



## **THE CATENIAN ASSOCIATION BENEVOLENT & CHILDRENS FUND**

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### **Catenian Benevolent Fund - Questions and Answers**

#### **Background**

On becoming a Catenian each member gives an assurance that he is financially sound and thus, implicitly, he can maintain any dependents and has made reasonable provision for the future through savings, insurance, pension arrangements or other means.

Notwithstanding the steps he has taken to provide a stable financial future, he and/or his dependents may suffer material misfortune, and it was to provide for such a contingency that the Association established the General Benevolent Fund and the Children's Fund which were amalgamated in 1991 into the present Benevolent and Children's Fund.

The Fund is a separate legal entity and the Trustees, once appointed, are responsible for every aspect of the administration and operation of the Fund and its assets and must manage these in compliance with the applicable Charity Acts and the terms of the Scheme. Failure to do so, if amounting to a breach of duty, can render the Trustees personally liable for any loss or other problems arising from such failure of duty. The Charity Commissioners is the statutory body to which all charities are ultimately responsible in law and which has powers to check on the compliance and performance of each charity. Annual Returns are sent into the Charity Commissioners, including annual accounts, and annual returns are also filed in the Companies Registry in respect of Catena Trustees Limited.

The Scheme provides for the "Benefit of Charity", inter alia, in the following terms ".....the Managing Trustees shall apply the income of the Charity and at their discretion the whole or any part of the property thereof in relieving need amongst members of the Catenian Association and their dependants who are in conditions of need, hardship or distress, by making grants of money or providing loans whether secured or unsecured with or without interest at such rate as the Managing Trustees may decide.....".

The Trustees' task is always to set out to give effective aid to every beneficiary in his or her present predicament and not, except where it has a direct bearing on the ongoing position, to question how that position was reached. This may involve, for example, advice to a Brother to seek professional advice on whether or not insolvency is the best route to relief, or on the negotiation of debt settlements, with agreement by the Trustees to pay the fees for such advice and to back the negotiations with a commitment to pay debt settlements.

**Q: Who can apply for assistance?**

A: Any Brother (no matter how long his membership), or a Widow of a deceased Brother, may apply for assistance if he/she is in financial difficulties or dependent members of the family are in difficulties. In the latter case, this would usually be, but not exclusively, the children of a deceased Brother who were financially dependent upon him to a greater or less extent at his death and whose need for support continues after his death.

**Q: What is the Fund used for?**

A: It is used to meet clear evidence of need, hardship or distress. The evidence has to be obtained by the Circle Benevolent Board through discussions with the applicant and disclosure of the precise financial position, or exceptionally through the Province Director. The necessary information should always be obtained in private, with understanding of the applicant's situation and confirmation of complete confidentiality

**Q: Typically what types of claim are made by applicants?**

A: Some examples include:

- A Brother whose business has been severely impacted by the recession. Relief was provided by way of loan to meet everyday living expenses pending the sale of property.
- A Widow was helped with a loan to clear debts incurred by her husband. The loan is to be repaid from the sale of a property.
- A Brother received two loans to assist with living expenses secured by a 2<sup>nd</sup> mortgage over a property. The 1<sup>st</sup> mortgagee then sought possession of the property due to a failure to maintain repayments. The Fund took out the 1<sup>st</sup> mortgagee to safeguard the Brother from eviction.
- A Widow who has continuing financial problems due to a shortage of income over expenditure. The Fund has granted loans to meet current expenditure.
- A Brother working successfully but then suffered ill health which prevents him from working. His wife was also unable to work. Both receive the Social Security benefits to which they are entitled but could not meet current expenditure out of what is a very limited income, particularly to meet mortgage repayments. Under threat of a possession order against the Brother, the Fund approved taking over the loan from the Bank.
- A Brother who was at work suddenly died leaving the Widow with immediate cash problems. A grant was awarded to the Widow to help meet immediate costs.
- A Brother who has lost his job through ill health but had run up significant credit card debts on the basis of his salary income. Relief was provided by way of loan to meet everyday living expenses pending the sale of the property.

There are many cases where Brothers and Widows have outlived the value of their investment income and pensions, which have eroded

over the years. Relief can be given so that a reasonable quality of living can be achieved.

- Help with a stair lift or other equipment and the provision of a car for mobility
- Help with the cost of removals.
- Assistance with school fees (but which can only be in the short term as an emergency and not long term)
- Professional fees to seek advice on dealing with major indebtedness.
- Payment of fees for courses leading to a change of career forced by redundancy or similar.

**Q: Are there any 'inadmissible' claims?**

A: There are categories of claim which cannot be entertained. Awards cannot be made to finance commercial ventures, to settle business debts or to provide business capital, directly or indirectly, and money cannot be advanced for house purchase, or payment of national and/or local taxes. Such cases do not constitute need as defined in the "Benefit of Charity" mentioned earlier, and payment of taxes is expressly excluded by the Scheme

There is no provision in the Scheme which permits the Trustees to enter into an equity release arrangement, which is a commercial or financial services arrangement. However, where there is need in the terms of the Scheme, loans are often made secured on the property of the beneficiary, to supplement income where this has fallen below that needed for a reasonable living standard.

**Q: Does the Fund just give Loans and are they always secured?**

A: No. Awards are made in the form of grants and loans, the latter of which are usually evidenced by a promissory note or charged on property, according to the circumstances of the beneficiary. Whilst there is a provision for interest in the charges, it is extremely rare that this is invoked. In most cases, no demand is made for the repayment of a loan during the lifetime of the beneficiaries.

The reason for taking security for loans is because the loan is for the benefit of the Brother, Widow or Dependant who is in need, and making the loan gives the relief required. It is not so that his or her remoter issue receive a benefit in the long term. It also establishes priorities between the secured loan and other creditors or claimants against the beneficiary during lifetime, or his /her estate following death, and brings the funds back into the Fund for future use of those seeking help.

**Q: How does an applicant go about making a claim?**

A: The standard procedure is that a Brother or the Widow or dependent of the deceased Brother who is in need approaches the Circle Benevolent Board (the CBB). The CBB will consider whether there are grounds for making a claim and will ascertain the information necessary to apply for an award and will complete an application form which contains information on assets and liabilities and income and expenditure.

There may be those who feel that the financial enquiry is an intrusion, but the Trustees have an obligation to administer the Fund conscientiously, charitably and prudently. It often happens that the Trustees will decide on a course of action for the benefit of the applicant which is more generous or more effective than that suggested by the CBB. The full information enables the Trustees to give very detailed consideration to cases and the awards to be made to give effective relief, using the expertise on the Board. It must always be emphasised that the information is completely confidential to the CBB and the Board.

The application form requests complete information on assets and liabilities, income and expenditure and some supplemental information, such as will help the Trustees get a comprehensive picture of the applicant's position and need for aid. The CBB is invited on the application form to recommend what form the aid should take. This latter is not binding upon but is welcomed by the Trustees in helping them come to a conclusion on the aid to be offered

The Managing Trustees are obliged by the Scheme to see that advantage has been taken of any assistance available to the applicant from other sources eg the Benevolent Fund of a professional or other body associated with the claimant. Also, that all entitlements from Social Security and other State and Local Authority departments have been claimed.

**Q: Is this the only way a claim can be made?**

A: No. There is some evidence that some Brothers, particularly those who are senior and /or have held office in the Circle, find the normal procedure through a CBB embarrassing, and do not wish to have their finances examined by perhaps younger Circle Brothers. In such special circumstances a claim may be made by the applicant directly to the Province's Director who will then handle the application himself and deal directly with the Board.

**Q: How quickly can a claim be actioned?**

A: The Managing Trustees meet every two months to consider all current applications. Decisions reached are immediately passed back to the CBB. Grants are available immediately after their approval. Loans can take a little longer to process, though temporary help can be made available pending a Loan being processed.

The Managing Trustees can, in urgent cases, consider applications before a formal meeting. In such circumstances a small number of Managing Trustees meet (via email/Zoom/phone) to discuss such cases when they are submitted, and this body has authority to immediately approve applications up to specific amounts.

**Q: Is there any process for small cash grant awards?**

A: Yes. At the last Managing Trustees' meeting a 'small claims' process was agreed. The procedure is as follows:

- There needs to be hardship in the form of immediate need for relief of a one-off or very short-term financial problem

- The requirement for such immediate relief of need must be certified by the CBB and the Director or, exceptionally, by the Director alone
- The award shall be by way of a grant not exceeding UK£500 and paid to the CBB or as otherwise agreed with the CBB or Director
- The grant shall be subject to the condition that the CBB use it in relief of the specified immediate need in respect of which it was granted