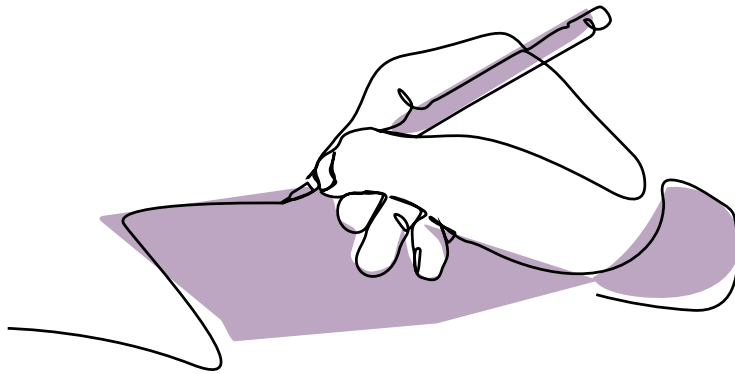




SWISS PHILANTHROPY

Foundation

Creating and Managing Philanthropic Funds



Giving beyond living

Testamentary philanthropic funds
with Swiss Philanthropy Foundation

Bespoke legacy solutions

What is a legacy?

A legacy is a gift of money or property left to a person or institution in a will. The beneficiary of the legacy is known as the legatee, as opposed to the legal heirs, usually close relatives. A legacy generally consists of a sum of money, but can also include real estate, shares, or other assets. The legacy is defined in a will or succession pact and is disbursed from the estate after the testator's death. A person or institution may also be named as an heir. In that case, the legatee receives a share of all or part of the estate remaining after the reserved shares have been distributed and all debts paid.

Why leave a legacy in a will?

Leaving a legacy to Swiss Philanthropy Foundation enables donors to continue supporting causes and organizations they care about after they are gone. Two solutions are available: the donor can leave a legacy to a philanthropic fund which they set up and contribute to during their lifetime or to a passive testamentary fund that will be activated only after their estate is settled. Both solutions ensure that the gift is used to further the donor's philanthropic goals and managed to a high standard of governance.

Our solutions

Giving after life: testamentary philanthropic funds

A testamentary fund is a hosted fund created during the donor's lifetime that remains dormant until the legacy is received. Knowing that one's gift will be used as intended offers considerable peace of mind. The legacy will be transferred to the testamentary fund at Swiss Philanthropy Foundation after the estate is settled. The donor also provides a letter of intent outlining how they want the money to be allocated (causes, organizations, regions, etc.).

In 2019, at the age of 60, Simon set up the Memory fund as a testamentary fund hosted by Swiss Philanthropy Foundation. He owns a dog and has only one heir, his brother. In his letter of intent, Simon listed the criteria the Foundation should refer to in deciding which organizations he would like to donate to, when the time comes. The letter also specifies how he would like the Foundation to handle other expenses, particularly for the care of his beloved pet. Simon's philanthropy will begin after he dies.*

Giving during and after life: personal philanthropic funds

Personal philanthropic funds are created and endowed by donors during their lifetime. This allows them to get to know Swiss Philanthropy Foundation and gain valuable experience in managing their philanthropy, by making grants to non-profit organizations that advocate for causes they care about.

At a later stage, they may decide to leave a legacy to their personal philanthropic fund in their will, ensuring that their philanthropy endures after their passing, according to their intentions and in a spirit of trust and good governance.

The Imagine fund was set up in late 2019 by 50-year-old Rosa, who has no children or other heirs. Rosa is passionate about many different causes, including biodiversity around the world and animal welfare in Switzerland. Through her fund, she donates to several non-profit organizations active in these areas, and closely monitors the impact of her grants. To ensure her fund continues to give beyond her lifetime, Rosa has designated her fund as a legatee in her will and has told Swiss Philanthropy Foundation which organizations she wants to support through her legacy.*

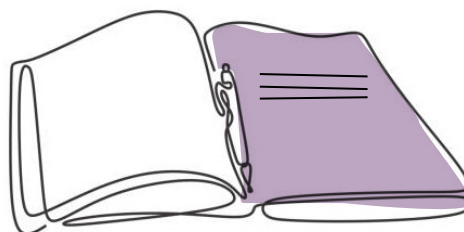
What is a hosting foundation?

A hosting foundation is a recognized public-interest foundation that hosts and manages philanthropic funds. Hosted funds are a simple, efficient, and cost-effective way for philanthropists to organize and manage their giving without setting up their own foundation. They offer a high standard of governance, professional management, verification of the public utility status of grantees, oversight of grant-making, and lower management costs than a foundation. The hosting foundation's purpose is defined very broadly to enable it to host funds dedicated to a variety of charitable causes. In brief, it facilitates access to philanthropy.

The advantages of Swiss Philanthropy Fund

Swiss Philanthropy Foundation is a Swiss public-utility foundation established in 2006 and based in Geneva. Legacies to the Foundation are not subject to inheritance tax if the testator's last domicile was in Switzerland. Gifts and donations made by Swiss residents during their lifetime are also tax-deductible.

- o **Bespoke service:** Swiss Philanthropy Foundation helps donors define the terms of their legacy to meet their philanthropic goals, and provides simple, easily implemented solutions, in a spirit of empathy and transparency.
- o **A trusted partner:** the Foundation pledges to manage the legacy according to the donor's stated wishes, in keeping with the public-utility mission of the organizations they have chosen. With the help of expert advisors, the Foundation is also able to manage legacies in the form of real estate or other personal assets, and handle the payment of expenses from the legacy (grave maintenance, pet care, etc.)
- o **Experience:** The Foundation has over 15 years of experience in helping donors structure their philanthropy. It currently hosts over 50 active philanthropic funds.
- o **Independence:** The Foundation is independent of any public or private institution or company. Donors are free to choose the organizations or projects they wish to support; the Foundation role consists in verifying that the grantees meet the legal definition of a public-utility organization. The Foundation does not compete with non-profits and non-government organizations for grants – its sole purpose is to help donors organize their giving and to provide governance throughout the lifetime of the fund. Donors are also free to choose the bank where their funds' assets are deposited and, if the capital is invested, how they would like the bank or financial advisor to manage their fund's assets.
- o **Integrity:** The Board of the Foundation ensures that all its activities are carried out in a professional and ethical manner, following generally accepted best practices and the highest standards of the profession.



Glossary

Donation

A donation is a gift of personal property made during one's lifetime to one or more beneficiaries. These can include legal heirs (spouse or registered partner, children, or other relatives, as defined by Swiss law) or other persons or entities (non-profit organizations, foundations, etc.).

Will

A will or testament is a document drawn up during one's lifetime that defines how one's estate should be distributed after they die. It can specify the share of the estate left to legal heirs (within the limits set by Swiss law), name other heirs, or include a legacy. Two types of will are recognized in Switzerland: the holographic will, which must be hand-written, signed and dated by the testator, and the notarial or public will, which is a legal document signed before a notary.

Succession pact

A succession pact is a contract between one or more individuals and their heirs, defining how one or more estates should be settled. By securing the agreement of all parties in advance, it enables the testator to plan their inheritance and maintain concord between their heirs. A succession pact must be signed before a notary and witnessed by two witnesses.

Reserved share

The minimum share of an estate to which the legal heirs, generally the deceased's spouse or registered partner and children, are entitled under Swiss law. The testator and their heirs may agree to reduce these reserve shares by drawing up a succession pact.

Disposable share

The disposable share is the portion of the estate remaining after the reserved shares have been distributed, which the testator may distribute as they wish.

Executor

The testator may appoint an executor to carry out the terms of their will. The executor can be one or more persons or a legal entity. They are responsible for managing the distribution of the estate, settling any outstanding debts, and transferring assets to heirs and legatees according to the terms of the will and the applicable laws.

FAQ

Are legacies taxed in Switzerland?

- Legacies to non-profit organizations or registered public-utility foundations, such as Swiss Philanthropy Foundation, are in principle not subject to inheritance tax in Switzerland.

What assets can be included in a legacy?

- A legacy can include cash, shares, real estate (an apartment, land, etc.), items of value (jewellery, art, etc.), or a combination of the above, provided the estate complies with the legal heirs' reserved share. The terms of the legacy are defined in a will or succession pact.

How long does it take to create a hosted fund?

- Simplicity is a key value for the Foundation. Depending on the donor's availability and desire to move ahead quickly, a personal fund can be set up in a matter of weeks.

How much does it cost to create and manage a testamentary fund?

- A tax-deductible fee of CHF 5,000 is charged at time of creation. An annual fee of CHF 100 applies to testamentary funds until such time as they become active. Thereafter, Swiss Philanthropy Foundation charges a management fee of 3-5%. The exact percentage depended on the work required to run the fund and is agreed at time of creation (minimum CHF 3,000/year). Depending on the type of assets included in the legacy and the related management costs, additional fees may apply.

What is the minimum amount donors can leave to Swiss Philanthropy Foundation?

- No minimum applies to legacies to Swiss Philanthropy Foundation. The size of the legacy determines which solution best meets the donor's needs and wishes.

Can a will be changed?

- Wills can be revoked, modified, or amended with a codicil at any time. The same applies to the donor's letter of intent for Swiss Philanthropy Foundation. Similarly, succession pacts can be revoked, modified or supplemented, if their terms permit it and all parties agree.

Can the legacy be invested?

- Depending on the size of the legacy, the capital may be held in deposit by the donor's bank of choice. Swiss Philanthropy Foundation will contract with the bank to manage the funds according to their stated wishes.

Contact us

Our team will be happy to answer all your questions about testamentary philanthropic funds.

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