
- A donor joining form is developed, usually branded as the employers own. You can encourage them to include your organisation on the form so that employees can nominate their support.
- Employees may choose to support other not-for-profit organisations in Australia as Give As You Earn allows donor preference. This is a major selling point for the program. Don't let it put you off that not everyone will choose to support your not-for-profit organisation.
- Ask the employer to also support the program and their employees by covering the administration cost of 5.5%. Employers can also match donations to various levels if they choose.
- Arrange with the employer to promote the Give As You Earn program and your cause. CAF are available to work with you to explain how the Give As You Earn program works and the many benefits.
- Work with the employer and CAF to launch Give As You Earn successfully, encouraging a good participation rate (greater than 5%). Foster a good working relationship with the employer so that they'll be happy to have you back to keep them informed of the difference their donations are making. This is also an opportunity to increase donations and donor numbers.

How to Fundraise Using Pre-tax Give As You Earn

Give As You Earn is a great way in which to raise long-term, regular funding. Developing your existing Give As You Earn donors and a pro-active approach to securing employer and employee participation in Give As You Earn is what ultimately brings results.

A good way to start:

- Attend one of our Give As You Earn seminars – a day packed full of information and chance to network with other not-for-profits.
- Encourage your employer partners to demonstrate their corporate social responsibility by getting their employees involved in donating and establishing a Give As You Earn program. A CAF Australia manager can help you plan and run a promotion and where appropriate meet with you and your potential employers.
- Ask employer's to produce a donor joining form for their organisation, including your not-for-profit organisation as just one of the recipients. This is a great way for employers to brand the program as their own and show their commitment to supporting the communities in which they operate.
- Make sure that you have a donor nurture program in place, writing to new donors with a thankyou letter. Ensure they are your contact strategy, keeping them informed of how their donations are being used and from time to time ask them to increase their donations.
- If you already have Give As You Earn donors, suggest a 'donor get donor' campaign, this could double your Give As You Earn donations immediately.
- Keep track of the amounts money you are receiving (payroll giving income). The funds are regular and donors tend to stay in the program a long time, so it is an important funding source for the longer term.
- Run an internal Give As You Earn program within your own organisation – it's a great way to get a feel for the program and will prepare you for working with your corporate supporters.

Your Pre-Tax Give As You Earn Fundraising Strategy

Before you begin there a range of questions you should ask yourself. Once you have the answers you can then develop a strategic plan to secure your goals.

Set Your Objectives (Other than raise lots of cash!!)

- Would you prefer fewer donors giving larger amounts? This would mean minimum admin, but less general exposure.
- Would you prefer a high percentage of donors from one employer or fewer donors from many employers? Again the first is probably less admin, but does not give you leverage into as many partnerships with employers.
- Which companies does your organisation have good relationships and partnerships with? This is a great place to start!

Existing Strategy

- Where does a Give As You Earn program sit within your current strategy? Eg existing employer relations or corporate volunteer programs.
- Who might you need to consult within your own organisation?
- What resources do you have to recruit and more importantly nurture donors and employers?
- Do you have suitable volunteers that could be trained to assist you in raising funds through Give As You Earn?

Communications Focus

- Do you want to set up a single campaign strategy for all employers to take on board or tailor it each time?
- Is the fundraising for a particular project (eg \$x will provide y new items) or for core funding?
- What budget do you have for promotional materials? Employers might not always be willing to foot the costs.
- What value could you add to the program by speaking face-to-face with employees? How could you best 'sell' your organisation?

Donor Nurturing/ Follow Up Publicity

- Do you have the systems in place to record results?
- CAF Australia provides monthly reports of donors and donations, but what will you do with them once you get them?
- How will you manage the relationships with donors once you have them? And how will they fit into other programs or strategies?

Pre-Tax Give As You Earn Getting Corporate Partners Support

Following are some ideas that may be helpful when talking to employers and employees about Give As You Earn. They are by no means exhaustive, but are some of the points that we have found most effective when promoting the program.

Give As You Earn – a sustainable giving program with minimal overheads

Employer Benefits:

- Forms a key part of a sustainable Business Community Partnership.
- Staff morale and loyalty is strengthened when working for an organisation that cares about their employees and the community.
- Local community involvement enhances corporate reputation and raises corporate profile.
- As stakeholders become increasingly socially aware, supporting Give As You Earn can give employees a competitive edge.
- Employers can match (or partly match) employee donations – doubling the effect of the employee's dollar and the overall program.
- Covering the administration cost is usually a minimal cost to the employer, but a major gesture to the employee, who knows the 100% of their tax effective donation reaches their chosen cause.
- Registration costs nothing and only one field is required in the payroll. Using CAF, the employer only needs to make one consolidated payment per pay period (or per month).
- There are no administrative headaches. CAF takes care of all the paperwork and provides tax statements.

Employee Benefits:

- Give As You Earn is a donor preference program that allows employees to elect their preferred cause to donate to.
- It's a simple way to make regular, tax-effective donations and receive the tax benefit upfront.
- Employees need only fill in 1 simple form, specifying the cause(s) and donation amount per pay.
- Donations go straight from employees pay – most don't even miss it.
- It is flexible; employees can join, alter or withdraw at any time.
- All employees receive a yearly tax statement for the total amount donated, however, they receive the tax break at the time the donation is made.
- It makes employees feel good when they feel that they are working for an organisation that cares.
- When employers match employee donations and cover the 5.5% admin cost, this dramatically increases the impact of the employees donations (Only relevant if employer chooses to match and/or cover admin cost)
- Employees can get involved in Give As You Earn at all levels, so there is the opportunity to make a creative contribution.

Not-For-Profit Benefits:

Many employers and employees are keen to know how you benefit from Give As You Earn donations. There are just a few of the reasons not-for-profits are keen to develop and nurture Give As You Earn donors.

- Give As You Earn donations make real and lasting impact, providing not-for-profits with regular, reliable income
- Even small, but regular amounts can add up to a substantial amount in the long-term.
- Able to plan budgets, cover cores costs and allow for future growth.
- Donations are tax-effective – donors can afford to give more.
- CAF cost-effectively look after the paperwork.
- Not-for-profit have more time to nurture Give As You Earn donors and keep them informed of other projects they may wish to become involved in.
- The type of donor who is likely to give through Give As You Earn is often different to other different donor types. Therefore, donations through the program are likely to be new donors.