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Have you noticed that wealthy families all have foundations like the Ford Foundation or the Carnegie Foundation? What benefits do they get from these foundations, and can you get the same benefits?

These foundations are established to save a lot of taxes (both income and estate), to give jobs to future generations of the family (as trustees of the foundation), and to make a contribution to the community.

Unlike giving directly to charity and having the charity decide how to use the funds, with a foundation you can control the investments into your community and direct them where you want them to go. Legal and accounting costs to maintain a foundation can be significant but there is an affordable way for anyone to have their own "mini-foundation."

The correct name for these mini-foundations is a donor-advised account. These accounts work as follows:

? You place funds into the account and get a charitable income tax deduction.

? You can have the funds invested in any prudent manner you choose.

? Each year, you must distribute 5 percent of the balance (or more) for some public good (if the fund earns more than you distribute, the fund will keep growing).

? This account can exist indefinitely, with your grandchildren and children later becoming the co-trustees and directing the foundation assets for the public good.

? The co-trustees may take a reasonable fee for their time.

If you like the idea of getting a significant tax deduction while having the control to invest and distribute money where you think it will do the best in your community, talk with a financial adviser who is knowledgeable about donor-advised accounts.

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