



# Bursary Fund

## Frequently Asked Questions



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#### Why does BGS need to Fundraise?

BGS operates as an autonomous educational institution without the financial backing of a government or religious institution. The School manages its independence through financially robust planning.

Tuition fees cover the cost of a student's education. To meet our **infrastructure** objectives of providing quality teaching, learning and recreational facilities while also **providing access for students in financial need**, it is imperative we prudently manage our affairs and also seek philanthropic support from our broader community.

We are dedicated to enriching the experience of the boys who attend the School through providing a strong and varied educational experience, as well as ensuring a diverse student body comprised of boys from a wide range of backgrounds and from various regions throughout Australia.

We are equally passionate about providing an opportunity for those boys who would benefit from the opportunities at BGS, whose families however would not otherwise be able to send their son to BGS.

We have commenced **Campaign 2020**, with our aim to increase the Bursary Fund (endowment) to **\$20 million by 2020** through philanthropic donations. This campaign aims to fund approximately 10% of our student body with **needs-based bursaries in perpetuity**. That is, to draw upon the interest from an Endowment Fund, to finance the cost of a student's tuition year on year. At 30 June 2018, we reached the \$10.5 million mark on this journey towards our **\$20 million goal**.

Supplementing tuition fees through fundraising is a critical element of the School's long-range plans for this endeavour. Through this process, **every generation contributes for today and for tomorrow**.



### Are Donations to BGS Tax Deductible?

Governance protocols prescribe the investment and application of funds relating to the School's three philanthropic funds (Bursary, Building and Library) awarded 'Deductible Gift Recipient' (DGR) status by the Australian Taxation Office. All donations of \$2 or more to these funds are tax deductible, BGS Donors will receive an official receipt for taxation purposes. All claims for a tax deduction are subject to acceptance by the Australian Taxation Office, which may be contacted for professional advice if either an individual or business is uncertain of their taxation position.

### Why are bursaries important to BGS?

**Needs-based access (bursaries) to BGS have been a core part of our DNA since 1868.** Today bursaries are designed to ensure that BGS continues to fulfil its commitment to diversity and that the School remains accessible.

### Terminology

A **Bursary** refers to funding granted to an academically suitable student in financial need, whereas a **Scholarship** is awarded to a student who demonstrates academic or sporting excellence.

An academically suitable student is one with at least a sound academic achievement. This minimum requirement ensures that the recipient can make the most of the BGS experience and provides the School with a baseline ability to help the recipient achieve his potential.

### Bursary definition:

A bursary is financial assistance offered to students who demonstrate 'all-round' qualities and whose family lack the means to pay full fees.

### Scholarship definition:

A scholarship is a financial award offered to students with a strength in a particular area, for example academic, sport, music or art.

### Needs-based bursary criteria:

- Needs-based bursary recipients are subject to a Code of Expectations, rigid performance criteria and periodic review. Students must demonstrate exemplary standards of effort, progress, involvement, behaviour and contribute to the wider life of the School. In that way, we make sure that the programme is a two-way street - benefiting not only the recipient, but also the recipient's cohort and the wider school community.
- **Bursary Fund, fundraising is for bursaries, NOT scholarships.**

### Who is the bursary for?

A student who would benefit from a BGS education and contribute to School. The student must be someone who would not otherwise be able to attend BGS due to financial constraints. The student may be a boarder or a day student.

### Who is the bursary not for?

Bursary recipients are reviewed on an annual basis to ascertain ongoing needs-based eligibility. If a student becomes ineligible the bursary will conclude. **A bursary is not a sporting, music or academic scholarship.**

### What is the process for needs-based bursary applications and what is the criteria?

Needs-based bursary applications are reviewed and means tested by the School. Applications require disclosure, in strict confidence, of the family's financial situation.

Annual reviews for all bursary recipients are undertaken, which include an assessment of student performance. Continued support is dependent on the student's active involvement in School life and demonstration of good character.

### What is an Endowment Fund?

An **endowment** fund is an investment fund established by a not for profit entity, a foundation, or in this case, a school. The capital of the fund is preserved and the interest income earned from invested capital is utilised for a specific purpose, in our case, to fund bursaries.

### What is the BGS Bursary Fund?

The BGS Bursary Fund operates as an **endowment fund**, with invested capital maintained in perpetuity. Interest income generated is distributed to provide bursaries for students in financial need.

Income generated by the capital investment is utilised in accordance with DGR guidelines. These rules help to ensure the long-term growth of the financial asset, which in turn supports the overall objective to grow the fund and consequently the number of bursaries BGS offers for students in financial need.

### How much money is required for one endowed bursary?

Based on current tuition and recent interest and market rates, funds required for a single 100% perpetual bursary are estimated as follows:

Boarder	\$1,500,000
Day Student	\$750,000

A partial bursary (e.g. 50% bursarial support), would be applied at this ratio. Funds required include provision for on-costs, uniforms, tablets and books.

### Are there any fees or costs?

No fees or costs are deducted from contributions; however, administration fees and changes may apply to the investment vehicles approved by the BGS Finance Committee, and would be deducted from the Bursary Fund.

BGS DGR Funds are subject to audit as part of the overall audit of the financial statements of BGS by the Queensland Audit Office.

### What is the Campaign 2020 Bursary Fund objective?

BGS currently has 55 boys who receive bursarial assistance. The School's objective is to offer bursaries of varying amounts for 10% of our student body, currently 1700. If BGS reaches its target, 170 students will receive some form of bursary with a proportionate value of between 10% and 100% of fees. To achieve this objective by 2020, we aim to increase our Bursary Fund to \$20M from the current level of \$10.5M. Just over \$9M to go!

### When would a funded bursary start?

Depending upon the total amount raised, a bursary could commence as soon as 2019. Pledges in subsequent years would assist with further raising the total of the invested capital, and ultimately determine the amount of the finance bursary recipients' tuition fees.

### Who will select the bursary beneficiary?

The Headmaster is responsible for determining who will receive a BGS bursary in conjunction with the members of the Bursary Committee. Special consideration can be given to Indigenous, regional and disadvantaged boys. The awarding of bursaries will be determined strictly in accordance with the BGS Rules for DGR Funds.

### What input and oversight will donors have?

All contributions to the BGS Bursary Fund are managed and reported on a consolidated basis, using secure investments as determined by the BGS Finance Committee. This typically involves investing with Queensland Investment Corporation. Contributions from individuals and/or year groups will be monitored and reported on an annual basis.

### Will I be able to meet the beneficiary?

Contributors will receive regular updates on a student's progress during his time at BGS. There may be an opportunity to meet a student if he and/or the family is amenable.





## Year Group Bursary Program

If we start a Year Group Bursary Fund, how much money should we aim to raise?

The initial amount raised by each year-group is not critical. The focus is on creating an initial fund and committing to growing the fund into the future. The aim is for bursarial support to become embedded in the School's DNA with all year groups participating.

### **What about more recent (younger) cohorts, does the Year Group Bursary model still apply?**

Year Groups within a few years of graduation may be undertaking study or engaged in early career development, not all are in a position to contribute significant amounts at this stage of their lives; however, the point raised above stands – it is the commitment to grow the fund that is important.

Engaging a large number of Old Boys' support early on, even when the initial sum donated is a small amount, will contribute to a philanthropic culture at the School and collectively lead to a sum that will make a difference.

### **Why are gifts sought over three to four years?**

Structuring pledges over several years enables donors to maximise taxation deductions, and facilitates larger gifts than would otherwise be possible.

### **What happens to any left-over money?**

Any residual monies which exceed a target bursary amount would be retained in the BGS Bursary Fund to sustain and grow the invested capital of the fund with a view to funding further bursaries.



# Gift Tax Chart

## 2018/2019 Financial Year

Pledge over 3 years	Annual Instalment	Annual cost of donation after tax @			Monthly after 47%
		35%*	39%*	47%*	
\$1,000,000	\$ 333,333	\$218,333	\$203,333	\$176,666	\$14,722
\$500,000	\$166,667	\$109,167	\$101,667	\$88,334	\$7,361
\$250,000	\$83,333	\$54,583	\$50,833	\$44,166	\$3,681
\$200,000	\$66,667	\$43,667	\$40,667	\$35,334	\$2,945
\$100,000	\$33,333	\$21,833	\$20,333	\$17,666	\$1,472
\$50,000	\$16,667	\$10,917	\$10,167	\$8,834	\$736
\$40,000	\$13,333	\$8,733	\$8,133	\$7,066	\$589
\$20,000	\$6,667	\$4,367	\$4,067	\$3,534	\$295
\$10,000	\$3,333	\$2,183	\$2,033	\$1,766	\$147
\$5,000	\$1,667	\$1,092	\$1,017	\$884	\$74
\$3,000	\$1,000	\$655	\$610	\$530	\$44

\*Individual tax rate including Medicare levy





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