

## Leave your Charitable Legacy with a Foundation

### What is a Foundation?

A Foundation is a philanthropic account that allows individuals to make charitable contributions from your computer, receive immediate tax benefits, and recommend grants to nonprofit organizations over time.

### What is a Private Family Foundation?

A Private Foundation is a private organization established by a family to pool and distribute funds for philanthropic purposes in accordance with their mission and values. This is accessible through your computer.

#### Donor-Advised Fund

#### Private Family Foundation

Funding Minimum: \$1,000

\$100,000

Distribution: No annual distribution requirement.

Must distribute at least 5% of their assets annually, based on previous year's net average assets.

Legal: A fund held within a public charity or financial institution.

A distinct legal entity, usually established as a nonprofit organization under state and federal laws.

Control: The donor's recommendations do not have to be followed by the administrator.

Direct control over the grants made by the foundation.

Privacy: Donors can make grants anonymously.

Grants are subject to public disclosure, potentially offering less privacy.

Manage: All administrative duties such as compliance, accounting and oversight are outsourced to the sponsoring organization.

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Grants: Computerized, you control all grants, but may have certain restrictions on types of grants.

Computerized, you control all grants, and have no restrictions.

Legacy: Primarily focused on immediate grant-making and generally do not establish an endowment.

Can establish endowments to ensure their philanthropic efforts have a long-lasting impact across multiple generations.

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## What are the main benefits?

### Immediate Tax Deduction:

- You can claim an immediate tax-deduction for the fair market value (for long-term gains) of the donated assets.
- Proactively plan when to itemize deductions to maximize the tax benefits from your donations.

### Tax-Free Growth:

- Donated funds can be invested and receive tax-free growth for a greater long-term impact.

### Estate Tax Benefits:

- Either foundation can reduce your estate taxes by removing certain assets from your taxable estate.

### Tax Strategies:

- You can donate highly appreciated stock to a Donor-Advised Fund or Family Foundation in order to pay no capital gains tax on the sale of assets.
- "Bunching" donations to receive a tax benefit. Maximizing your tax deductions is often achieved by itemizing deductions every 1, 2, or 3 years. You receive no tax benefit if you use a standard deduction.

## To learn more about Endowment Wealth Management and our Fee-Only Fiduciary Advice:

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