per year. Your annual income tax bill is cut from \$39,480 to \$31,520. Of the \$12,000 gift, \$7,800 is tax money, \$4,200 comes out of your personal pocketbook. This 4,200 kept in your personal portfolio earning 4% compounded, but taxed in the 66% bracket would accumulate to \$47,400 in 10 years. The \$12,000 in the foundation earning 4% compounded, tax free would accumulate to \$148,300. So your comparison would be whether you would be prepared to exchange \$47,400 free for personal use, for \$148,300 that you and your family can have to do the work that interests you. (Figures from Encyclopedia of Tax Shelter Practices, Prentice-Hall, Inc. 1963.)

"Trustee Sturgis an attorney, interrogated concerning the advantage of the use of a trust, testified that if Mr. Little had made the investment himself without the use of the trust (i.e. foundation), the government would take about two-thirds of the profits in taxes." -- Senate Report #101, 81st Congress, 1st Session, Page 13. (1949).

"How the principal trusts (i.e. foundations) under discussion in this report were able to increase their original contributions to \$1,100 to their present net worth of over \$6,000,000 is an intriguing story. This can be understood by a few examples of the methods followed by trustees showing a plan obviously formulated in advance, whereby assets of the corporation would be converted into cash, the cash in turn being distributed in benefits to the trust. This cash received tax free by the trustees was then available to Textron for the purchase of Textron securities or physical assets." -- Senate Report #101, 81st Congress, 1st Session, Page 20.

"One of the most apparent loopholes in the foundation business involves the abuse of capital gains. According to the present laws that supposedly regulate foundations, capital gains not only escape taxation, but they also do not have to be given away to charity if they are reinvested within a reasonable period of time. To put this in prospective, it is just as though the typical wage earner was given an exemption from income tax so long as he doubles his payments on his home, or bought more U.S. Savings Bonds, or splurged in some certified diamonds for his wife: in other words so long as he invested a surplus from his salary he could escape taxes."--Patman Report, 4th installment, 1966, Page 1.

"The ways and means committee hearings of 1948-49 revealed that educational institutions and private charitable foundations had moved into commercial and industrial fields.