



## Foundation Fund vs Private Fund

Is your client trying to decide between a fund with The Foundation and a private foundation? Both options can assist a donor with philanthropic giving, but there are key differences that might make The Foundation a more practical choice for your client.

|                                    | Foundation Fund  | Private Fund  |
|------------------------------------|--|---|
| Start up Costs                     | Once the initial donation is made, there is a modest administrative fee  | The process of establishing a private fund takes longer and is more costly            |
| Tax Benefits                       | Cash: 60% of AGI, Public traded securities: 30%, Nonfinancial assets: 30%                                      | Cash: 30% of AGI, Public traded securities: 20%, Nonfinancial assets: 20%             |
| Tax Consequences                   | Funds at The Foundation are exempt from federal excise tax on income   | Private foundations usually pay an excise tax on net investment income                |
| Grantmaking                        | Donor makes grant recommendations  | Donor has full control over and responsibility for grantmaking decisions              |
| Expertise and Effective Management | At The Foundation, management is provided by competent staff with experience accepting gifts and making grants | A private foundation must bring the knowledge themselves or hire someone              |
| Investment Management              | Donor generally chooses from investment portfolio options managed by the Foundation                            | Private foundations must manage their own investments                                 |
| Annual Payout                      | Foundation funds have no required annual distribution  | A private foundation is required to grant 5% of the previous year's investment assets |
| Anonymity                          | Donor has discretion to grant anonymously  | All private foundation grants are accessible by the public                            |

\*The Foundation urges donors to consult their own financial and legal advisors as they contemplate any gifts to charity, which might have an impact on their tax or estate planning. IRS rules and regulations change constantly, as do legal and accounting solutions. The Foundation can assist in this process but cannot offer tax or legal counsel to donors.