



RNZRSA Poppy Trust Toolkit

"This RNZRSA Poppy Trust Toolkit has been designed to help all local RSAs to establish and manage their own Poppy Trust. As a major source of funds for the support of Returned and Service members, we must make sure we manage all poppy donations professionally and transparently. This toolkit is an essential reference guide for all local RSAs and I welcome its introduction."

BJ Clark
RNZRSA National President
November 2014

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1. Why is a Poppy Trust Necessary?

The RSA has run the Poppy Appeal since 1922, making it one of the oldest national appeals in the country. On the 24th April 1922, more than 260,000 poppies were sold with the funds being used to alleviate distress and provide for the welfare of ex-service personnel.

Today, donations for poppies collected during the annual Poppy Appeal are the main source of funds for the care and support of Returned and Service people and their families. The New Zealand public donates these funds and expects them to be used for that purpose. As a movement the RSA must ensure that these funds are managed professionally and used for the purpose for which they were given.

Establishing a trust to receive these funds protects them and requires the trustees to ensure the funds are used appropriately. Accordingly, at the 2010 National Council a remit was passed as follows:

That this Council directs all Local Associations receiving donations from the Public from Poppy Day collections to establish a Deed of Trust with a separate account and that the Deed of Trust be registered to ensure that the funds donated are protected and the accounts of the Deed of Trust be included in the Annual Accounts of the Association and that this RNZRSA Policy to be mandatory for Local Associations.

This remit has been adopted into the Model Rules for Local RSAs and is a requirement for approval for membership of the RNZRSA by the National Executive Committee.

A Poppy Trust is the only way in which the RSA movement can ensure we meet the trust placed in us by the New Zealand public.

2. What are the Options for a Local RSA?

Local RSAs have two options with regard to establishing a Poppy Trust:

- 1) Establish an individual Poppy Trust for all poppy donations
- 2) Use the national RNZRSA Poppy Trust for all poppy donations

This resource kit deals with the first option and provides the guidance necessary for a local RSA to establish its own poppy trust.

The second option is for a local RSA that is unable to establish its own Poppy Trust, perhaps because of a lack of time, resources or suitable trustees and instead allows it to use the national RNZRSA Poppy Trust to manage poppy donations.

The national RNZRSA Poppy Trust has been set up using the Poppy Trust model rules, incorporated and registered with the Charities Services to provide all the benefits of an individual Poppy Trust but with individual accounts available for each local RSA.

Local RSAs can therefore use the national RNZRSA Poppy Trust in exactly the same way as if they had an individual poppy trust but without the need to administer it locally.

For more details of how to take advantage of this option, contact the Chief Executive at National Office.

3. An overview of the process to establish a Poppy Trust

The information necessary to establish a trust is publicly available on the Companies Office website and more details can be found at <http://www.societies.govt.nz/cms/charitable-trusts>

Establishing a Poppy Trust consists of a three stage process:

1. Establish a Deed of Trust
2. Incorporate the Trust
3. Register with DIA as a Charity

The first stage of establishing a Deed of Trust involves creating the legal document that defines the trust and how it will work. The RNZRSA Poppy Trust model rules in Appendix 1 can be used to save time creating a new deed from scratch.

This stage includes selecting and appointing the Trustees. These are the individuals who will administer the trust and ensure that it meets its charitable purposes. The Trustees are responsible for the activities of the trust and their selection and appointment is an important part of the process.

The second stage of incorporating the trust creates its legal identity and enables it to manage the poppy donations. It makes sense for the trustees of a charitable trust that can continue indefinitely to apply to incorporate.

The final stage is then to register with the DIA as a charity. This is a separate stage from incorporating the Trust and gives the Trust the status of a registered charity. The benefits of this are that the Trust doesn't have to pay income tax and also doesn't have to make a separate application to Inland Revenue for donee status. Donee status allows donors to claim a tax rebate on donations over \$5.00.

Overall then the process is relatively simple if the guidelines are followed and the individual stages completed fully.

4. How to Create a Poppy Trust

As with any legal transaction, the local RSA is advised to seek legal and tax advice if there is any doubt surrounding the transaction.

To create a Poppy Trust for a local RSA, there is a step by step process that local RSAs need to follow:

- 1) The Executive Committee must pass a resolution to form the new trust. Suggested wording for this resolution is in Appendix 2.
- 2) The Executive Committee must select a member who will not be a trustee and authorise that person to sign the new trust deed document on behalf of the RSA as settlor. Suggested wording for this resolution is in Appendix 3.
- 3) The Executive Committee must select and appoint the trustees. Suggested wording for this resolution is in Appendix 3.

The settlor is the person or organisation that forms the trust and provides the initial funds or assets. Once the Deed of Trust is signed by the settlor and the trustees the trust is formally established and the responsibility for the next steps falls to the new trustees.

The Executive Committee and the Trustees should ensure they are familiar with the Deed of Trust and the various actions that can be required of the Trustees together with the powers and responsibilities of the RSA.

5. How to Incorporate a Poppy Trust

Again, the information relating to incorporation is publicly available from the Companies Office website and it is recommended that you familiarise yourself with the resources available from that website.

Whilst there are many online services available, incorporating is not one of them, so you will need to follow the process, download and complete forms and send them physically to the Registrar.

Incorporating your new Poppy Trust is a step by step process:

- 1) The Trustees make a resolution to incorporate at a Trustee Meeting and make sure it is recorded in the meeting minutes
- 2) The Trustees download and complete form CT1 from the Companies Office website : <http://www.societies.govt.nz/cms/charitable-trusts/starting-a-trust/what-must-be-included-in-your-application>
- 3) The application form must be accompanied by copy of the Trust Deed that has been certified as a correct copy. This can be done with a lawyer or by a Justice of the Peace
- 4) The application must also be accompanied by the statutory declaration contained within form CT1. Again this must be signed with a lawyer or a Justice of the Peace.

Once this is complete, send the package directly to the Companies Office at the address on the form.

Once the application has been processed, you will be advised of the results and provided with details on accessing the information online.

At this stage you apply for an IRD number using form IR596 and then register for GST.

You can also now apply for the separate bank account for all your Poppy donations.

6. How to Register a Poppy Trust with the DIA as a Charity

With your Poppy Trust established and now incorporated, the next step is to register with the DIA as a charity. The RSA Poppy Trust model rules are specifically designed to allow registration, so unless major changes have been made, this stage is easy to complete.

As with the previous steps, all the information is publicly available and worth studying. Here is the link to the guidance guide provided by the Charities Commission : <http://www.charities.govt.nz/setting-up-a-charity/registration-guidelines/>

You have the option of either an online or paper based registration process.

To register online, the process is:

- 1) Create your online account. You do this by going to : <http://www.register.charities.govt.nz/Home/RegisterOnline> and clicking on continue to take you to the account screen.
- 2) Log on here using your new ID : <http://www.register.charities.govt.nz/Account/LogOn> and complete the process which takes about 20 minutes.

To register using the paper based process:

- 1) Download Form 1 here : <http://www.charities.govt.nz/forms/application> and complete it.
- 2) Download Form 2 here : <http://www.charities.govt.nz/forms/officer-certification> and complete one for each Trustee.
- 3) Send all the forms to the address provided on Form 1.

The online process is the recommended one to use.

Once your registration is processed you will receive confirmation from DIA and IRD of your registration and donee status.

7. How to Make Distributions from your Poppy Trust

Having set up your Poppy Trust, incorporated it, registered it, set up the bank account and started putting Poppy donations into it, you need to establish how you will get the money out for needs to be met. This is done by creating a Distribution Policy.

This should be one of the first tasks for the Trustees, so that the way grants will be considered is clear and everyone has a common understanding.

As an example of a Distribution Policy, the RNZRSA Poppy Trust Distribution Policy is attached as Appendix 4.

8. Poppy Trust Investment Policy

Your Poppy Trust will also need a policy on how the funds are invested. It is recommended that you seek suitable financial, accounting and legal advice on this as there are legal requirements in providing advice and investing funds.

Your Poppy Trust Investment Policy sets out the way in which the Trustees have decided for the time being to invest the Trusts funds. There are many ways to

construct an investment policy and this is an area where it is recommended that you seek suitable financial, accounting and legal advice as there can be legal and tax issues associated with investing funds.

The RSA National Poppy Trust investment policy is attached in Appendix 5 as one example.

9. How to Run your Poppy Trust

The secret to running your Poppy Trust successfully lies in organisation. Simply put, makes sure the Trustees and the Executive Committee are familiar with the trust deed, plan out the year of Trustee meetings, follow the schedule, document your meetings thoroughly, follow your distribution and investment policies and complete your annual returns.

Having a person with good organisational and administration skills can make the operation of any trust very effective and efficient and recruiting such a person is time well spent.

Make sure that each year, as part of the submission of your annual returns, that you undertake a review of the Trust's operation, your distribution and investment policies and that you have complied with the reporting requirements of the trust deed.

Trustee appointments always need careful consideration to ensure that you have the right mix of skills and experience to successfully manage the trust.

Local RSAs run their Poppy Trusts within the RSA movement and there is plenty of advice and support available from other RSAs, your District President and from National Office. The Trustees can also seek professional advice as and when required. Many professional advisers will provide pro-bono advice for local RSAs.

If the Trustees have issues or concerns, it is better to seek help earlier rather than later.

Finally, the Model Rules for Local RSAs contains a section with sound advice on the running of trusts and this is attached in Appendix 6.

Appendix 1 – Model Poppy Trust Deed

[Name] POPPY CHARITABLE TRUST

THIS TRUST DEED made the *date day of month year*.

PARTIES

1 *Name of place, occupation/incorporation number* (“the settlor”)

And

2 *Name of place, occupation, name of place, occupation and name of place, occupation
Name of place, occupation, name of place, occupation and name of place, occupation
Name of place, occupation, name of place, occupation and name of place, occupation
Name of place, occupation, name of place, occupation and name of place, occupation
Name of place, occupation, name of place, occupation and name of place, occupation*
hereinafter together called “the initial trustees”

BACKGROUND

- A** The settlor wishes to establish a charitable trust in New Zealand for the purposes described in clause 2 of this deed.
- B** The settlor has, concurrently with the execution of this deed, transferred to and vested in the trustees the sum of *[amount]* dollars (\$ *amount*) the receipt of which is acknowledged by the trustees to be held upon and subject to the trusts set forth in this deed.
- C** It is anticipated that further money, property or other assets may from time to time be added to the trust.

THIS DEED WITNESSES that the settlor does hereby irrevocably declare, and the trustees declare and acknowledge, as follows:

1 Declaration of Trust

- 1.1** The settlor directs, and the trustees acknowledge, that the trustees hold the sum of *[amount]* dollars (\$ *amount*) the receipt of which is acknowledged by the trustees and all further money, property or other assets that may be from time to time added to the trust (“the trust fund”) on the trusts and with the powers expressed or implied in this deed and that the trust be known as the *[Name]* Poppy Trust (“the Trust”).
- 1.2** The trustees shall seek incorporation under the provisions of the Charitable Trusts Act 1957.
- 1.3** It is declared that in the construction of this deed the plural number includes the singular and vice versa and the section headings appear as a matter of convenience but not as an aid to interpretation.

2. Objects of the Trust

- 2.1** The principal objects of the Trust are to receive moneys, donations, gifts from any source provided in connection with the poppy designated by the National Council of the Royal New Zealand Returned And Services’ Association Inc. or its successor (“RNZRSA”) as the RSA Poppy, and add it to the trust fund.
- 2.2** The trust fund shall be applied by the trustees exclusively for charitable purposes within New Zealand as set out below:
 - a) for the welfare of returned and service people and their dependents whether members of a Returned And Services’ Association or not;
 - b) in the event the RNZRSA determines that funds raised in connection with the RSA Poppy can be used for the needs or welfare of returned and services

personnel, their dependents, the relief of poverty, the advancement of education or religion, or such other charitable purposes within New Zealand as are recognised by the laws of New Zealand, then for such purposes; and it is declared that the provisions and effect of this clause shall not be altered, negated or otherwise modified on a basis which would result in the Trust ceasing to be for charitable purposes within New Zealand.

2.3 Application

Any income, benefit or advantage received or earned by the Trust shall be applied to the charitable purposes of the trust.

3 Appointment and Removal of Trustees

3.1 The administration of the Trust shall be under the control of the initial trustees, or such other persons as shall be appointed to act as trustees.

3.2 The power to appoint and remove trustees shall be held:

- a) first by the Board of the [name of the RSA and incorporation number] ("RSA") and no trustee so appointed *and while acting as a trustee* shall be considered in the employ of or otherwise have any obligation to the RSA other than to perform the trusts, duties and obligations set out in or arising from this Deed; and
- b) secondly in the event a receiver, liquidator, administrator, statutory manager is appointed in respect of the RSA, the RSA is liquidated or otherwise ceases to have a validly constituted Board, then by the RNZRSA and no trustee so appointed *and while acting as a trustee* shall be considered in the employ of or otherwise have any obligation to the RNZRSA other than to perform the trusts, duties and obligations set out in or arising from this Deed.

3.3 The maximum number of trustees shall be five and the minimum shall be three of which at any given time two shall be independent of the RSA, with the intention that one will have a legal and the other an accounting qualification. In the event that the RSA is unable to appoint two independent trustees with the said qualifications, RNZRSA shall have the power to appoint two such independent trustees who shall hold office until such time as the RSA can appoint two independent trustees with the appropriate qualifications. At that time the RSA shall notify RNZRSA and the trustees of the nominees, who shall replace the trustees appointed by RNZRSA at the earliest practical opportunity.

3.4 The trustees shall have a term of office of two years at which time they shall retire provided that a trustee who has so retired shall be deemed to have continued in office until either reappointed or replaced. A retiring trustee can be reappointed. There shall be no limitation on the number of terms a trustee can serve or any prohibition on a trustee serving consecutive terms.

3.5 Any trustee shall be entitled to resign by giving three months' notice in writing.

3.6 A trustee shall cease to be a trustee upon:

- a) expiry of the notice of resignation;
- b) death;
- c) notification to the RSA of long term incapacity
- d) notification to the RSA of mental illness;
- e) conviction of an indictable offence or an offence involving dishonesty;
- f) bankruptcy, voluntary administration or determination of insolvency;
- g) upon notification jointly from the RSA and the RNZRSA that the trustee has not managed the affairs of the Trust in an appropriate manner or is otherwise in breach of trust;
- h) failure to attend properly called meetings of trustees on three consecutive occasions;

provided that if the number of trustees shall be reduced below three then those having the power of appointment shall within a period of three months of such notice,

appoint a replacement trustee so that notwithstanding any temporary vacancy there shall always be a minimum of three trustees. If the number of trustees after the departing trustee's departure shall not be less than three, then there shall be no obligation to appoint a replacement trustee.

4 Proceedings of trustees

- 4.1 The trustees shall elect a chairperson and shall hold meetings at such times and in such places as they shall decide and the chairperson shall have the right to call a meeting at any time by providing 10 working days written notice to the trustees and providing further that the trustees shall meet at least [once] [twice] [*number of times*] in each year.
- 4.2 The trustees shall appoint a secretary for the Trust and who shall maintain records of all resolutions and proceedings.
- 4.3 The quorum for any meeting of trustees shall be three persons.
- 4.4 All questions before the trustees shall be decided by consensus. However, where a consensus decision cannot be reached on a question, it shall, unless otherwise specified in this deed, be put as a motion to be decided by a majority of votes. If the voting is tied, the motion shall be lost. For the avoidance of doubt, it is confirmed that the chairperson shall not have a casting vote.
- 4.5 A resolution signed by all of the trustees shall be binding and effectual as if passed at a meeting of trustees. A meeting conducted by teleconference shall be valid providing that prior written notice of the business to be transacted at such meeting shall have been provided to all trustees. Notices and resolutions may include written record sent by facsimile transmission or email.
- 4.6 The trustees shall be entitled and empowered to employ and to discharge such managers, servants, solicitors, accountants, investment advisers, agents or other persons as the trustees deem expedient for the purposes of carrying out any of the objects of the Trust, and to pay such fees or other remuneration as the trustees think fit.
- 4.7 Any payment made to any trustee, or to any person associated with any trustee, shall not be any more than such amount as is reasonable and relative to that which would be paid in an arm's length transaction for work carried out in connection with the Trust and no trustee or person associated with any trustee shall participate in, or materially influence, any decision made on behalf of the Trust in respect of the payment to or on behalf of that trustee, or associated person, of any income benefit or advantage whatsoever.
- 4.8 No trustee shall be liable for any loss suffered by the trust fund or by any beneficiary arising from any action or omission as trustees which is not attributable to the dishonesty or wilful commission or omission of any act known to be a breach of trust.
- 4.9 Except in the case of a deliberate breach of trust, the trustees shall be indemnified out of the trust fund against all liabilities which they may incur in the exercise or attempted exercise of the trusts, powers, authorities and discretions vested in them and shall have a lien on and may use moneys forming part of the trust fund in pursuance of this indemnity.
- 4.10 This indemnity shall extend to any payments made to any person whom the trustees bona fide believe to be entitled thereto although it may be subsequently found that the person was not in fact so entitled.
- 4.11 No trustee shall be liable for anything done or omitted to be done except in the case of fraud or other wilful misconduct on that trustee's part.

5. Reports

- 5.1 The trustees shall keep true and fair accounts of all money received and expended.
- 5.2 The trustees shall, as soon as practicable after the end of every financial year of the Trust cause the accounts of the trust for that financial year to be audited or reviewed by an accountant appointed for that purpose and the audited or reviewed accounts shall be made available to the public upon request.

- 5.3** The trustees shall present to the RSA and RNZRSA a detailed annual report on the activities, investments, grants and distributions of the Trust and which shall include the annual accounts and audit or accountant's report as the case may be.
- 5.4** In the event the RSA and/or the RNZRSA are not satisfied with the annual report, either or both as the case may be can request additional information from the trustees and the trustees shall immediately provide that information.

6 Powers

6.1 General and specific powers

In addition to the powers implied by the general law of New Zealand or contained in the Trustee Act 1956, the powers which the trustees may exercise in order to carry out the charitable purposes of the Trust are as follows:

- (a) to use the trust fund or any part thereof as the trustees think necessary or proper in payment of the costs and expenses of the Trust, including the employment of professional advisers, agents, officers and staff as appears necessary or expedient; and
- (b) to purchase, take on lease or in exchange or hire or otherwise acquire any land or personal property and any rights or privileges which the trustees think necessary or expedient for the purpose of attaining the objects of the Trust and to sell, exchange, bail or lease, with or without option of purchase, or in any manner dispose of any such property, rights or privileges as aforesaid; and
- (c) to carry on any business; and
- (d) to invest surplus funds in any way permitted by law for the investment of trust funds and upon such terms as the trustees think fit provided that any trustee who is in a profession, employment or business which is or includes acting as a trustee or investing money on behalf of others, then in exercising any power of investment, that trustee or trustees (as the case may be) shall not be required to exercise the skill, care or due diligence that a prudent person engaged in such a profession, employment or business would exercise but rather shall exercise the skill, care or due diligence that a prudent person of business would in managing the affairs of others; and
- (e) to borrow or raise money from time to time, with or without security, and upon such terms as to priority and otherwise as the trustees think fit; and
- (f) resettle any part of the income or capital or specified fund on trust on such terms as they consider appropriate for any purpose consistent with the charitable purposes of the Trust; and
- (g) vary the Trust by providing such additional or supplementary powers as may be considered necessary or desirable for the proper administration thereof, providing, however, that no alteration or variation shall be made to the objects of the Trust or be inconsistent with the charitable nature and purpose of the Trust; and
- (h) to do all things as may from time to time be necessary or desirable to enable the trustees to give effect to and to attain the charitable purposes of the Trust provided that no power or reservation, expressed or implied, in this deed shall authorise the trustees to do or suffer any act which does not further the charitable purposes of the Trust and the declaration of charitable purposes in this deed shall, at all times, be paramount so as to exclude any act or omission which is or may be deemed to be not in accordance with such purposes.

6.2 Distributions for charitable purposes

The trustees shall have the overall responsibility for the exercise of discretions to pay or apply the trust fund for charitable purposes.

- 6.3** The trustees shall, at least once in each financial year, establish policies for the allocation of income towards charitable purposes and shall take such steps as the trustees consider expedient to advertise or invite selected individuals and/or organisations to submit formal applications for grants,

- 6.4** The trustees may carry forward unexpended income in any year to a future year or years. The trustees may also set aside, from income, a reserve to continue any established pattern of grants and to meet fluctuations of income in future years and other contingencies. These powers are in addition to any other power or discretion the trustees may have to carry forward income or establish reserves.
- 6.5** The trustees may accumulate an amount not exceeding *twenty percent (20 %)* of the income in any accounting period for a period not exceeding *number, e.g., 60* years from the date of this deed. This accumulated income will be added to the capital of the Trust and is to be held on the same trusts to, as far as possible, maintain the real value of the Trust and to provide for growth of income available for charitable purposes. This power is in addition to any other power the trustees may have to accumulate income.
- 6.6** The trustees shall, at least once in each year, conduct a meeting to approve grants to or for charitable purposes and it is declared that any decisions relating to the application of funds shall be unanimous and that the trustees shall not be bound to advise any applicant or organisation seeking a grant of any reason for approval or declining any grant or otherwise any reasons relating to the exercise of any discretions.
- 6.7** The trustees may, at their discretion, as they think fit, apply such terms and conditions or specify any purpose for any grant or any promise or pledge of any future grant from the Trust.
- 6.8** Notwithstanding the foregoing provisions, the trustees may, by written resolution, at any time, approve, promise, pledge, or pay grants to charities or towards charitable purposes out of the income received by or accrued to the Trust, providing, however, that all such grants promises or pledges shall be confirmed by the trustees at the meeting pursuant to clause 6.6.
- 6.9** A receipt issued by a person authorised by the recipient of any grant, forwarded to the trustees, shall be sufficient discharge to the trustees, who shall not be bound to ensure that funds have been applied by the recipient for or towards the purposes of any such grant.

7 Conflict of interest

- 7.1** An 'interest' under this clause 7 means alleviation of an obligation or a grant or distribution howsoever made from the capital or income of the Trust that will or is likely to benefit a trustee or any person or body, whether corporate or unincorporated, associated with the trustee in any pecuniary way.
- 7.2** In the event a trustee has or may have an interest in a decision of the trustees, the trustee so affected shall notify the other trustees of the possible interest in writing at least 5 working days prior to the decision being made. The trustee so affected shall not be present when the trustees are considering the decision and shall not be entitled to vote on the decision. If the number of remaining trustees so voting is less than three the trustees' decision shall be reported to the RSA and the RNZRSA.
- 7.3** If the trustees are officers of the RSA and the decision is one in which the RSA has an interest, the trustees' decision shall be delegated to three persons appointed by RNZRSA.
- 7.4** In the event a decision of the trustees is made without following the process in this clause 7, the decision shall be void and any loss suffered by the Trust shall be repayable by the trustees upon demand made by the trustees.

8 Liquidation (dissolution or winding up) of trust

If, for any reason whatsoever, the Trust created by this deed shall be liquidated, wound up, or shall otherwise shall cease and determine, the trust fund, or any part thereof remaining, shall, after payment of costs of liquidation, winding up and dissolution and payment of any debts of the trust, be given or transferred to trustees for carrying out charitable purposes within New Zealand consistent with those set out

in this deed. In default of this provision, then as may be determined by a Judge of the High Court of New Zealand on application by any trustee or trustees of the Trust.

IN WITNESS this deed is duly executed.

SIGNED by)
Name of settlor)
as settlor)
In the presence of)
Name, address and)
occupation of witness)

SIGNED by)
Name of trustees)
as trustees)
In the presence of)
Name, address and)
occupation of witness)

Appendix 2

Suggested wording for the resolution to form the Poppy Trust and deposit the first payment:

That pursuant to rule ***[insert the relevant rule number relating to the power to establish a trust – currently 7(c) in the Model Rules]*** of the rules of the ***[Insert your RSA name]*** a trust will be established into which, among other things, ***[\$X]*** of RSA funds will be paid along with proceeds from the annual Poppy Appeal, to assist all Returned and Service personnel, their spouses, partners, widows and dependents who are in need because of financial hardship or to relieve any other financial hardship or poverty in the community.

Moved :

Seconded :

Carried unanimously.

That the sum of ***[\$X]*** be deposited to the aforementioned trust.

Moved :

Seconded :

Carried unanimously.

Appendix 3

Wording for the appointment of the RSA Representative and the Trustees:

That ***[Insert Name of Executive Member who will not be a Trustee]*** be appointed to represent the ***[Insert your RSA name]*** RSA in the establishment of the ***[Insert your RSA name]*** Poppy Trust and authorised to sign documentation on behalf of the ***[Insert your RSA name]***.

Moved :

Seconded :

Carried Unanimously

That the following be appointed by the ***[Insert your RSA name]*** as the initial Trustees of the ***[Insert your poppy trust name]*** with immediate effect:

1. ***[Insert full name and address]***
2. ***[Insert full name and address]***
3. ***[Insert full name and address]***
4. ***[Insert full name and address]***
5. ***[Insert full name and address]***

Moved :

Seconded :

Carried unanimously

The RNZRSA Poppy Trust

Charitable Distribution Policy for Unallocated Funds

Background

The RNZRSA Poppy Trust was established in November 2011 to manage the funds raised through poppy donations that come in centrally to the RNZRSA National Office and are not allocated to any local RSA.

This policy sets out the way in which the RNZRSA Poppy Trust Trustees will distribute these poppy funds. Unallocated funds will usually fund requests from local RSAs for grants in their local area. Applicants may make direct requests but these would normally be referred to the local RSA unless the applicant disagrees. This is because the Trustees want to ensure that anyone receiving a grant has been offered the opportunity of support from the local RSA.

Unallocated Funds are those funds paid to the Trust by donors and are not allocated any particular local RSA.

The RNZRSA National Office provides support for the RNZRSA Poppy Trust. Reference to National Office in this policy is in this context.

Policy Review

This policy will be reviewed by the Trustees annually.

The Process of Distribution

The process for anyone to apply for distribution of funds under the RNZRSA Poppy Trust is as follows:

- The local RSA determines the eligibility and need for which funds are required in line with this policy
- Alternatively, the applicant may apply direct
- The local RSA or applicant completes the application form (Appendix 1) and submits it to National Office with supporting documentation
- National Office undertakes a review of the application to ensure it is complete
- National Office puts the application to the next Trustee meeting
- The Trustees determine the distribution in line with this policy

- National Office advises the local RSA or applicant of the outcome
- The local RSA manages the provision of the benefit and sends receipts to National Office
- For direct applications, the National Office will deal directly with the applicant.
- National Office transfers any approved funds directly to the beneficiary or provider on production of receipts or invoices

Eligibility for Payments

The funds are available for the welfare of Returned and Service people (as defined in the current RNZRSA rules) and their dependents whether members of an RSA or not.

Evidence of Need

Local RSAs or applicants shall provide evidence of the need of the intended beneficiary through the completion of the application form with supporting documentation

Local RSAs or applicants will provide financial evidence in the form of bank statements and other financial documents.

Local RSAs or applicants will provide evidence of the cost of the intended benefit in the form of quotes.

The Trustees will pay particular attention to claimants with \$25,000 or more of net cash assets or \$250,000 or more of total assets excluding main residence and may restrict payments to those who assets exceed these levels.

The Trustees reserve the right to request further information if required to demonstrate the need and financial circumstance.

Acceptable Needs

Acceptable needs include but are not limited to:

- Costs of treatment including medical, surgical, aural, dental and ophthalmic not covered by medical insurance or ACC
- Costs of equipment designed to improve quality of life or alleviate medical conditions or pain
- Costs relating to education or personal development
- Provision of the financial cost of the necessities of life such as food or shelter that the intended beneficiary is unable to afford

Local RSAs or applicants may apply for other needs on a case by case basis.

Level of Payments

Local RSAs or applicants can apply for payments up to the cost of the intended benefit at their own discretion. Such applications will be assessed on the need and the financial resources of the Trust at the time of application.

Application Date

The Trustees meet monthly to determine distribution requests. At the time of application, local RSAs or applicants will be advised of the next meeting date.

Local RSAs or applicants will ensure that completed application forms are received in National Office at least one week in advance of the Trustee Meeting.

Local RSAs or applicants can request funds at other times but this should be on an exceptional basis.

The RNZRSA Poppy Trust

Application for Funds

Local RSA Details	
Name	
President	
Support Advisor	
Intended Beneficiary	
Name	
Service Number	
Service	
Application Details	
Purpose	
Funds Required (\$)	
Financial Details	
Total annual income from all sources (\$)	
Total annual expenditure (\$)	
Total cash assets (\$)	
Total non-cash assets (\$)	
Total assets (\$)	
Bank Account Number	

Supporting Evidence	Evidence of Need <ul style="list-style-type: none"> • Medical <ul style="list-style-type: none"> ○ Medical certificate • Financial <ul style="list-style-type: none"> ○ Summary financial situation and bank statements ○ Quotes

Declaration

We confirm that the information in this application form is true.

We confirm that we have researched and provided written evidence of the following in support of this application:

- Eligible service for qualification as a Returned or Service member under current RNZRSA rules
- The need detailed in the Purpose
- Income and expenditure
- Cash and non-cash assets

Application

We apply for the sum set out in Funds Required above to be released by the Trustees for the purpose stated above.

Signed for and on behalf of _____
RSA/Applicant

President/Name Date

Support Advisor Date

Appendix 5 – Example Investment Policy

RNZRSA Poppy Trust Investment Policy Statement

Introduction and summary

This Investment Policy Statement has been written to provide both clarity and guidance in the investment decision-making process. It takes RNZRSA Poppy Trust's financial resources, needs, goals, risk tolerance and personal preferences into account, and also outlines roles, responsibilities and expectations.

This document provides an investment policy for the prudent management of funds according to agreed limitations, while at the same time allowing for sufficient flexibility to react appropriately to changing economic, business and investment market conditions.

Investment Guidelines

Investment guidelines are based on a short term horizon to provide sufficient liquidity for the Trust in need whilst at the same time providing the optimal return on funds not immediately required by the Trust.

Capital protection is a major requirement for funds invested.

Appreciation and income may be used to finance cash requirements for operating expenses or grants. Assets may be liquidated or added to depending on the needs of the Trust.

The Trust's assets will be managed by the RNZRSA CE and Contract Accountant. The Trustees will regularly review performance in accordance with the guidelines approved by the Trust. The CE and Contract Accountant have discretion to manage the assets in the portfolio to best achieve investment objectives and requirements in accord with the guidelines of this Investment Policy. Consistent with the Trust's Investment Policy, the responsibilities of CE and Contract Accountant include:

- The exercise of a high degree of professional care, skill, prudence and diligence in the management of assets under their direction.
- Thorough professional analysis and judgment with respect to all investments held in the account. Selection and disposition of individual securities and related matters.

Asset Allocation

Assets will be invested primarily in term deposits with New Zealand Banks with a range of short term maturity dates. In addition, the Trust may hold shares in New Zealand listed companies which comprise a small proportion of the total portfolio.

Monitoring

The Trustees will monitor the performance of the investments on a quarterly basis. Issues to be addressed include: Year-to-date and cumulative performance will be assessed in terms of the portfolio against prevailing benchmarks or indices along with adherence to the Trust's values, transactions and transaction costs.

This policy will be reviewed annually.

Appendix 6 – RSA Model Rules advice for running a trust

Duties of Trustees

Trustees of charitable trusts are subject to a wide range of legal duties. These duties are created both by the trust deed which governs the trust and by the general law relating to trusts found in statute and in the common law. These duties continue for any trustee until they resign, although in certain circumstances they can continue even after resignation.

The primary duties of a trustee are to:

- comply with the terms of the trust deed that created the trust;
- act honestly and loyally; and
- act in the best interests of the beneficiaries of the trust.

Additionally, all trustees have an obligation/duty to:

- know the trust deed, the trust's assets and liabilities;
- actively advance the charitable purposes of the trust (this means that the trustee must act in a way they believe will advance, and not harm, the trust's charitable purposes)
- ensure that all reporting, financial or otherwise is accurate and not misleading;
- ensure proper accounts are kept;
- exercise care, skill and prudence when carrying out duties as a trustee;
- take reasonable steps to ensure that they have the skills, knowledge and ability required to guide and monitor the management of the trust;
- exercise their powers themselves (trustees will not be able to delegate their duties to third parties unless specifically permitted to do so by the trust deed);
- treat the trust's beneficiaries impartially;
- be aware of the legislation that is relevant to their organisation and ensure that legislation is complied with. This relevant legislation is the Charitable Trusts Act 1957, the Trustee Act 1957 and the Charities Act 2005.

Trustees need to be actively involved with the trust – they should not simply rubber-stamp the decisions of the other trustees or accept, without question, the recommendations of professional advisers. Although it will often be prudent to seek the opinion of professionals such as valuers, investment advisers, accountants or lawyers, the trustees will ultimately be responsible for all trust decisions. In addition to these general obligations and duties, trustees also have some specific obligations relating to the investment of trust funds.

Investment Obligations

The trustees of a charitable trust are able to invest trust funds anywhere they choose. However, trustees can face personal liability for investment losses if they fail to invest trust funds prudently.

To act 'prudently' means to 'exercise the care, diligence, and skill that a prudent person of business would exercise in managing the affairs of others' (section 13B of the Trustee Act 1956).

Professional trustees who are in the business of acting as a trustee (accountants, lawyers and others who regularly act in that capacity) are required to exercise a higher degree of care, diligence and skill than other trustees (section 13C of the Trustee Act 1956).

The Trust Deed and the Trustee Act 1956 sets out the issues a trustee will need to consider when exercising powers of investment. These issues are:

- the desirability of diversifying trust investments;
- the nature of existing trust investments and other trust property;
- the need to maintain the real value of the capital or income of the trust;
- the risk of capital loss or depreciation;
- the potential for capital appreciation;
- the likely income return;
- the length of the term of the proposed investment;
- the probable duration of the trust;
- the marketability of the proposed investment during, and on the determination of, the term of the proposed investment,
- the aggregate value of the trust estate;
- the effect of the proposed investment in relation to the tax liability of the trust; and
- the likelihood of inflation affecting the value of the proposed investment or other trust property.

The importance of making prudent investment decisions highlights the need for charitable trusts to have strong governance procedures in place.

Trust Governance

The trustees of a charitable trust are responsible for governance of the trust. Governance involves responsibility for:

- human resource issues;
- developing strategy and policy;
- budgeting and planning;
- ensuring that the trust complies with its legal obligations; and
- monitoring and supervising the trust's management.

Trustees need to monitor, review, debate, question and listen to advice from management or external advisers and develop from that information an appropriate strategy to meet the

trust's objectives. This includes an obligation for trustees to identify problem areas. The chairperson has a particularly significant role in trust governance.

The chair is responsible for:

- maintaining a positive relationship with the management staff;
- developing the culture and values of the trustees as a whole;
- maintaining the competence of the other trustees; and
- resolving any dysfunction arising amongst the trustees.

Charitable trusts should also have a policy in place to ensure that conflicts do not arise between the duties of any trustee and that trustee's personal interests. Conflict of interest policies should include:

- maintaining a register of the personal interests of trustees which could conflict with the interests of the trust (to help ensure that all such interests are disclosed at all times); and
- ensuring that if any conflict of interest does arise, the conflicted trustee is not involved with any decision relating to the relevant matter.

Well organised governance helps to ensure that the trust runs smoothly and that the trust and its trustees comply with their legal and moral obligations.