



# Fund or Foundation?

Find out whether a donor-advised fund meets your needs better than a private foundation.

A private foundation can help you accomplish philanthropic goals. But donor-advised funds are often a more flexible and cost-effective option for achieving similar results. When you create a donor-advised fund at the Community Foundation, you can recommend grants while we handle all recordkeeping and administration - bypassing the hands-on legal, financial, and administrative management required by a private foundation. A donor-advised fund also offers greater and more immediate tax benefits, with an option to give anonymously if so desired.

POINTS TO CONSIDER	DONOR-ADVISED FUND	PRIVATE FOUNDATION
<b>Naming Option</b>	[Your Choice of Name] Foundation	[Your Choice of Name] Foundation
<b>Tax Status</b>	Public charity - a component fund of the Community Foundation	Private foundation
<b>Donor's Role</b>	Donors recommend grants to eligible nonprofits, and may name successor advisors. Investments are managed by the Community Foundation.	Private foundation's board controls investment, grantmaking, and administration.
<b>Privacy</b>	Full donor anonymity, if desired	All information about assets, gifts, and grants is public
<b>Minimum Contribution to Start Fund</b>	\$5,000	Typically, millions of dollars
<b>Annual Payout Requirement</b>	None	5% of foundation's assets
<b>IRS Reporting</b>	Handled by Fairfield County's Community Foundation	Annual IRS Form 990 required
<b>Liability and Risk Insurance</b>	Covered by Fairfield County's Community Foundation	Purchased by the private foundation
INCOME TAX DEDUCTIONS		
<b>Cash Gifts</b>	Limited to 60% of adjusted gross income	Limited to 30% of adjusted gross income
<b>Appreciated Stock Gifts</b>	Fair market value, limited to 30% of adjusted gross income	Fair market value, limited to 20% of adjusted gross income
<b>Real Estate &amp; Closely Held Stock Gifts</b>	Fair market value, limited to 30% of adjusted gross income	Fair market value, limited to 20% of adjusted gross income
PHILANTHROPIC SERVICES		
<b>Establishment and Incorporation</b>	One simple fund agreement required; covered by the Community Foundation's tax-exempt status	Formation of corporation or trust required; must apply to IRS for tax-exempt status
<b>Grantmaking</b>	If desired, we help identify and vet potential grantees and monitor grant outcomes	Must establish and maintain independent grantmaking and monitoring procedures
<b>Administration</b>	All recordkeeping and financial services handled by Fairfield County's Community Foundation	Foundation board or hired staff handles accounting, investment, IRS filings, and all expenses
<b>Excise Taxes</b>	None	Up to 2% of foundation's net annual investment income

*This chart is simplified for clarity. Fairfield County's Community Foundation does not provide legal, tax, or financial advice.*

## Simplify your giving

Want to explore the benefits of a donor-advised fund versus a private foundation? Let's talk.  
 Contact Joseph Collin, Vice President of Philanthropy, at 203-750-3211 or [JCollin@FCCFoundation.org](mailto:JCollin@FCCFoundation.org).

# Convert a Private Foundation



Find out how to make the switch to a donor-advised fund.

Over time, private foundations can run their course or may simply no longer be the best way to maximize your charitable goals. If the responsibilities of managing your private foundation have become overwhelming or the costs impractical, talk with us about converting to a donor-advised fund at Fairfield County's Community Foundation. This can lighten your administrative load, while you continue to support causes and nonprofits that matter to you. You can also benefit from our expert investment strategies and community grantmaking expertise, while ensuring that your philanthropic intentions will be carried out for future generations.

## What steps are required?

Our knowledgeable team can help you navigate the following basic steps to convert your private foundation into a donor-advised fund.

**Get Board Approval.** Your board must review state laws and governing documents to confirm that dissolving your private foundation is permissible.

**Pay All Outstanding Liabilities.** Assets in a donor-advised fund can only be used for qualifying charitable purposes. So, any outstanding obligations such as taxes, grant payments, or fees must be paid before you transfer assets from your private foundation. A reserve must also be created for any additional anticipated expenses.

**Create a New Fund.** Work with our staff to set up a donor-advised fund. We make it easy and fast for you to select your preferred name (you may choose to keep your foundation's name), advisors, and investment strategy.

**Transfer Your Assets.** Fairfield County's Community Foundation is a public charity, so transferring assets from your private foundation is similar to issuing a grant to any other charity. We can accept various asset types such as cash, stock, and real estate. If you have complex or illiquid assets, talk with us about the best way to proceed.

**Complete a Final Tax Filing.** After the asset transfer is complete, you'll need to complete all final tax paperwork with the state of origin and the IRS—including the final Form 990—before your private foundation is officially dissolved.



*"The support we got was amazing, and the transition to Fairfield County's Community Foundation was seamless."*

**Dennis Torres**, Communications Advisor, The Amalia & Nicola Giuliani Foundation for Religion & the Arts

## Get started

Want to explore converting a private foundation to a donor-advised fund at Fairfield County's Community Foundation? Contact Joseph Collin, Vice President of Philanthropy, at 203-750-3211 or [JCollin@fccfoundation.org](mailto:JCollin@fccfoundation.org).