Supporting Foundations

An alternative to a private foundation

A supporting foundation operates like a private foundation, only easier. The goal is to eliminate the burdens of operating a private foundation while leaving the donor with the enjoyment of grantmaking. Its ties to the Greater Milwaukee Foundation qualify it for superior tax considerations reserved for public charities and with greater cost efficiencies.

ESTABLISHING A SUPPORTING FOUNDATION

A Type 1 supporting foundation is the most popular option among Greater Milwaukee Foundation donors and includes the following elements:

- **Board makeup:** The donor selects the supporting foundation board in fulfillment of its bylaws. The Greater Milwaukee Foundation must approve a majority of board members in compliance with section 509(a)3 of the Internal Revenue Code.
- **Minimum gift size:** For economic feasibility, a principal balance of \$1 million or greater is required to establish a supporting foundation.*
- **Succession:** Family participation on the supporting foundation's board can continue for generations, without limit. Annual distributions to agencies of the founder's choices can also be arranged in perpetuity.
- Administration: The Foundation handles all financial, investment and administrative responsibilities, freeing board members to focus on the fun of grantmaking.

ADVANTAGES OF A SUPPORTING FOUNDATION

- Name recognition: The donor chooses the name of the supporting foundation and can achieve the same name recognition in the community as he or she would with a private foundation including the signing of grant award letters.
- **Tax benefits:** Supporting foundation donors generally receive the most generous tax deductions available. Supporting foundations do not pay federal excise tax on investment income.
- **Investment management:** The supporting foundation may choose one of the Foundation's investment pools or the board may maintain a separate portfolio with an investment manager of its choice.**
- Lower operating expenses: The operating costs of a supporting foundation are generally lower than those of comparable private foundations.
- **Donor involvement:** With a supporting foundation, donors can be as involved in grantmaking as they wish and can include younger generations.



Ten Reasons People Choose to Give through the Greater Milwaukee Foundation

One We are a *local organization* with deep roots in the community and beyond.

Two Our community investment staff has *broad expertise* regarding community issues and needs.

Three We provide highly *personalized* services tailored to each individual's charitable and financial interests.

Four Our funds help people *invest in* the causes they care about most.

Five We accept a wide *variety* of assets, and can facilitate even the most complex forms of giving.

Six We partner with *professional advisers* to create highly effective approaches to charitable giving.

Seven We offer maximum tax advantage for most gifts under federal law.

Eight We *multiply the impact* of gift dollars by pooling them with other gifts and grants.

Nine We build *endowment funds* that benefit the community forever and help create personal legacies.

Ten We are a *community leader*, convening agencies and coordinating resources to create positive change.







• **Services:** A variety of services are available, many of which are tailored to fit the donor's specific needs. These can include:

Program services:

- Assist in preparing grant guidelines
- Grant processing
- Review grant proposals and prepare recommendations
- Evaluate grants and prepare grant communications, meeting materials and agendas
- · Organize site visits

Financial services:

- Provide financial oversight and reports
- Review investment performance and investment fees for pooled and separately managed funds
- Provide investment policies, including asset classes, allocations
- Prepare a sample spending policy and process checks
- Prepare Form 990 and monthly financial statements

General & administrative services:

- Staff board meetings; provide meeting space, organize board materials, minutes and follow up
- Prepare and print documents, customized stationery and envelopes
- Prepare and make necessary filings with state and IRS, provide D&O liability insurance
- Provide other program, public relations, financial and grant services

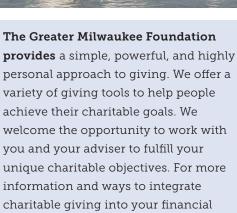
Fees

As an affiliate, a supporting foundation benefits from the Foundation's
economies of scale so that overhead will not diminish the donor's impact.
In addition to substantial tax advantages, their accounting fees, legal
expenses and investment management fees are typically lower than those
of a private foundation.

Annual administrative fee

- 1% of the first \$2 million in assets
- .6% for the next \$2 million in assets
- .3% for assets over \$4 million

Additional services are available on a fee basis.



Greater Milwaukee Foundation supporting foundations:

planning, contact the Philanthropic

Services Department at 414-272-5805.

- Greater Cedarburg Foundation, Inc.
- · Hepburn "Bootstrap" Foundation
- · Honkamp Family Foundation
- Oconomowoc Area Foundation, Inc.
- Strattec Foundation, Inc.
- West Bend Community Foundation, Inc.





Confirmed in compliance with National Standards for U.S. Community Foundations

The purpose of this publication is to provide general gift, estate and financial planning information. It is not legal, accounting or other professional advice. Charitable planning has tax and other financial implications, and the services of appropriate advisers should be obtained. Any figures cited in the examples and illustrations may vary based on applicable federal discount rates, which can change on a monthly basis. Some opportunities may not be available in all states.