
Advanced Certificate in Islamic Estate Planning and Wealth Management

Unit 3: Trusts and Foundations in Islamic Wealth Management

****Aqd****

: A contract or agreement in Islamic law, governing various transactions including the creation of trusts (Waqf) and foundations (Wakala).

****Awqaf**** (pl. of Waqf)

: An endowment or trust established in Islamic law for charitable purposes, where the ownership of the property is transferred to God and managed by a trustee for the benefit of the specified beneficiaries.

****Charitable Trust****

: A trust established for the purpose of providing benefits to a particular charitable cause or class of beneficiaries, in accordance with the principles of Islamic law.

****Fiqh****

: Islamic jurisprudence, the study of Islamic laws and legal principles, including those governing trusts and foundations.

****Faraid****

: Islamic laws of inheritance, which govern the distribution of a deceased person's estate among their heirs.

****Habous**** (also known as Habus)

: A North African term for Waqf, referring to a charitable endowment or trust established in Islamic law.

****Hududud****

: Fixed, divinely ordained penalties in Islamic law for specific crimes.

****Inheritance****

: The distribution of a deceased person's estate among their heirs, governed by the principles of Islamic law (Faraid).

****Islamic Estate Planning****

: The process of arranging for the distribution of one's wealth and assets in accordance with Islamic law, including the use of trusts (Waqf) and foundations (Wakala).

****Islamic Foundations****

: Organizations established for charitable purposes, governed by the principles of Islamic law and managed by a trustee or board of trustees.

****Islamic Law****

: The legal system of Islam, based on the Quran, Hadith, and the rulings of Islamic scholars.

****Islamic Trusts****

: Trusts established in Islamic law (Waqf) for charitable or religious purposes, where the ownership of the property is transferred to God and managed by a trustee for the benefit of the specified beneficiaries.

****Mudarabah****

: A partnership agreement in Islamic finance where one party provides the capital and the other provides the labor or expertise.

****Qard Hasan****

: An interest-free loan in Islamic finance, permitted by Islamic law.

****Shariah****

: The Islamic legal system, based on the Quran, Hadith, and the rulings of Islamic scholars.

****Trust****

: A legal arrangement where one party (the trustor) transfers ownership of property to another party (the trustee) to manage for the benefit of a third party (the beneficiary).

****Trustee****

: The person or organization responsible for managing a trust, acting in the best interests of the beneficiary.

****Ushr****

: A religious tithe or tax in Islamic law, typically levied on agricultural produce.

****Waqf**** (also known as Awqaf)

: A charitable endowment or trust established in Islamic law, where the ownership of the property is transferred to God and managed by a trustee for the benefit of the specified beneficiaries.

****Wakala****

: A contract or agency agreement in Islamic law, where one party (the principal) appoints another party (the agent) to act on their behalf.

****Wasiyyah****

: A will or testament in Islamic law, used to distribute a deceased person's estate among their heirs.

****Zakat****

: An obligatory charity or alms tax in Islamic law, typically levied on wealth and assets.

****Zakat Al-Fitr****

: A charity or alms tax paid at the end of Ramadan, typically in the form of food or money, to help those in need.

****Zakat Al-Mal****

: A charity or alms tax paid on wealth and assets, one of the Five Pillars of Islam.

****Zakat Al-Maal****

: A charity or alms tax paid on wealth and assets, one of the Five Pillars of Islam.

****Zakatul Fitr****

: A charity or alms tax paid at the end of Ramadan, typically in the form of food or money, to help those in need.

****Zakatul-Fitr****

: A charity or alms tax paid at the end of Ramadan, typically in the form of food or money, to help those in need.

****Zakawat****

: Charitable endowments or trusts established in Islamic law (Waqf) for religious or charitable purposes.

The creation of trusts and foundations in Islamic wealth management is governed by the principles of Islamic law (Fiqh), particularly in the area of charitable giving (Zakat) and endowments (Waqf). These legal arrangements are used to provide benefits to a specific charitable cause or class of beneficiaries, in accordance with the wishes of the trustor or founder.

One of the main types of trusts in Islamic law is the charitable trust (Waqf), where the ownership of the property is transferred to God and managed by a trustee for the benefit of the specified beneficiaries. This type of trust is often established for religious or charitable purposes, and the income generated from the property is used to support the beneficiaries or further the charitable cause.

Another important concept in Islamic wealth management is the Islamic foundation (Wakala), an organization established for charitable purposes and governed by the principles of Islamic law. These foundations are managed by a trustee or board of trustees, and are used to provide benefits to a specific charitable cause or class of beneficiaries.

In addition to trusts and foundations, Islamic estate planning also involves the use of wills and testaments (Wasiyyah) to distribute a deceased person's estate among their heirs in accordance with the principles of Islamic law (Faraid). These legal arrangements help ensure that a person's wealth and assets are distributed in a fair and equitable manner, in accordance with their wishes and the teachings of Islam.

There are also various types of charitable giving in Islamic law, including the obligatory charity or alms tax (Zakat), the voluntary charity or alms tax (Sadaqah), and the religious tithe or tax (Ushr). These forms of charitable giving are an important part of Islamic wealth management, as they help promote social justice, equality, and the welfare of the community.

In conclusion, the creation of trusts and foundations in Islamic wealth management is a complex and multifaceted process, governed by the principles of Islamic law (Fiqh) and focused on charitable giving and the welfare of the community. By understanding the key concepts and legal arrangements involved, individuals and organizations can effectively manage their wealth and assets in accordance with the teachings of Islam and promote social justice and equality.