

APPENDIX A
CHECKLIST FOR USE IN ANALYZING APPROPRIATE FAMILY PHILANTHROPY OPTION

- I. Client Goals: What do you hope to accomplish in creating this entity?
- A vehicle for personal philanthropy
 - A way to work with children in creating more effective philanthropy
 - A way to pass family values from generation to generation
 - A way to bring the family together
 - A way to memorialize the family's name in the community
 - Creating a permanent pool of funds to focus on a specific organization or purpose
 - Big tax savings to offset a specific taxable transaction
 - Insulate the client from charitable solicitations
- II. Size of Entity
- Under \$250,000
 - \$250,000 - \$1,000,000
 - \$1,000,000 - \$3,000,000
 - \$3,000,000 - \$10,000,000
 - \$10,000,000+
- III. Duration of Entity
- Less than 5 years
 - 5 to 25 years
 - 50 to 100 years
 - Perpetual
- IV. Assets Used to Fund Entity
- Cash
 - Publicly traded securities
 - Privately traded securities
 - Real estate
 - Insurance
 - Tangible personal property
- V. Grantmaking Goals
- Wants to make grants to domestic IRC §501(c)(3) entities
 - Wants the freedom to make grants for any charitable purpose, regardless of whether the entity is a recognized IRC§501(c)(3) entity
 - Wants to make grants overseas to IRC§501(c)(3) recognized entities as well as those that are not
 - Wants to award scholarships
 - Wants to make grants to individuals in distress
- VI. Importance/Size of Charitable Deduction
- Want to maximize charitable income tax deduction
 - Reduce lifetime transfer tax
 - Reduce estate tax
 - Charitable deduction less important than personal goals
- VII. Costs to Create Entity
- Determine creation costs – how does this compare to asset size?
- VII. Annual Administration Costs

___ Make list of annual administrative duties (legal, transactional accounting, tax accounting, staff, space, postage, stationary, marketing, other miscellaneous)

VIII. Family's Role in Administration/Management

- ___ How old are the family members?
- ___ Will any of those family members potentially serve on the board?
- ___ Will any of those family members provide ongoing administrative services to the foundation; if so, describe those services.
- ___ Will any of those family members service as staff members?

IX. Client Support System

- ___ Does the client have office support to help with administration and record keeping?
- ___ Is the client willing to use professional services for this support?
- ___ Who will be responsible for managing the client's entity records?

X. Miscellaneous Considerations

- ___ What is the client's temperament?
- ___ Does he or she have the discipline to follow direction?
- ___ Is he or she likely to be able to run the entity within the requirements proscribed for the form?
- ___ Is the client likely to use you or other professional to provide oversight of grantmaking?