



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.