

30th Annual Tax Symposium

PHILANTHROPY 101

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WHY PHILANTHROPY

“It is more blessed to give than to receive.”

-Acts 20:35



WHY PHILANTHROPY

“The raising of extraordinarily large sums of money, given voluntarily and freely by millions of our fellow Americans, is a unique American tradition . . . Philanthropy, charity, giving voluntarily and freely . . . call it what you like, but it is truly a jewel of an American tradition.”

- John Kennedy

WHY PHILANTHROPY

“I wanted to give my children enough money so that they would feel they could do anything, but not so much they could do nothing.”

- *Warren Buffett*



WHY PHILANTHROPY

“We make a living by what we get, we make a life by what we give.”

- *Winston Churchill*



WHY PHILANTHROPY

“If you want happiness for a year, inherit a fortune. If you want happiness for a lifetime, help someone else.”

- *Confucius*



WHY PHILANTHROPY

- Large charitable deduction
- Ability to control charitable gifting
- Have family involved

DONOR ADVISED FUNDS

Donor Advised Funds

Private Foundations

- Operating
- Non-Operating



DONOR ADVISED FUNDS

- Easy to create
- No set up costs
- No annual costs
- No tax returns
- Easy to administer



PRIVATE FOUNDATIONS

- Trust or corporation
- Exemption application
- Annual tax returns
- Have total control

DONOR ADVISED FUND – IRC §4966

Created by third parties

- Universities
- Fidelity
- Schwab
- Jewish Federation of Metropolitan Detroit

Donor recommends distributions

- Fairbairn v. Fidelity case
- Permissible grants
- Prohibited grants (no compensation to family)

Easy set-up

- Treated as public charity
- Grants can be anonymous

Funding vehicles

- Can name successors to choose distributions

PRIVATE FOUNDATIONS IRC §501(C)(3)

- Operating
- Non-operating
- Advantage - Control

PRIVATE FOUNDATIONS

Formation

- Trust or Corporation
- Filing with State of Michigan

Tax Issues

- Form 1023 – Exemption Application
- Form 1023-EZ
- Relates back to date of formation
- Annual return – 990-PF
- Charitable donations to PF

- Annual distributions – 5%
- Excise tax – 1.39%
- Public record



PURPOSES

- Organized and operated exclusively for a tax-exempt purpose
- No private benefit
- Distributions to public charities

WHAT NOT TO DO

- Political contributions
- Self dealing



PROPOSED LEGISLATION

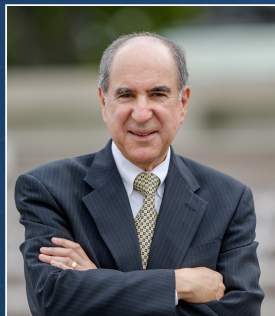
Accelerating Charitable Efforts (ACE) Act



Legislation

*30th Annual
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THANK YOU



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