



<http://www.switzerland-family-office.com/foundation.html>

## **Family Foundations**

**A Swiss family office can help you to establish a foundation. Family foundations and private foundations can hold a wide range of assets. A foundation is a good structure for protecting wealth, and foundations are often used as an alternative to a will. Foundations are also used for charitable purposes (e.g. Swiss foundations). Family offices acting for families living in civil-law countries regularly use foundations to structure their wealth.**

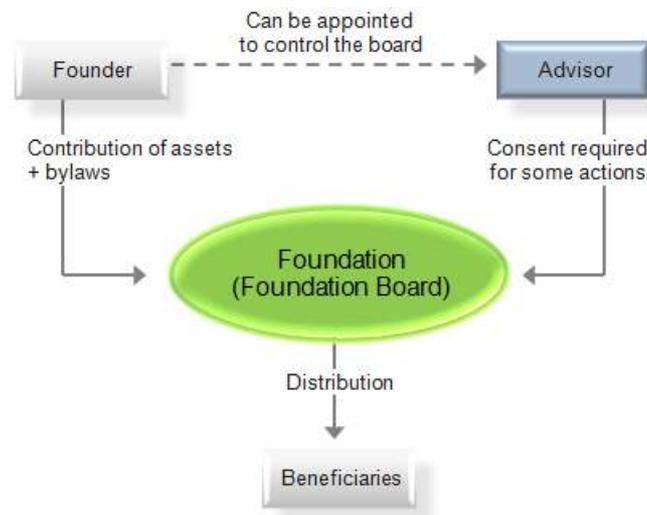
### **The diversity of foundations**

In some jurisdictions a foundation is known as a family foundation and in others as a private foundation. Foundations can be used in a similar way to trusts, such as for wealth protection, privacy and wealth planning, but originally only existed in civil-law countries. Nowadays, some common-law countries also offer the option of setting up foundations, for example, Jersey and Guernsey.

In contrast to a trust, a foundation is a legal entity and is often used as an alternative to a will. Although all kinds of assets can be held in foundations, they were historically often used to only keep offshore private bank accounts. Another well-known use of the structure is a philanthropy foundation, the purpose of the structure in such cases being charitable (Swiss foundation). Multi-family offices in Switzerland regularly set up Swiss charitable foundations for their clients.

### **How does a family foundation function?**

Foundations fully own the assets contributed to them. They are managed by a foundation board or a foundation council and a multi-family office often acts as the foundation board. The person setting up the foundation (the founder) normally establishes the foundation for a particular purpose, and the bodies of the foundation are strictly bound to this purpose. The founder decides who the (potential) beneficiaries of the foundation are and to which benefits they are entitled. The intentions of the founder are written down in the foundation's by-laws. The foundation board is only entitled to distribute assets to the beneficiaries of the foundation mentioned in the by-laws. The founder can also appoint an advisor or guardian in order to check the foundation board. One of the services provided by a family office is helping you to set up a foundation.



### The purpose of a foundation

The purpose of a foundation in most cases is safeguarding the assets of the family, as well as privacy protection and wealth planning. However, often only liquid assets are contributed to the structure, with the aim of safeguarding these assets for the next generation, and separating them from the founder's other assets. The foundation can deal with concerns about specific family members and provides a secure and stable resource for spouses and children. A founder may retain the power to revoke the foundation, but this could result in weakened wealth protection.

### Tax treatment of foundations

In a considerable number of jurisdictions it is not entirely clear how tax on the assets held by a family foundation and its distributions is levied. Foundations are not recognised in every jurisdiction, so it is therefore very important to seek professional (tax) advice before establishing this structure. A Swiss family office can assist you by advising on and setting up a family or private foundation, as well as selecting a specific jurisdiction. Your multi-family office could also act as a member of the foundation board, or as an advisor or guardian.

### FOSS's services

Whether you have any questions about (Swiss) foundations and their benefits, need support with the selection of a multi-family in Switzerland, or want to discuss the use of wealth planning structures in general, please feel free to contact us. We look forward to supporting you.