

# PHILANTHROPY IN BERMUDA



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Bermuda's relationship with philanthropy and social investment began in the 1700s with the Friendly Societies and Freemasons. It transitioned to local private giving and then to major corporate giving with the growth of the international business sector in the 1990s. International business became a primary source of funds for local nonprofits, the sponsors of recreational and social events and even a valued source of human capital; employees have walked, run, and taken part in quiz nights to raise funds, as well as painted, built and cooked on volunteer days to help improve outcomes for people in need.

**B**ermuda's social sector has become a busy and innovative marketplace of charity, philanthropy and social enterprise. Today the charitable sector – also referred to as civil society, the third or not-for-profit sector – delivers: direct services, including capacity and infrastructural support; philanthropic funding (social investments); and social enterprise, which are businesses that adopt strategies to drive a percentage of profits to charity or create work opportunities for disadvantaged or marginalised groups.

As a result of Bermuda's size, the scope of need and people's proximity to each other, the three subsectors may overlap in terms of mission and approach. Participants are generally driven by a desire to improve the material, social and spiritual welfare of the community. Residents and even those living abroad often multi-task: they volunteer, sit on their company's charity committee, serve as members of the Board, and donate personally to causes they care about.

Individual philanthropists have also made significant contributions to Bermuda. Established nonprofits grew roots and were able to generate lasting revenues through bequests of large estates from families and

individuals. One internationally renowned philanthropist set up an office in Bermuda and gifted more than \$22 million locally. Another well-known resident bequeathed millions of dollars outside Bermuda, to Oxford University in UK. Bermuda-based companies and foundations generously contributed to upgrading Bermuda's hospital and through annual giving.

The fact is Bermuda leans heavily on philanthropy and "charity" for social service delivery, environmental preservation and the cultivation of the arts. The downside of this is that it leads to the view that these services are "optional", and at a pinch funding could be cut.

Following the financial crisis of 2008/09, the Bermuda Community Foundation (BCF) was established to create a sustainable, long-term source of funding for the community. It was launched with a leading grant from The Atlantic Philanthropies, the foundation established by Irish-American businessman and philanthropist Chuck Feeney. This support has been matched by Renaissance Re and the Buchanan Charitable Trust, with contributions from Bloomberg Philanthropies, the XL and Hemera Foundations, Meritus Trust Company, Conyers Dill and Pearman and private individuals. The BCF is essentially

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a vehicle for managing and facilitating philanthropy. Starting a charitable fund to manage one's charitable assets at Bermuda's only community foundation is one of several ways of structuring your philanthropy.

Bermuda has also become an increasingly attractive jurisdiction for the establishment of trusts and charitable structures. Registration of a charitable structure is optional in Bermuda if the charity is privately funded, funds are not solicited from the public in Bermuda, and if the charity is administered by a Bermuda regulated institution, which can be a great advantage and provides some flexibility for international structures.

Bermuda has a well-respected regulatory regime and robust professional services industry. Charitable trusts, purpose trusts and companies limited by guarantee can be established with support from Bermuda's leading legal, accounting and trust administration service providers. Families and individual often use charitable trusts to plan their philanthropic legacy.

Those who want to avoid the management and costs associated with establishing an independent charitable trust have the option of establishing a named charitable fund (for example, the "Smith Family Fund for Maritime Education") at Bermuda's Community Foundation and making US IRS tax-deductible gifts to that fund in perpetuity. In addition, some trust service companies refer clients to the Community Foundation. They may also consult with or even provide direct support to the Foundation to deliver on their clients' charitable wishes.

Bermuda enjoys a first-class reputation as a financial services centre and is increasingly becoming a location known for international charitable and philanthropic endeavors. Your donations are going to be appreciated, however you decide to structure them – a fund at the Community Foundation, a charitable trust structure or a company.

Some might say that today's levels of poverty in Bermuda represent a relatively new paradigm for the island – one that requires more systemic and structural responses than have been needed in the past. Much as Bermuda is a mecca of

community spirit, goodwill and generosity, the level of need does pose challenges.

But Bermuda has survived adversity over the years. We are a small island archipelago, with no natural resources, isolated by 700 miles of Atlantic Ocean from the nearest point of land.

Part of Bermuda's resilience has been the ability to adapt, and move on. At the Bermuda Community Foundation we are focused on adapting for the future, by building an endowment fund to benefit the community, forever. We ask you to give us all a hand – for the island that we hope you have or will come to love.

*Dr. Myra Virgil is the former head of grant making for The Atlantic Philanthropies in Bermuda and Managing Director of the Bermuda Community Foundation, which was established with founding investments from The Atlantic Philanthropies, RenaissanceRe and Buchanan Charitable Fund, and with contributions from Bloomberg Philanthropies, XL Foundation, Hemera Foundation, and Meritus Trust Company. To learn more about social investing and legacy giving go to [www.bermudacommunityfoundation.org](http://www.bermudacommunityfoundation.org).*

