



Questions About Charitable Foundations

Questioner: Director Chris Foley Answerer: Commodore Dick Devlin

1-What is the minimum amount of money we can place with a foundation?

\$10,000 is the minimum for the Southwest FI Community Foundation

2-What are all of the associated hard and soft dollar costs at various asset levels?

Usual costs are 2%(annually) of assets invested for handling,accounting and legal fees plus 0.33% of assets for investing the money,using their outside investment firm. We were able to negotiate a management fee of 1% plus the 0.33% investment fee.

3-Are there minimum annual contribution or giving requirements? Any fixed timetable? **No annual minimums and no fixed timetable.**

4-What are the exit or termination provisions? **Once deposited with the Foundation, the money cannot be withdrawn, but it can be transferred to another Foundation.**

5-With the use of an outside firm, who controls the investments? **The Outside Firm. Three foundations that I know of have allocations of about 70% equities, 30% bonds, cash or alternative investments.**

6-How do managers get paid? **From the assets invested. See question 1.**

7-Why a foundation instead of just writing checks for charitable causes?

Creating a foundation is a long term action to earn money over time as the assets compound in value and result in a long term legacy for RPYC. Giving a check to a charity is a short term action. Eventually our members and RPYC will run out of time, but assets, well invested, won't.

8-Do we trigger accounting complexity if we use a foundation? **Yes and legal as well. However, if we use an outside foundation, they handle all of the legal, accounting and investment complexities(that's why we are paying them. If we create our own foundation, we incur the complexities.**