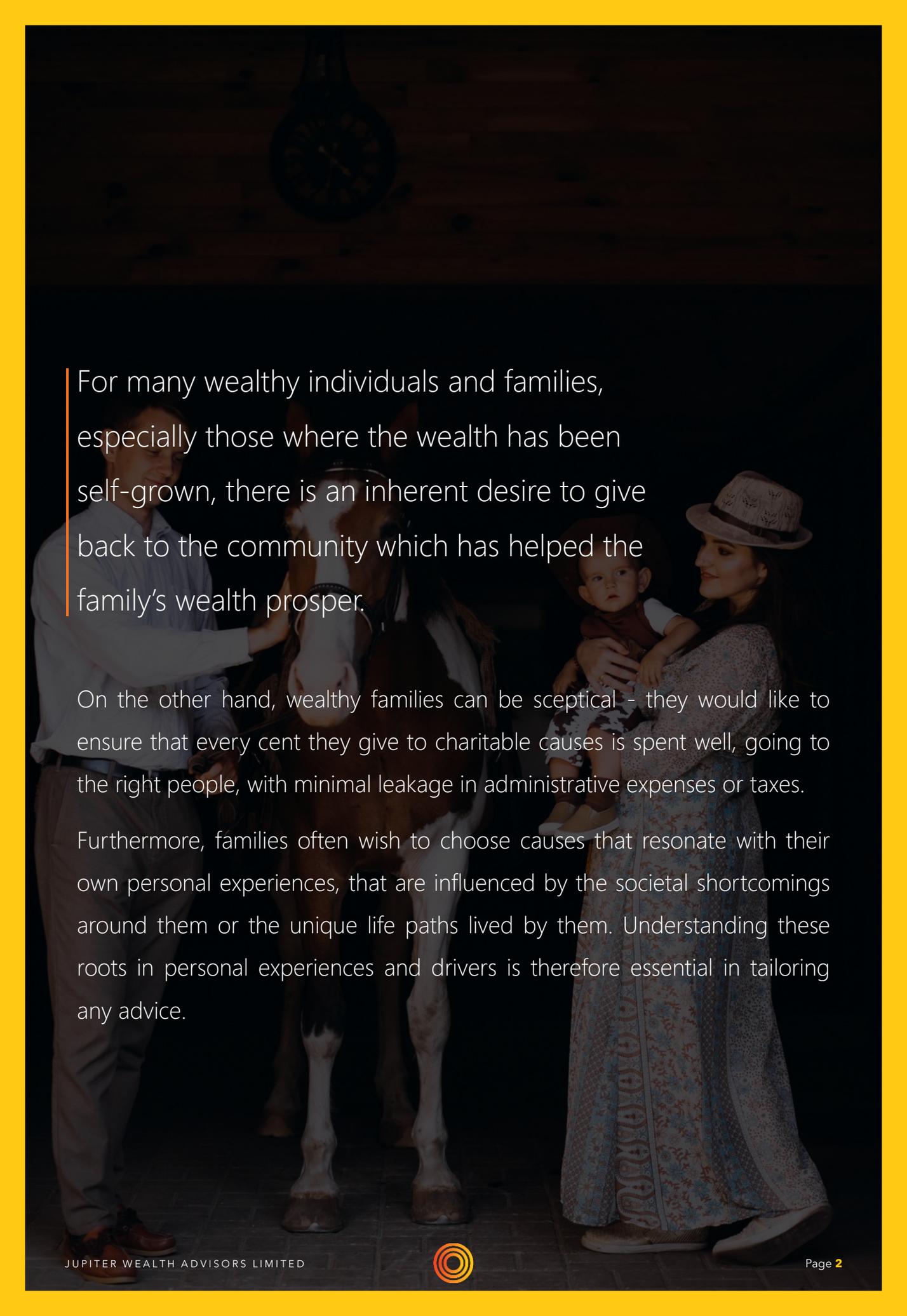




JUPITER
WEALTH ADVISORS

How to be an
Effective
Philanthropist?

KNOWLEDGE × SECURITY × PROSPERITY

A photograph of a family of four standing next to a brown and white horse in a stable setting. The father is on the left, wearing a light blue shirt and grey trousers, petting the horse's head. The mother is on the right, wearing a long patterned dress and a hat, holding a young child. Another child is visible behind the horse. The background is dark, and the overall scene is dimly lit.

For many wealthy individuals and families, especially those where the wealth has been self-grown, there is an inherent desire to give back to the community which has helped the family's wealth prosper.

On the other hand, wealthy families can be sceptical - they would like to ensure that every cent they give to charitable causes is spent well, going to the right people, with minimal leakage in administrative expenses or taxes.

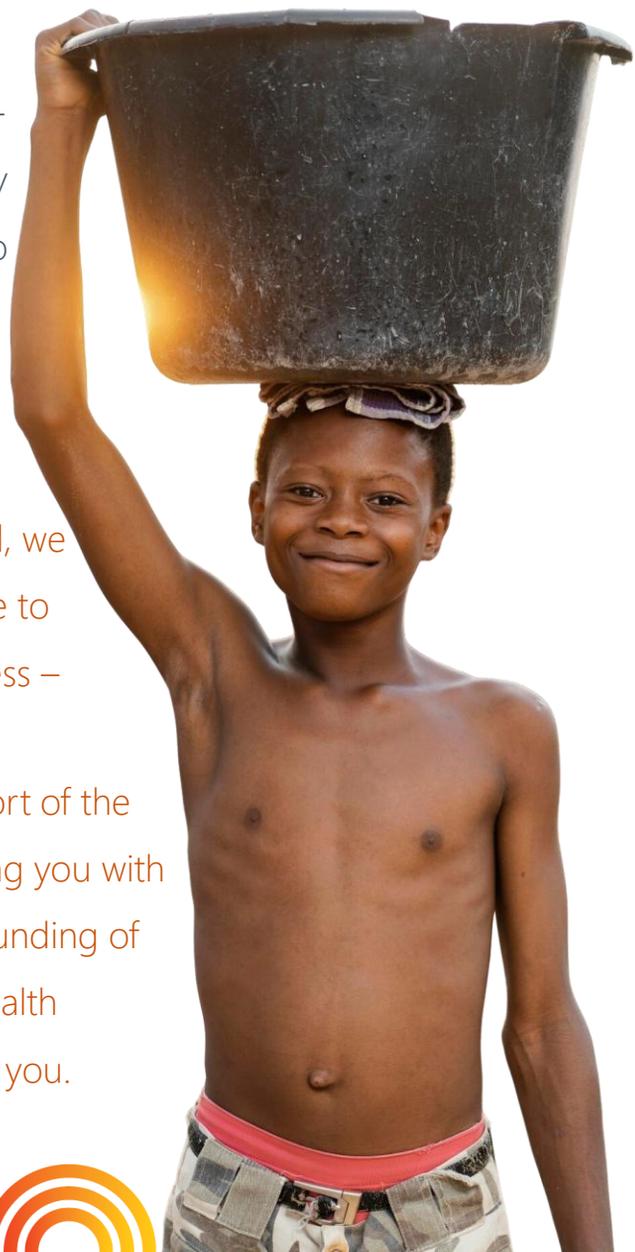
Furthermore, families often wish to choose causes that resonate with their own personal experiences, that are influenced by the societal shortcomings around them or the unique life paths lived by them. Understanding these roots in personal experiences and drivers is therefore essential in tailoring any advice.

The intention to help others who are more in need of support and less able is a natural human instinct and emotion felt by all. When individuals reach the position of being able to give back, the process of doing so can often seem quite daunting. “Who should I give to, how much and when, and how do I make sure that the money gets to where it is intended?”

These are all valid questions one asks when they start thinking of philanthropy. Sometimes, those in a position to help others wish to do so anonymously, so setting up an arrangement to provide confidentiality would be important.

Philanthropy can be used as a lifestyle choice for some, or to provide tax mitigation for others – the main objective of philanthropy and a charitable intent is always to be welcomed and lauded, regardless of any ancillary benefit this might create.

At Jupiter Wealth Advisors Limited, we have the experience and expertise to help you through the entire process – from inception of the idea, to establishment and ongoing support of the charitable endeavour. From helping you with the structuring to managing the funding of the philanthropic aims, Jupiter Wealth Advisors is well placed to support you.



According to the Ultra High Net Worth Philanthropy Report 2024:

▲ 25%

\$190bn

Amount the ultra wealthy gave to philanthropic causes in 2022, 25% up from 2018.



1 in 5

Almost one in five of all UHNW individuals has a private foundation.



30%

This share increases to almost 30% among those with a net worth of over \$100m

Some major trends emerging include the donor funding environment becoming increasingly competitive, philanthropic organizations seeking a more diversified and international portfolio of donors, today's wealthy younger generations differing in many respects from their elders and donors increasingly seeking impact and meaning from their charitable activity.



As you get started,

The Key Questions to ask

Question

01

What charitable objective do you have? This can be specific or generic e.g. alleviating poverty or helping disadvantaged children in a home town with scholarships or supporting the arts, etc.

Question

02

Do you want to contribute to a third-party charity, or do you want to set up your own philanthropic/charitable entity?

Question

03

How much control do you want over where the money is directed to i.e. do you want the funds to go to specific projects or aims, or can the funds be used for more generic purposes?

Question

04

What funds are you looking to dedicate towards the charitable objective? Have you earmarked a lump sum for this and do you want to accumulate this amount over a period of time?

Question

05

When do you want the philanthropic endeavour to commence e.g. during your lifetime, after your death etc. and how long would you like this to continue for e.g. as long as there are funds available?

Question

06

Do you want yourself and/or family members to be actively involved in this e.g. sitting on the board of the philanthropic/charitable entity?

Question

07

Is it important for you for any philanthropy to be kept confidential or are you willing to be identified as the benefactor behind the philanthropic/charitable entity?

Question

08

Do you want the philanthropic/charitable entity to be run 'in-house' or would you be looking to outsource this to industry professionals?

Question

09

Finally, in terms of the funding, would you look for the money to be managed by investment professionals and the investment return to be directed towards the philanthropic/charitable entity?





The Philanthropy Blueprint

Objective

Determine the objective(s) and geography(ies) to be targeted and draft a charter as to what you would like to achieve and how it is to be achieved.

Funding

Identify the funding requirements for the project – this could be an initial lump sum, which could be added to over time, and could include various sources, including future business sale proceeds, life insurance proceeds etc.

Philanthropy vehicle

Determine the legal structure for the philanthropic endeavour – the most common vehicle is a foundation.

Staffing Resources

Apart from family members, identify what staffing you might need, or outsource this to professionals.



Regulation

Depending on where the philanthropic endeavour is focused, there might be a need for the vehicle to be registered e.g. the Charities Commission in the UK.

Management of Funding

Consideration to be given to investment managers, who are to manage the funding, following an agreed investment strategy with oversight by the board of the philanthropic or charitable entity.



Up Next

The concept of Zakat



The concept of Zakat

In Islamic text, the word Zakat means 'purification' and 'growth'. Our possessions are purified when we give some of it to those in need. This act of giving, re-balances and encourages new growth in our economy. In many countries in this part of the world, charitable giving is fundamental to faith.

Structuring charity according to Shariah principles involves specialised expertise and advice.

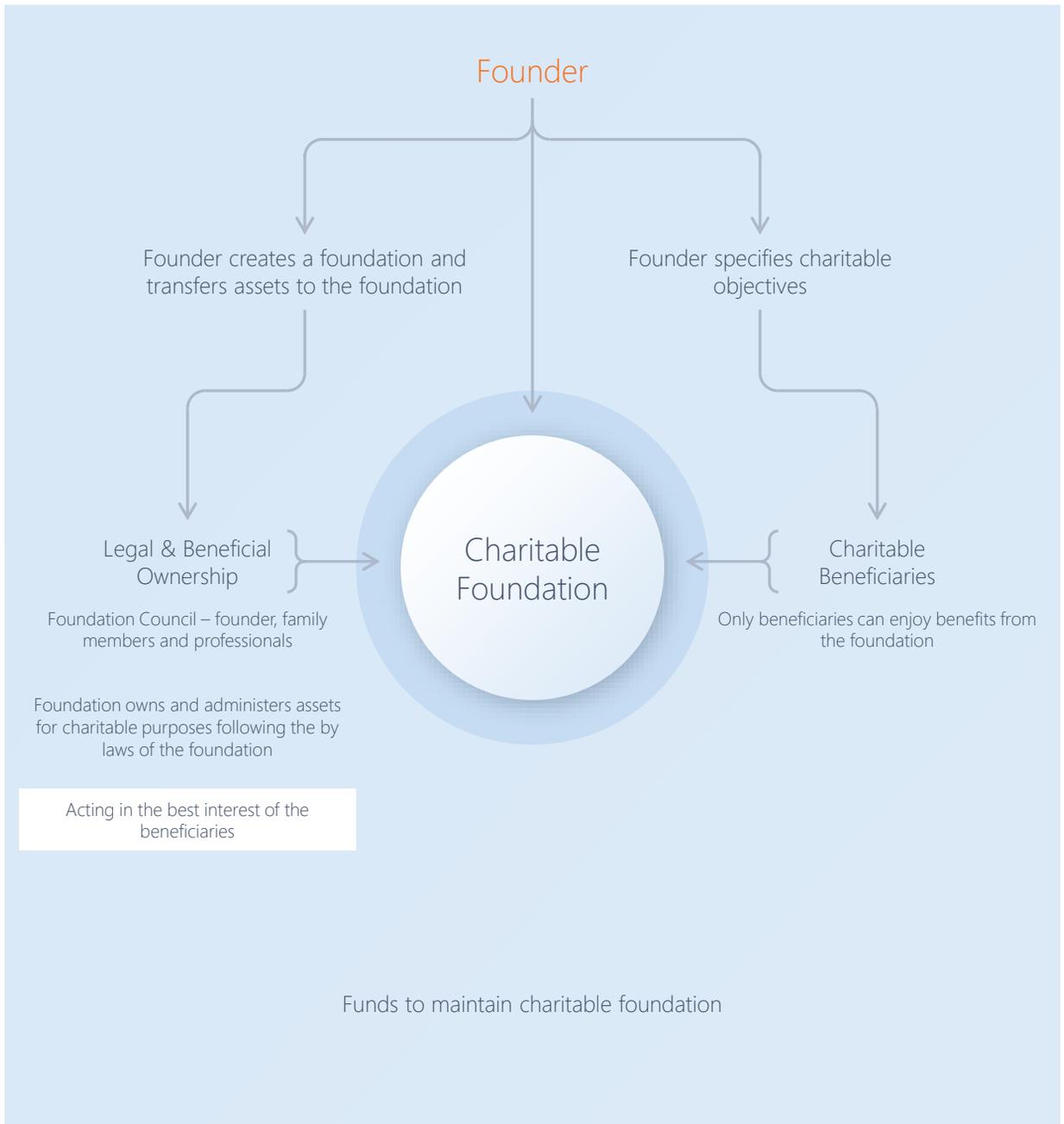


Impact Investing

Impact investing means purposefully making investments that help achieve certain social and environmental benefits while generating financial returns. Many UHNWIs are looking to fund niche projects such as solar plants in African countries facing an energy crisis, or water-treatment plants in Asian countries facing drinking water crisis. Having access to such niche impact investing opportunities is important for many individuals & families that are contemplating philanthropy.



Structuring your charity





Speak to your financial advisor on how you could get started on your journey towards building a legacy and becoming an effective philanthropist.

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