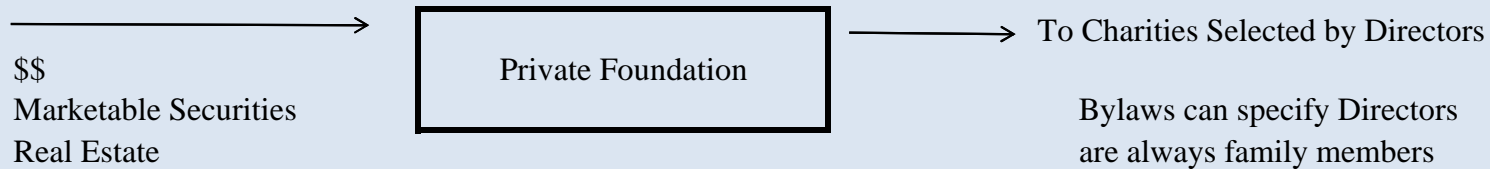


Private Foundation Technique*



Common Objectives

- Establish family-governed entity to continue family charitable tradition, create legacy; income tax deduction for gifts to Foundation in year of gift; Foundation can grow assets by contributing only part of its assets to charities each year; Foundation can sell assets income-tax free

Common Steps to Implement

- Client forms corporation to be Private Foundation, creates bylaws adhering to IRS requirements for private foundation
- Client applies to IRS and state for tax-exempt status
- Client makes contribution to Foundation: tax deductible subject to limits
- Foundation invests assets (and can sell assets tax-free)
- Foundation pays at least 5% of value of total assets to charitable organizations annually
- Foundation files annual report (Form 990PF) with IRS and adheres strictly to IRS requirements
- Family can control Foundation permanently

**Not intended as legal or tax advice and cannot be relied upon to avoid any federal tax law penalty.*

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