



FINDING THE RIGHT PATH

From volunteering to donating and establishing one's own foundation, there are many ways to be involved in charitable activities. Financial resources are not the sole contribution.



"Young families are especially close to my heart: they should have everything they need so that their children grow up secure and become self-confident and independent personalities."

"As a family, we want to dedicate part of our assets permanently to charitable purposes. Above all, we want to promote environmental protection and education, while remaining flexible."



When a philanthropic cause is put into practice, advisors often ask first about the legal form: should it be a foundation? A donation fund? Or an association? The question of the legal form is only one of many that need to be answered after the purpose has been defined. Just as important are the aspects of operation, organisation and resources.

Legal form

Various legal forms are available for philanthropic activity in all countries. Examples are foundations or trusts as well as associations or non-profit organisations. It is not always necessary to set up a separate organisation: those who reserve a budget for donations can also act philanthropically effectively with these funds. An alternative is to participate in an existing foundation.

Working method

A fundamental distinction can be made in the way we work: do I want to be active myself or do I want to support others in their actions? In relation to foundations, one speaks of an operative mode of operation when the foundation itself carries out projects, and of grant-making foundation work when it primarily provides funds for other non-profit organisations.

Organisation

Finally, it must be clarified how the commitment is to be organised. Here, there exists many complexities with the legal form – an association cannot be founded alone and a foundation must be endowed with assets. Should there be decision-making or advisory bodies? Do we need a professional team for implementation and administration?

Resources

One of the most important resources is money. This can be provided in the form of an estate or donations (perhaps first in a will), or contributions from third parties can be raised (fundraising). Many philanthropists also have other valuable resources: their own skills and experience, networks and access, name recognition and reputation. These too can be used to further the cause.

Not all issues are equally urgent

Sometimes certain framework conditions are fixed from the beginning. For example, a larger fortune is available after the sale of the business, or repurpose a certain property. Perhaps the founder does not have the time to take care of everything herself, or the family would like to work together, but in a grant-making and non-operational way. This already results in certain guidelines for the later form.

Philanthropy is not a one-time decision, but firstly a question of intent. What do I want to commit myself to and with what means? For the process of practical implementation, there is extensive literature providing advice and specialised consultants who can accompany the decision-making process.

As a first orientation, three basic forms can be distinguished: voluntary commitment, donations and the establishment of a foundation.

Voluntary commitment

Contributing your own time, knowledge and skills can be a valuable support. A word of caution: it is important to be aware of the need of a given organisation and where you may or may not be needed. This can be clarified in an open dialogue, including what is expected of you and your time so that the commitment really helps.

Donations

Donations can provide short-term and targeted support to organisations. With earmarked donations, a project can be financed for its entire duration. However, many organisations also need regular donations to cover their running costs, which cannot be covered in any other way.

Foundation

By establishing a foundation, assets are permanently dedicated to a charitable purpose. Foundations can receive donations, and their assets can be increased through endowments or inheritances; also from persons other than the founders. Foundations exist in different countries in various legal forms; for example, as a legal entity, as a non-legal trust foundation or as a trust.

There are, of course, many other forms of philanthropic engagement – you will find them described in detail in the [insight “Forms of engagements”](#).

Here are some examples of the different forms philanthropists find for their engagement:



“I have a regular income from which I can reserve a budget for donations every year. In addition, I have worked voluntarily with families in a socially deprived area of our city for a long time and am active in a church welfare organisation. And last but not least, after the early death of my husband, I raised four children as they grew up and know what being a parent can mean – even though we were very well off materially most of the time.”

“We have established our own non-profit foundation with legal capacity in Liechtenstein and endowed it with capital. Initially, only the income from the assets and donations will be used for the cause. After twenty years, the family will decide anew whether the assets themselves should also be used. We make all funding decisions together with several generations of our family.”



“We have grown rapidly in a short time with an online renewable energy company. Now we are participating in an investment fund that invests in renewable energy start-ups in several African countries. In doing so, we accept a high risk with low returns, and profits are reinvested immediately. In this way, we want to make a contribution to climate protection and to improving living conditions locally.”

“We have become prosperous to some extent in the course of our lives. We don’t have any children, but we would like something to remain of us permanently. That is why we have set up a small trust foundation under the umbrella of the existing foundation to support the preservation of the historic church in our hometown. The foundation will one day inherit our assets and make its income available for the church.”



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