

risky investments and would thus be subject to the rule against endangering foundation funds. If, on the other hand, these securities were held by a tax-paying corporation, there would be no prohibitions against such ownership regardless of the risk of the venture. Taxes would have to be paid, but if deductible contributions or expenses were made to the foundation, some savings would result.

We should not confuse the means with the end. If our purpose is tax savings, then we should be alert to alternate uses of the foundation to achieve that end. The device of holding property in a taxable entity, yet eliminating the tax burden through deductions whether for operating expenses or contributions, not only eliminates all the restrictions on an individual's use of the funds, but also makes it unnecessary to file public information returns on these activities.

To illustrate alternate uses of the foundation, let's create a hypothetical case and apply some foundation theory. Imagine an individual with income-producing property (real estate or securities) yielding \$50,000 per year. Allowing for no deductions, the individual maximum tax rate on \$50,000 is presently \$23,940. If