

# 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.

\*Minimum fee of \$12,500 \*\*A \$5,000 fee premium will be assessed to supporting foundations using a separate investment option

GREATER MILWAUKEE FOUNDATION 101 W. Pleasant Street, Suite 210 Milwaukee, WI 53212 | t 414.272.5805 | f 414.272.6235 | [www.greatermilwaukeefoundation.org](http://www.greatermilwaukeefoundation.org)



## 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.

**The Greater Milwaukee Foundation**

**provides** a simple, powerful, and highly personal approach to giving. We offer a variety of giving tools to help people achieve their charitable goals. We welcome the opportunity to work with you and your adviser to fulfill your unique charitable objectives. For more information and ways to integrate charitable giving into your financial planning, contact the Philanthropic Services Department at 414-272-5805.

**Greater Milwaukee Foundation supporting foundations:**

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