

# Three ways to give internationally

by Kim Laughton—President, Schwab Charitable



## Lessons on high-impact philanthropy from the Stanford Philanthropy Innovation Summit

I was honored to attend the 2017 Philanthropy Innovation Summit at the Stanford Center on Philanthropy and Civil Society. The intensive day-long program gathers thought leaders in Palo Alto to discuss research, best practices, and new strategies that can increase philanthropic impact. I heard inspiring stories about charities around the globe. One example is the Chinese crowdfunding platform founded by Shen Peng, which raised \$140 million in less than two years to help 60,000 patients with medical bills.

Shen Peng's story is part of a remarkable rise in affluence around the world. In Forbes annual list of the world's wealthiest people, about 80 percent of newcomers hail from outside the United States, with China leading the way. This wealth is nurturing an increasingly powerful global philanthropy movement that offers American philanthropists more options to make an impact abroad than ever before.

Giving USA reports that international affairs was the fastest growing charitable sector in 2016, reaching \$22 billion in contributions after rising an average of eight percent per annum over the preceding five years. With these new opportunities comes an even greater need for flexible and cost-effective vehicles for international philanthropy.

Schwab Charitable donors rely on the convenience and efficiency of their donor-advised funds to streamline the process of giving when and where it has the most impact for critical international needs such as disaster relief and refugee support. There are three primary ways donors can provide high-impact financial support to international causes, whether they are giving through a donor-advised fund or other means.

### Option 1: Grant to American charities with international reach

Thousands of United States-based charities have a global mission, including household names such as Doctors Without Borders, Red Cross, and the International Rescue Committee. With the assistance of tools like Guidestar, Give.org, Charity Navigator, Charity Watch and Give Well, donors can research program descriptions, financial reports, and supplementary information. As long as the organization is registered with the Internal Revenue Service as a U.S. 501(c)(3) public charity, it is eligible to receive gifts from a donor-advised fund.

Experienced donors value the simplicity of granting to U.S.-based nonprofits, while those who are new to cross-border philanthropy find that it serves as a good introduction to global giving. At the same time, this option is convenient for donors who focus their granting on domestic issues but may want to lend international support in the aftermath of a natural disaster or other crisis. Schwab Charitable donors can manage the entire granting process on the web or a mobile device, earmarking grants for a particular international purpose.



**Option 2:  
Give to  
intermediaries  
that facilitate  
direct grants  
to international  
charities**

Donors who prefer direct access to local organizations in a specific region may choose to work with international intermediaries that offer strategic guidance and make grants to local groups on donors' behalf. Foreign charities should be screened to ensure they are not subject to U.S. or U.N. sanctions or included on terrorist, trade control, or fraud lists. Donors should also be certain the charity satisfies IRS guidelines for international grantmaking and tax deductibility. In every region of the world, Schwab Charitable works with vetted intermediaries that provide special pricing for account holders.

A combination of factors, such as the location of a non-U.S. organization, the purpose of a donation, and the duration of granting activities, ultimately determines which local organization aligns best with the donor's philanthropic goals and can have the greatest impact. Intermediaries employ expert local staff who review nonprofit organizations, ensure gifts are disbursed as donors intend, and monitor projects firsthand for effectiveness.

**Option 3:  
Give directly  
to qualifying  
foreign charities**

As a result of independent research or prior work with an intermediary, donors may choose to support foreign charities directly. United States law generally requires that the international organization undergo expenditure responsibility (ER) or an equivalency determination (ED) review. ED requires the foreign charity to be vetted and deemed equivalent to a U.S. 501(c)(3) public charity, while ER requires ongoing reporting of adherence to specific grantmaking and monitoring procedures.

Schwab Charitable helps donors identify the right international granting option for their philanthropic goals, and will do the heavy lifting for donors who choose ED, through the Direct Global Giving Program. Schwab Charitable partners with NGOSource, a project of the Council on Foundations and TechSoup Global, to conduct due diligence on foreign charities and perform the necessary equivalency determination steps.

### **Global giving starts with a plan**

Giving to international causes is most effective when donors create a charitable plan that includes their philanthropic goals and how they will achieve them. It helps donors identify the right charitable vehicles, organizations and legal requirements, so their generosity is not limited by geographic boundaries.

Experienced philanthropists tell us time and again that long-term success in international giving requires trial and error. Schwab Charitable encourages donors to test different approaches as their involvement with global giving grows, and we offer deep expertise as well as the convenience and flexibility of a donor-advised fund to help ensure our donors have the greatest impact on their favorite causes.

**For more information:**

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