

EXHIBIT 6

THINGS TO BE CONSIDERED IN YOUR EMPLOYMENT CONTRACT

- A Break down your personal expenses for taxes into categories of types of expenditures, and after each category set out the amount spent each year; namely, home, food, clothing, furnishings, utilities, education, entertainment and insurance.
- B With your activities, consider what expenses might be properly assumed under foundation-corporation practice without taxes or with some tax saving. Not every fringe benefit is tax free, but some may be accomplished under the foundation at an over-all tax saving. For example, if the home is conveyed to the foundation, the following advantages might be possible: Upkeep of the home and the utilities would be paid by the foundation; the insurance on the home would be paid by the foundation; ownership and value of the home would not be includable in a creator's estate for inheritance or death tax purposes, thereby saving these important taxes, and the sale of a home and the purchasing of a new one would not fall under the eighteen month income tax rule, which would mean that any profit made in the transaction could be kept in the foundation without taxes. You, as the foundation executive, could be permitted to live in the home as part of your employment contract in return for services rendered. In some cases, this could be accomplished tax free, but at the worst the employee would be forced to pay taxes on a reasonable rental value of his living quarters as ordinary income.

This tax payment would not necessarily be a disadvantage if, for example, a reasonable rental value of the home was found to be \$200 per month, the taxes would be paid on \$2,400 income per year for the home. A taxpayer normally in the 50% bracket would pay \$1,200 taxes on this amount, but since foundation procedures might lower his taxable income, subsequently he might end up in the 30% or 22½% bracket and a tax payment due on a reasonable rent value of the home amount to \$720 for the year. This amounts to \$80 per month rent. In some localities, depending upon state and county law and the interpretation of these laws by county real estate boards, it may be possible to exempt the foundation headquarters (the home) from real estate taxes ordinarily assessed. This might result in a savings in excess of the tax payment on living quarters. Thus, even in the worst situation an overall tax saving is derived.