may be based upon length of service, quality of service, or any other standard normally employed by such an employer. The pension plan may be funded by an independent insurer or may also be funded by a self-insurance program of the foundation, although this second alternative might not be practical in the long run. There is no law preventing a foundation employer from creating a pool of funds to be used for a pension program, but there is reason to believe that criticism might result because such funds are being tied up for non-foundation purposes, where an insurance alternative might be cheaper in the short run.

In addition, a foundation may provide an annuity to an employee or a contributor under a large variety of plans. A foundation might, for example, purchase an annuity insurance policy from an insurance company and given the annuity to a contributor in return for certain properties and other funds transferred to the charitable organization. This is a complex alternative and should be thoroughly explored with your attorney, accountant and business manager. Federal income tax law allows a contributor to retain a life interest