

home into a capital asset for a subsequent capital gains sale. Where the home is leased by the foundation its rental will reduce the foundation's income account, yet still allow the foundation to pay utilities and upkeep.

Your accountant can show you how to fix a rental price by balancing income against deductions so as to give the Trust (or you yourself, if you are not using a Trust) a maximum dollar return without increasing your taxable income. E.g. rent = interest, plus taxes, plus depreciation. Such rental must not exceed a "fair rental value" in the local market.

b) Car -- Since your active operations will probably be carried on by the foundation, the car should be provided by it. The foundation may buy or lease an auto for the use of its employees though purely as a matter of form, it might be best not to lease the car from yourself. For this same consideration of avoiding threshold questions, it might be best if neither the car nor home were provided until after exemption is recognized.

c) Insurance -- The general rule is that any employer -- be it a corporation or Trust -- has an insurable interest in its employee for the purpose of life insurance. You may want to have a large amount of term insurance in the beginning to fund your foundation in case anything should happen to you before your family was secure. A discussion of your goals with your insurance planner would be a good start on this question. Health and Accident Insurance is a permissible fringe benefit.