



Inspired Life
Centers
presents

The “Private” Charity

In the Spirit of the Early Philanthropic Foundations

Inspired Life Centers, Inc. is a 32-year-old, 501(c)(3) faith-based public charity. During the first life cycle (1976 to 2002), under the leadership of Douglas McQuistan, Inspired Life Centers sponsored various charitable humanitarian and spiritual projects around the world. Since 2002, the second life cycle, under the leadership of Greg Johnson and Lonnie McQuistan, Inspired Life Centers has pursued a path of providing individuals with the knowledge and tools necessary to equip them to take personal responsibility for their passionate charitable dreams and aspirations.

Taking personal responsibility for their own personal charity is much more than just making charitable contributions to a church or a charity, it is a series of lifestyle decisions that blends together personal estate and business resources into a charitable platform where the individual's personal charity can be freely accomplished. The tools Inspired Life Centers advocates and provides are unique and powerful, providing an unusual opportunity to really be effective in the accomplishment of personal charitable goals and objectives.

The goal of Inspired Life Centers is to closely emulate the early philanthropic foundations, giving an individual the opportunity to more freely express his own vision of charity. Yes, there are rules that must be observed, but nothing like the compliance issues associated with the private foundation. The charitable investment trust very effectively replaces the private foundation with the additional capability of actually being a fully operational charity.

Clearly, an individual who desires to commit his assets to the accomplishment of personal charity in the tradition of J. Paul Getty, Howard Hughes, Paul Allen and Bill Gates will always be handsomely rewarded. Of course the reward of pride of accomplishment in being charitable is the primary motivation enjoyed by those engaged in their personal charitable work. Still, the collateral benefits to being charitable are seriously considered in the structuring and execution of a private charity. Within the private charity environment, personal estate and business assets enjoy an unprecedented protection in the areas of tax planning, asset protection and estate planning.

The Other Benefits of You Being Charitable Through Your Own “Private” Charity

The primary motivation and purpose of any private charity is really the accomplishment of the charitable passion of an individual. There are no good reasons even suggesting a wealthy individual should be prohibited from effectively managing a private charity. Rather, for the most part, wealthy individuals should be given the reins of a private charity, because they have the resources to actually get the job done.

Tax Planning Benefits

- Significantly reduce current year income taxes
- Completely eliminate gift and estate taxes
- Completely eliminate capital gains taxes
- Defeats the 1031 exchange death spiral
- The ultimate retirement account
 - No limitations on contributions
 - No penalty for early withdrawal
- Two methods of funding charity structure
 - Deductible charitable contributions
 - Income shifting to charity

Asset Protection Benefits

- No secrecy
- No hidden assets
- No expatriation of assets
- No liability litigation approach to assets
- No foreign trustee
- No foreign control
- No pocket agreements
- Complete access to all assets
- Complete control of all assets
- Complete use of all assets
- Complete transparency of every transaction
- Bullet-proof asset protection
- Compartmentalization of all assets
- Fully compatible with estate planning

Estate Planning Benefits

- No estate taxes or probate
- 100% of assets included in estate plan
- Flexible estate planning
- Targeted estate planning
- Endowment investing
- Fully compatible with asset protection

The Evolution of “Private” Charities

The concept of a private charity is not new, some of the most effective charities are actually more private charities than they are public charities. The Howard Hughes Medical Institute is an excellent example of a private charity, that is not a private foundation. It is important to have a basic understanding of the evolution of public charities and private foundations.

Early Philanthropic Foundations

Originally all 501(c)(3) organizations were public charities. Wealthy individuals realized that by blending their personal estates and business holdings with a tax exempt charity they would have significant advantages over similar financial organizations and structures without the charity component. Of course real charity was accomplished, much of which we see to this day as exemplified by the thousands of Andrew Carnegie free libraries found in many towns.

Some would argue the economic benefits were more important than the cost of being charitable, thus the wealthy philanthropists were being charitable to get more than they were putting in. Still, major charity was being accomplished on a daily basis. Even if Andrew Carnegie managed to receive more economic benefit than the cost of the libraries, the fact remains that the libraries were getting built. And Andrew Carnegie's legacy lives on, timelessly enduring.

The Advent of the Private Foundations

Congress corrected the perceived abuses of public charities with the Tax Reform Act of 1969. This was accomplished by defining an inferior, highly regulated, classification of charity - the private foundation. The assumption was that the economic advantages of a wealthy individual being able to blend his private estate and business holdings with a tax-exempt charity was so powerful that regular business just could not compete in the market place. The compliance issues required by private foundations can be found in Chapter 42 of the Internal Revenue Code.

The advent of the private foundations pretty much took being charitable out of the hands of wealthy individuals. If you were wealthy enough you could make a private foundation work for you, as exemplified by the Bill and Melinda Gates Foundation (a non-operating private foundation). But for the most part, lesser wealthy individuals with a charitable passion were just out of luck; they could try to use a private foundation and deal with the onerous compliance requirements, or they could just give their charity money to public charities.

Support Organizations and Donor Advised Funds

During the past 40 years there have been many creative attempts to defeat the compliance requirements associated with private foundations. Support Organizations and Donor Advised Funds are two of the more familiar examples. Generally speaking a public charity sets up internal accounts (much like a bank sets up individual accounts) where the donor has a degree of advice over investing the fund and which charities will be supported. The fund, managed by the public charity, is considered a public charity and not a private foundation. The staff of the public charity must approve all

investments and charity support. Consider this strange assumption: because a person is involved in a public charity, he is somehow more compassionate, moral, ethical, wiser, and investment savvy with someone else's money, than the donor himself could ever be! Should a well-educated wealthy individual with a net worth in the millions have to ask permission of someone who might not even have a college education and absolutely no net worth to make certain investments and support a particular charity? So much for the cleverness of a donor advised fund.

Charitable Investment Trusts

Inspired Life Centers appreciates that there is nothing particularly special about someone who is involved with a public charity. And understanding that, who could possibly be better suited for looking after a charity than a passionate wealthy individual with charitable aspirations? Inspired Life Centers has taken the position of training a qualified individual to make appropriate endowment investment decisions, and either actually manage a real operating charity or properly support other charities. This properly trained individual is then given the authority and responsibility of being the trustee of a charitable investment trust. Inspired Life Centers funds

the charitable investment trust with a portion of the endowment fund, which is properly managed by the trustee.

The Inspired Life Centers charitable investment trust is used as a tool to provide the platform for a wealthy individual to enjoy all of the qualities of a public charity (remember the early philanthropic foundations), without any of the compliance requirements of a private foundation. The trustee of the charitable investment trust enjoys the best of both worlds; a very private, autonomous, powerful charity coupled to the training and support of a 32-year-old public charity.

The organizational structure of a host of individual private charities within the open architecture of a public charity is actually much more efficient than a small, uninformed board of directors in the public charity attempting to make all of the investment and charity support decisions. The individual private charity cells provide a much broader command of both investment opportunities and charitable missions. The individual private charity cells enjoy the stability of the parent charity, much like an incubator or professional support organization. It is a much more cost effective organization than each charity cell having a redundant support infrastructure.

At the end of the day - more charity missions and ministries are accomplished by many more private individuals who make life-changing decisions to focus their personal and business resources on their charitable dreams, exactly as Bill Gates has demonstrated with the significant funding of the Bill and Melinda Gates Foundation. The economic benefits associated with a private charity, of course are nice, but not nearly as nice as transforming a successful life into a truly significant life. That inner feeling of knowing you have contributed your social dollars in a very meaningful way.

A Significant Life is a Life of Compassion

Inspired Life Centers

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