

QUESTIONS AND ANSWERS

Question: UNDER WHAT CIRCUMSTANCES ARE ASSETS HELD IN ANY
#1 OTHER THAN THE TRUST?

If wealth is generated outside the trust, it may be added to the Trust by gift at a later date, subject to gift taxes, or may be donated or sold to the foundation as the situation might require

Since the most important functions of the foundations are generating tax-free income or absorbing through deductible contributions income otherwise taxable, there is no pressing need to transfer property to the foundation until it is to your advantage to get credit for a deduction.

The consideration for delaying conveyance to a foundation is that, Once received by the foundation, property must be used in furtherance of the foundation's exempt purpose. Although this is very broad and also includes investment and overhead, there remain the rules discussed in Exhibit #11 of Lecture 2 which will apply when the property is held by an exempt organization but not, of course, when held by an individual or Trust.

Question #2: COULD YOU GIVE US SOME SUGGESTED EXAMPLES OF THE BEST WAYS OF PLACING OUR HOMES, OUR INSURANCE AND OUR CARS IN THE TRUST OR FOUNDATION?

a) Home - assuming that you have a reasonable equity in it, it might best be held in the Trust and leased to the foundation. This will allow you to tap foundation earnings without any restriction as to use and at the same time probably convert the