

Creating a Charitable Legacy

You don't have to be Oprah to have your own non-profit

By Ben L. Schaub, founder and CEO, The American Foundation

Becoming a philanthropist is not just for the rich and famous anymore. If you're like most Phoenix women, each year, you make contributions to your favorite charities. In fact, individual Americans contributed over \$199 billion to non-profit organizations in 2005, according to statistics published by *Giving USA*. And that number continues to increase annually.

Today, there is a better way to provide ongoing contributions to your favorite charities and gain tax advantages at the same time—even if you're not Oprah, Mrs. Bill Gates or a mega-multimillionaire. You can become a philanthropist supporting your favorite charitable causes in perpetuity by setting up your own family foundation for as little as \$5,000.

Establishing a family foundation can empower you to become a philanthropist in the truest meaning of the word. When someone creates a family foundation, it's what we call the Privatization of Philanthropy, or the process of enabling yourself to retain charitable ownership and ongoing direction over your charitable giving.

The American Foundation is a Phoenix-based public charity that was created so individuals, families and businesses could establish their own non-profit foundations. When you have a family foundation with The American Foundation, you can have a long-term impact on the charities you support, while perpetually preserving the principal in your foundation account.

You, or you and your family, can direct which charities receive funds. You can change the list of charities that receive your charitable donations each year or revise the percentage of your total contribution to each charity.

Perhaps the best news is that if you have a year during which you're not able to add to your principal contributions, the charities you've chosen will still receive a grant from your foundation.

This charitable strategy changes you from a possible annual charitable contributor to a true philanthropist because your gifts continue throughout your lifetime and beyond. Essentially, you can support the charities of your choice in perpetuity.

The number of family foundations created in the U.S. has increased 28.3 percent from 2000 to 2004, and 36 percent of family foundations reported less than \$250,000 in assets in 2004, according to statistics published by The Foundation Center.

Here's how it works:

You set up and name your family foundation. It's as easy as opening a bank account by completing a simple, two-page form.

The minimum initial charitable contribution is \$5,000, but your initial contribution can be as much as you'd like. There are no set-up fees. The American Foundation is a 1 percent beneficiary of grants made each year, which is how it receives funding.

Your initial contribution and any contributions made thereafter are invested so that your principal contribution can keep growing. At the end of 12 months, 5 percent or more of the funds, which includes any return on the investment, is then distributed to the charities of your choice.

The principal contribution you've made is preserved, so it continues to generate more dollars for your selected charities year after year.

You select the charities you want to receive your annual contribution and you can change the list of charities at any time.

The initial contribution and any future contributions are tax deductible.

After your death, your children, grandchildren or other heirs will be able to continue the good work you've started.

By creating your own foundation, you'll not only create permanency in your charitable giving, you'll create a legacy for you and your family. And, remember, the best part is you don't have to make as much money as a celebrity to get started! ■

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