



From private foundation to donor-advised fund: A five-point checklist

Many families established private foundations years ago because they wanted to make a lasting difference in their communities. Those foundations have supported important causes, brought family members together around charitable giving, and created meaningful legacies.

Over time, though, circumstances can change. Children and grandchildren may live in different parts of the country. Board meetings become harder to schedule. Administrative responsibilities grow. Tax filings, investment oversight, recordkeeping, and compliance with complex rules can begin to feel like more work than anyone anticipated.

For many families, that's when it becomes worthwhile to ask an important question: "Would a donor-advised fund at the Community Foundation of West Georgia better serve our charitable goals?"

There's no one-size-fits-all answer, but if you're beginning to explore the possibility, here are a few steps to consider as you discuss the options with your family and your tax advisors.

Be realistic about what's working and what's not.

Start by taking an honest look at how well your private foundation is working today. Is it still helping your family accomplish what you hoped it would? Are family members actively engaged, or has the responsibility fallen to just one or two people? Sometimes the answer isn't that the private foundation has failed—it's simply that your family's needs have evolved.

Consult the specialists.

Next, talk with your attorney, CPA, and financial advisors. Transitioning from a private foundation to a donor-advised fund involves important legal, tax, and financial considerations. Your advisors can help you evaluate the options and [factors](#) from a tax and legal perspective and determine whether the approach makes sense for your family's particular financial circumstances.

The Community Foundation of West Georgia is an important part of the conversation, too, even in the early stages. Be sure to introduce your advisors to the community foundation as soon as you can. Our team can explain how a donor-advised fund works, answer questions about the transition process, and, importantly, help you explore ways to preserve the identity and charitable purpose your family has built over the years. In many cases, the donor-advised fund can even continue under a familiar name, allowing your family's charitable legacy to live on in a meaningful way.

Identify decisionmakers.

As you consider the transition, the CFWG team can help you think about who should serve as advisors to the new fund. One of the strengths of a donor-advised fund is its flexibility. You can name family members to recommend grants today and designate successor advisors to help involve future generations in your family's philanthropy. In many ways, the advisors to a donor-advised fund resemble a private foundation's board of directors.

Move to implementation.

If your family decides to move forward, the transition itself often can be handled efficiently, although it requires careful planning. Generally, the private foundation distributes its remaining assets to the community foundation to establish or add to the donor-advised fund after reserving sufficient funds to pay final accounting, legal, tax preparation, and other closing expenses. Your advisors will then help complete the foundation's final tax return and any required state filings.

Carry on with your good work!

Once the transition is complete, your family can continue supporting the organizations and causes you care about—often with significantly less administrative responsibility. Rather than spending time on compliance and paperwork, you can devote more energy to what likely inspired the foundation in the first place: making a difference.

Every family's situation is unique, and moving from a private foundation to a donor-advised fund is an important decision. If you're wondering whether it might be the right fit for your family, we'd be delighted to visit with you and your advisors. The Community Foundation of West Georgia is here to help you evaluate your options and continue building the charitable legacy you've worked so hard to create.