# An Overview for Converting a Foundation to a Donor-Advised Funds

Foundations are powerful giving vehicles but can be both costly and time-consuming to maintain. NPT Transatlantic can help you convert all or part of your private foundation to a donor advised fund account. You will incur less overhead and have increased grant flexibility. Your family or foundation directors can be advisors and successors to the donor-advised fund account and can replace themselves in perpetuity. You may use your foundation's name as your donor-advised fund account name.

## BOARD APPROVAL

Your private foundation board must review its governing documents to determine whether the desired dissolution is permissible.

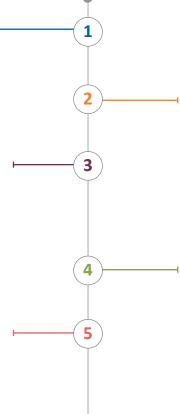
### ACCOUNT SET-UP

You can create a donor-advised fund account by completing forms to name the account, designate current advisors, recommend investment options and determine a succession plan.

#### TAX FILING

When asset transfer is complete, your foundation must make necessary filings in the jurisdiction where it was created before it can be dissolved.

# PRIVATE FOUNDATION



### LIABILITY MANAGEMENT

If your foundation has any outstanding liabilities such as taxes, grants or fees, these need to be identified and paid before transferring assets to a donor-advised fund account. A reserve must be created for any additional anticipated expenses. Once assets are transferred to a donor-advised fund account, they can be granted to charities or other permissible projects. Assets cannot be granted back to the private foundation to cover past expenses.

### **ASSET TRANSFER**

Donor-advised fund accounts are housed in charities. Therefore, transferring your foundation's assets to a donor-advised fund account is like issuing a grant to any charity. Most donor-advised fund programs can also accept additional gifts of cash, stock, mutual funds, and other tangible personal property.

### **KEY FACTS**

The average time to convert a private foundation to a donor-advised fund is 3 to 6 months.

The information in this document is an overview. If you decide to convert your foundation to a donor-advised fund account, you will need to abide by state regulations where your foundation was created. NPT Transatlantic strongly encourages you to consult with your tax advisor or attorney before closing your foundation or making any charitable contribution.

**DONOR-ADVISED FUND** 

Note: in the US, "foundation" typically refers to a private foundation legal entity. In the UK, "foundation" typically refers to a legal entity which is a registered charity in the form of a company, trust or charitable incorporated organisation.