

donations from his income tax liabilities and the employee would receive \$20,000 in taxable income; the foundation would receive \$10,000 in contributions from the employer. The net effect of this particular operation would allow the employee to produce for the overall estate plan much more than he would be able to preserve from a standard \$30,000 salary and 20 percent donation to his foundation. (Twenty percent of \$30,000 is \$6,000, and if the employer donates to the foundation, the foundation would be endowed tax-free with \$4,000 more.) Donations of this type from the employer must not be in consideration of services rendered by the employee or the foundation but must be made under an oral or written request as a gift and not for services rendered. If the money paid by the employer to the foundation is classified or categorized as funds paid for the services of the employee, then the tax-exempt status of the foundation may be endangered. This variation, however, is extremely useful in the initial funding of a foundation, particularly where the employer has generally few charitable deductions during the year and a large adjusted gross income.

(2) The dairy or milking operation - This type of procedure is applicable where the individual owns or