



Jersey Finance

Delivering Insight • Driving Innovation

Jersey for **Philanthropy**

Supporting Growth in Global Giving



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Positive Steps Towards a Brighter Future

Global philanthropy is on the rise as a growing number of wealthy individuals and businesses want to make a difference to society.

Along with high-profile initiatives such as the Giving Pledge in the US and Founders Pledge in Europe, new channels and vehicles for giving are fuelling the development of the philanthropic sector.

A 2019 Wealth-X report on trends in ultra-high net worth (UHNW) giving suggests that around half of the world's UHNW donations are made by North American philanthropists while Europeans account for just under a third of the global total. Philanthropic giving by ultra-wealthy Asians is lower, reflecting the region's significantly younger wealthy population and less developed not-for-profit and education sectors.

For some wealthy donors anonymity is important. When philanthropy is in the public eye the focus is often on entrepreneurs and businesspeople creating their own foundations and making considerable donations on a global scale. One of their main motivations is a sense of duty, with the most popular causes related to education, healthcare and medical research, and arts and culture.

Post-pandemic philanthropy

While many wealthy individuals and organisations have contributed to the fight against Covid-19, it's difficult to predict the long-term impact of the pandemic on global philanthropy. What is certain is that the way in which the wealthy engage with philanthropic causes is evolving, with a shift towards sustainable investment and a greater willingness to experiment with innovative financial instruments. Donors are also becoming more hands-on. They want to know how recipients are using their funds and understand the impact their money is having.

Working with a highly regarded jurisdiction

As a world-leading international finance centre, Jersey has been helping individuals, families and businesses achieve their philanthropic goals for 60 years. To ensure as much money as possible goes to the cause, establishing the most effective structure is vital. This is something that Jersey clearly has considerable expertise in, thanks, in no small part, to its flexible and forward-thinking laws for trusts and foundations.

The Changing Face of Philanthropy

The next decade will see the largest ever intergenerational wealth transfers, with a shifting philanthropic attitude between the generations.

Qualitative research has shown that the next generation has a different outlook on philanthropy to their predecessors. Wealth preservation remains important to this global, highly digital group, but they're also concerned about the impact of their wealth on society and the environment, a change of mindset highlighted by growing interest in sustainable finance.

While older generations have traditionally shifted their focus from business to philanthropy, often at the start of retirement, the next generation are giving at a younger age and allocating their time and skills in a new way.

Inspired by high-profile giving initiatives, younger donors take a more targeted approach. They give to similar causes but fewer of them, tending to be particularly passionate about one or two key causes and demonstrating a strong willingness to be both financially and practically involved with them.

Gen X's enthusiasm for philanthropy and their targeted focus on certain causes is influencing their families, who are increasingly adopting the values and approach of their younger members when it comes to philanthropic giving.

A global view of the Great Wealth Transfer

The 2019 Wealth-X Family Wealth Transfer Report predicts that North America will be home to more than half of all the wealth transferred globally, with a total of US\$8.8trn passed on in this region. Europe's slightly older-than-average wealthy population will pass on US\$3.2trn by 2030, equating to just over a fifth of all wealth transfers, while Asia will account for 12% of the wealth to be passed on, with US\$1.9trn inherited by the next generation.



US\$153bn

was given towards philanthropic endeavours in 2018 by the ultra-wealthy

Source: Wealth-X The New Normal: Trends in UHNW Giving 2019



US\$75bn

North America accounted for nearly half of all philanthropic gifts made by UHNW individuals globally

Source: Wealth-X The New Normal: Trends in UHNW Giving 2019



Nearly 9 in 10

UHNW individuals direct part of their philanthropic efforts to education

Source: Wealth-X The New Normal: Trends in UHNW Giving 2019



US\$15.4trn

of wealth is expected to be transferred by almost 550,000 people with a net worth of US\$5m or more by 2030

Source: Wealth-X Family Wealth Transfer Report 2019



Almost 70%

of respondents to Knight Frank's 2020 Attitudes Survey said their clients' philanthropic activities were increasing

Source: The Attitudes Survey 2020, Knight Frank Wealth Report 2020



US\$8.8trn

of wealth will be passed on in North America; more than half of all wealth transferred globally

Source: Wealth-X Family Wealth Transfer Report 2019

A New Approach to Investing

Fuelled by intergenerational wealth transfers, sustainable finance is experiencing strong growth globally, particularly in the area of impact investing.

For philanthropists focussed on tackling climate change or inequality, investment criteria extend beyond financial returns. They want to know what an investment will do to reduce its carbon footprint. They are asking how workers in the supply chain are treated. And they are looking for robust policies that address issues surrounding diversity and pay.

Adding to the pressure on companies to do the right thing is the value system of millennials and Gen Z. Already fully-fledged members of the workforce, these younger generations view climate change and protecting the environment as humanity's most pressing challenge, and as baby boomers enter retirement, their influence is only set to increase.

Bright young minds make sustainable choices

Aligned with the rise in philanthropic activity across the world, changing sentiment is affecting investment decisions. In Knight Frank's 2020 Attitudes Survey, 75% of respondents said their clients were becoming more worried about climate change while 45% believe wealthy investors are increasingly concerned about the impact the buildings they invest in are having on the wider environment.

Schroders' 2018 Global Investor Study confirms that the younger generations are leading the charge with 53% of investors aged 25 to 34 choosing sustainable funds, while only 28% of those aged over 65 do the same.

However, as the Great Wealth Transfer begins to spark intergenerational dialogue, it's likely that an increasing number of investors, both founders and their successors, and old, will be drawn to investments that aim to consider their impact on the world.

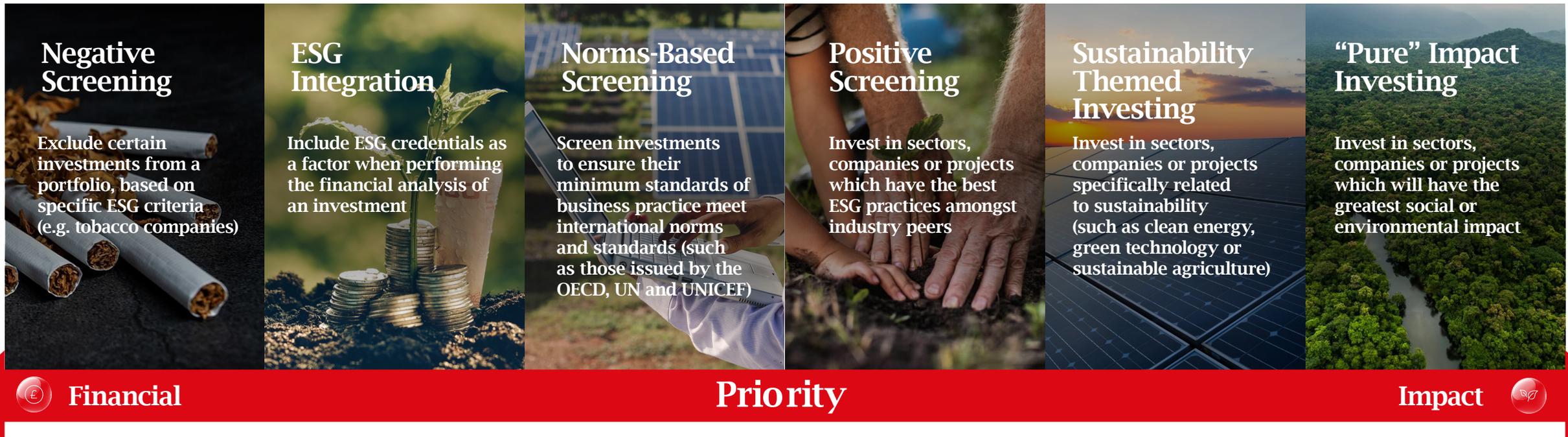
What is sustainable finance?

Sustainable finance is any form of financial service that integrates ESG criteria into investment decisions in order to achieve a lasting positive impact, as well as a financial return.

The sustainable finance spectrum ranges from negative screening, where the primary focus is to achieve a financial return by excluding companies that do not comply with specific, pre-set social or environmental criteria, to impact investing, where the primary focus is to achieve a positive impact while also making a financial return.

Combining a positive impact with good returns

In the past, the assumption was that sustainable investing has lower returns, but this is no longer the case. The Global Sustainable Investment Alliance calculates that a quarter of the world's funds apply some form of environmental, social and/or governance (ESG) screening to their investments. A growing body of research appears to validate this approach, showing that companies who score well on ESG criteria are also outperforming their competitors.



Ready to Support Sustainable Finance

As demand for strong ESG credentials grows, Jersey's forward-thinking approach and innovative solutions make it the clear choice for sustainable finance.

Sustainable finance, and particularly impact investing, is experiencing strong growth globally and Jersey has been active in this vital area for some time.

From a private wealth perspective, inter-generational wealth transfers are fuelling this growth. We're ready and well positioned to accommodate this ongoing expansion, with our investment advisors and family offices developing their offerings to meet demand.

In the funds sector, fund managers are reviewing their products, domiciles and fund administration solutions in line with the critical success factors demanded by sustainable investing. This is creating clear opportunities for Jersey.

Put simply, Jersey has the solid foundations with which to support businesses and investors with their sustainable finance goals.

Some of the credentials that set us apart from other international finance centres as a place to accommodate sustainable finance include:



Wide range of flexible structures

Jersey has developed a range of competitive, flexible structures that can be adapted to meet philanthropic and sustainable investment objectives including trusts, foundations and a variety of fund structures.



Central and connected

Jersey is easily accessible from the UK and Europe, and is based in a central time zone that makes it easy to work with both west and east, meaning it can support investors from across the globe.



Approachable and responsive regulator

Jersey's range of regulatory options allows managers to choose a funds regime suited to their target investors. These regimes are overseen by the Jersey Financial Services Commission (JFSC) - a pragmatic, very approachable and responsive regulator.

Supportive Structures

Jersey offers a compelling range of benefits to philanthropists, including a choice of robust structures that can be tailored to support their philanthropic ventures, now and in the future.

Tailor-made trusts

Often used in philanthropy, the Jersey trust is a highly flexible, tailor-made structure that can be adapted to meet different philanthropic objectives. Jersey's Trusts Law accommodates trusts with both charitable and non-charitable purposes, along with trusts set up for purposes that are partly personal and partly philanthropic.

Forward-thinking foundations

The Jersey foundation is by far the most flexible vehicle for structured giving. Philanthropists can be involved in the administration of the foundation, which can be charitable or non-charitable and established with no beneficiaries, having very wide objectives and resembling either a company or a trust. The foundation offers a good balance of transparency and confidentiality, and its make-up can be amended easily, allowing it to evolve through family generations and with the changing world.

Collaborative giving

As interest in philanthropy continues to grow, family offices and wealthy individuals are looking for co-investment opportunities to support initiatives that may otherwise be beyond their reach. The Jersey Private Fund (JPF) is ideally suited to private fund raises and smaller investor bases, offering a streamlined regulatory process that provides a quick, efficient and cost-effective route to launch. Since its inception in 2017, the JPF has been used successfully for numerous co-investment structures, including those that support philanthropic giving for multiple investors.

Family office aspirations

Over the last decade, Jersey has seen a significant increase in the number of family offices, not only establishing on the Island, but also migrating to Jersey from other jurisdictions. Research conducted by Jersey Finance has identified that family offices who move to Jersey share four key aspirations, regardless of the complexity of their structures. Among these common aspirations is philanthropy, along with wealth preservation, asset protection and privacy.

The principal of an ultra-high net worth (UHNW) European family of multiple generations was so impressed by Jersey's credentials as a base for philanthropy that they chose the jurisdiction to set up a family office solely for charitable initiatives. With family offices in four other locations around the world, the London-based family uses their Jersey office for both global and local projects within the fields of marine environment, medical research, suicide prevention and social reform in prisons.

"Jersey is the ideal location to run a philanthropic family office as we use the Island's strength as an international financial centre of excellence to attract investors and help people in need."

Principal of European UHNW family

Philanthropic structures for family offices

Apex Group has a long history of helping high-net worth clients to establish trust and foundation structures that enable effective wealth management for themselves and future generations. The Group is also seeing a shift towards using a significant portion of a client's assets for impact investing and philanthropy. Working with families on investment and donation strategies to maximise impact, along with the engagement of future generations to ensure a long-lasting legacy, are becoming key focus areas for the modern trustee.





Global Philanthropy Through Jersey

Professional firms in Jersey are helping clients around the world to identify, establish and run philanthropic ventures. Here are some examples of the vital support they provide.

Philanthropic structures for a wealthy family

Affinity Private Wealth has a long-standing client who chose Jersey to help their family plan, invest and deliver funding from philanthropic structures over a series of years, supporting various charities focussed on the environment, mental health and diseases that are currently incurable. The family's assets are managed to a sustainable mandate and the trustee determines and monitors funding targets and outcomes.

Charitable trust to support Islamic philanthropy

Whitmill Trust Company has established a Jersey charitable trust for an elderly individual based in Saudi Arabia who wanted to set up a structure that would carry on their philanthropic work after they died. The trust will support the altruistic work they had been doing during their lifetime across the Islamic world – and will continue to do so for many years to come.

Foundation helping young people in Asia

A client of RBC Wealth Management selected Jersey as the place to incorporate a foundation providing scholarships and training for young people in Asia. They were attracted by Jersey's reputation as a well-regulated jurisdiction and the flexibility to create a bespoke structure offered by the Island's Foundations Law. While Jersey's lighter-touch regulatory scheme for charities meant that unnecessary bureaucracy was avoided, the client also took comfort from the fact that the service providers who were administering the foundation were subject to the Island's robust regulatory regime for trust company businesses.

Generating returns to invest in Africa

Rathbone Investment Management International provides investment services to support a European family with their philanthropic activities in Africa. A Jersey structure helps to generate returns for onward investment in education, training and enterprise, enabling longer-term self-sufficiency and higher living standards.

A focus on nature and wildlife conservation

JTC works closely with the Elewana Collection, a company that owns safari lodges and hotels in Kenya and Tanzania. Focussed on nature and wildlife conservation, the organisation's Land & Life Foundation held in Jersey by JTC works directly to support local people and to preserve the wildlife and habitats of these precious landscapes, with their Warrior Program providing intergenerational knowledge sharing to more than 2,000 children.

Trusts for philanthropic families

Fairway Trust has a number of clients who have set up trusts to preserve and enhance their family assets. Having created substantial wealth, these families feel it is important to distribute a significant proportion of this wealth to deserving causes, particularly those that have limited or no access to funding from government or charitable sources. Fairway's client families often prefer to give anonymously and using their trustee as a donor ensures their anonymity.

Foundation migrated to Jersey

R&H Trust Co (Jersey) has a client from Japan who chose to move an established charitable foundation from Liechtenstein to Jersey. The Island appealed to them for a number of reasons, including the suitability of the modern Jersey Foundations and Charities Laws, the high level of professional expertise in running such structures, the ability to understand complex international tax matters and the scope it offers in terms of control and flexibility.

Charitable and non-charitable objectives combined

Carey Olsen advised a wealthy philanthropist on establishing a significant new Jersey Foundation with broad charitable and non-charitable objectives. The philanthropist wanted to create a structure that could act as a business angel to start-up companies and thereby further research and development in the fields of environmental science and medicine.

Bespoke regulations for a Jersey Foundation

Ogier advised a leading Jersey service provider on drafting a bespoke charter and regulations for a Jersey Foundation to implement the patriarch's quasi-philanthropic wishes around further education and welfare in his domicile of origin. Foundations have long been used for philanthropic purposes and the Jersey legislation is flexible enough to allow for mixed purposes, some of which may be exclusively charitable while others are not.

Support for inheritance planning

BKS Family Office have created philanthropic and charitable trusts to manage inheritances of European clients who want the money to be used for medical aid, education, water distribution and the elderly. BKS also fulfil the wishes of a wealthy UK-resident family to actively manage a donations plan as part of their succession planning and to make donations discreetly.

Starting the philanthropic journey

Equiom regularly assists clients with agreeing philanthropic strategies and then implementing appropriate structures to enable them to achieve their objectives for charitable giving. Many have no idea how to start a formal philanthropic journey and require guidance and advice – this will depend on the level of involvement they would like to have and whether they want to establish a charitable trust or foundation.

Entrepreneurs choose Jersey for philanthropy

Bedell Cristin is seeing an increasing number of entrepreneurs choosing Jersey for philanthropic ventures. Jersey Foundations allow them to have an ongoing role, deploying their business skills to achieve success for their chosen projects. The firm is also working with families who are keen to introduce the next generation to family wealth and values.

A new approach to early child development

UBS has an international client who chose Jersey as the place to house their foundation – and worked with them to develop and pilot a new approach to early child development on the Island, which directly reached more than 800 children in three years. Results from an external evaluation demonstrate the positive transformational impact on Jersey's early years workforce and the significant impact the programme has had across literacy indicators. UBS is also supporting the second project phase that focusses on securing the programme's long-term sustainability and strongly embedding it in Jersey's early years strategy and practice.

Foundations to support better futures for children

Vistra is the appointed council for a foundation that focusses on supporting better futures for children around the world, including projects in the UK and Cambodia. The foundation has an overarching aim to alleviate the effects of poverty, improving the quality of life of those affected; improve the social, educational or medical needs of those living in poverty and their quality of life; and that the work of the foundation should continue indefinitely.

Investment in urban regeneration

Mourant advised a listed Hong Kong multinational on the investment arrangements for a Jersey Property Unit Trust, which was authorised as an expert fund and listed on The International Stock Exchange (TISE). The fund provided investment capital for two highly successful urban regeneration projects in London, resulting in the development of more than 500 residential homes and social housing units.



Why Choose Jersey?

From its flexible legislation and tax-neutral environment to high regulatory standards and a convenient location, Jersey is an ideal jurisdiction for the formation and administration of philanthropic structures. It has a wealth of expertise and experience – and has developed its laws to make giving even easier.

Stability and convenience

With a stable political and economic climate, Jersey is a self-governing British Crown Dependency that has complete autonomy over its domestic affairs, including taxation. The Island's financial services industry has been a world leader for 60 years, benefiting from a location that's readily accessible from the UK and a central time zone that makes it easy to work with philanthropists from across the globe.

Flexible legislation

Jersey's Trusts Law and Foundations Law both emphasise flexibility, so structures can be tailored to the specific needs of a philanthropist and their family. The Island's judicial system is held in high regard internationally and its trust law template has been adopted by many other jurisdictions across the world.

Tax-neutral environment

Jersey provides a tax-neutral environment for running philanthropic structures, including exemptions from income tax and goods and services tax (GST). This means that assets can be pooled for future deployment without complex cross-border taxation.

Robust regulatory regime

Jersey is able to apply a lighter touch to the regulation of charities because its regulatory standards are already high and its structures can only be managed by qualified and experienced professionals. The Jersey Financial Services Commission (JFSC) oversees Jersey's robust regulatory framework, which not only meets the highest regulatory standards, but is often considered the benchmark for good compliance and adaptability.

More than 13,000 professional advisers

Now that an increasing number of philanthropists want to measure the impact of their donations, they're seeking advice in various areas including tax, structuring and financial management. Jersey has a world-class network of specialists in wealth management, private banking, law and accounting. These professionals are experts in setting up philanthropic structures, managing tax requirements and administering financial assets.

Expertise in key regions

Jersey has excellent relations with the Middle East, Asia, India, Africa and the USA. Thanks to its first-class professional infrastructure and skills and its expert governance, the Island is able to provide vital support to philanthropists in each region. In the Middle East, Jersey's expertise and experience in Islamic finance ensures that philanthropic structures are established in a Shariah-compliant manner.

Unique legal frameworks

Jersey's modern and sophisticated Charities Law supports the needs of small local charities as well as global philanthropic enterprises. The frameworks provided by the law are unique, combining flexibility with appropriate levels of governance and accountability.

Global recognition

As a forward-thinking jurisdiction, Jersey has high regulatory standards, reflected in the many endorsements received from authorities such as the Organisation for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF) and MONEYVAL, the Council of Europe's monitoring body for anti-money laundering.

Vital substance

Together with the many major financial services organisations based in Jersey's capital, St. Helier, the Island's financial services industry employs almost a quarter of the local workforce. Over its 60-year history, this industry has developed a breadth and depth of products and services that set Jersey apart from other jurisdictions – offerings that will continue to grow in the future.



About Jersey Finance

Jersey Finance is proud to work with key partners to represent and promote Jersey as the clear leader in future-focussed international finance. We champion the competitive position of Jersey's finance industry, both locally and internationally, supporting the highest regulatory standards and the most attractive products and services to suit the needs of global investors.

We have a global presence with offices in Jersey, Dubai, Hong Kong and New York, representation in London, and virtual offices in Shanghai and Mumbai.

By working with the best people, we are able to create a safe, ethical and secure environment for investors.

As an international finance centre (IFC), we are proud to offer a modern and sophisticated legal framework, enabling us to lead the way in delivering private client services vital to the health of the finance industry worldwide.

Find more information about our private wealth offering at www.jerseyfinance.je/private-wealth

To learn more about Jersey as an IFC, please visit:

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