

Easier Than You Might Think: Moving a Donor-Advised Fund to the Chester County Community Foundation



As you advise clients on charitable giving, you're likely aware of the growing popularity of the donor-advised fund as a flexible, tax-efficient tool for philanthropy. Many families appreciate how donor-advised funds can streamline giving, foster family engagement, and serve as a launchpad for deeper community impact.

Recently, we've engaged with many professional advisors—attorneys, accountants, and financial planners—who work with clients utilizing community foundations in a variety of ways, ranging from contributing to important initiatives, supporting the Community's Foundation's operating endowment, making qualified charitable distributions from IRAs, or participating in foundation-hosted events that address critical local priorities.

Interestingly, we have discovered that some advisors were not aware that their clients had established donor-advised funds through national financial institutions. Although these clients are familiar with the Community Foundation, they simply did not know that the Community Foundation could help them in multiple ways, including establishing a donor-advised fund to support favorite charities.

It's easier—and more beneficial—than you might think for your client to move a donor-advised fund to the Chester County Community Foundation! Here's what you need to know:

Tax and administrative advantages are the same

The Chester County Community Foundation offers donor-advised funds with the same tax and administrative advantages as national providers, including:

- Online access for clients to view fund balances, contributions, and grant history
- Simple grantmaking process to qualified charities
- Consolidated tax reporting, often with a single year-end letter for all contributions and grants
- Comprehensive back-office support for administration, tax receipts, recordkeeping, and compliance with 501(c)(3) requirements
- Favorable tax deductibility for contributions, including gifts of cash, securities, and other assets

Added value at the Chester County Community Foundation

Unlike many national donor-advised fund sponsors, the Community Foundation offers a suite of high-touch, locally-informed services that can enhance your clients' philanthropic strategies, such as:

- Personalized service from staff experienced in structuring complex gifts (*e.g.*, appreciated stock, real estate, closely-held business interests, estate gifts)
- Local expertise on community needs, nonprofit effectiveness, and high-impact grantmaking
- Opportunities for collaboration with other donors and access to educational forums featuring local and national experts
- Deep engagement in specific issue areas, including educational opportunities and hands-on involvement for clients and their families
- Impact measurement support to help clients track and communicate the outcomes of their giving

- Family and corporate philanthropy services to foster long-term, multi-generational charitable engagement
- Administrative fees that are reinvested in the community, supporting local operations and amplifying the community foundation's mission
- Direct access to local experts who can research and recommend causes aligned with your clients' goals
- Staff with deep community roots who maintain close relationships with nonprofit leaders and stay attuned to emerging needs

What next?

The steps to transfer a donor-advised fund are surprisingly simple:

- Work with the Community Foundation team to establish a donor-advised fund. Our straightforward, easy-to-complete paperwork makes it seamless and fast. Your client can mirror the terms of the existing donor-advised fund, or adjust successor advisors and legacy provisions based on their charitable intentions. Our team will walk through the process with you and your client.
- Work with your client to request a grant from the national donor-advised fund provider. Depending on the provider, this can sometimes be completed all online. Designate the Chester County Community Foundation (and reference the new donor-advised fund if possible) as the grant recipient.
- Your client may be able to grant the entire balance in one transaction. If not, most of the balance can be transferred to fund the new donor-advised fund, and you can work with your client to transfer the rest later.
- Before closing the donor-advised fund at the national provider, your client should download grant history and contribution information for future reference and tax documentation. Note that transfers between donor-advised funds are tax-neutral; these transactions are not taxable events.

We look forward to working with you and your clients to make the most of their charitable giving, especially by establishing a donor-advised fund at the Chester County Community Foundation to serve as the cornerstone of the client's charitable giving plan. With a donor-advised fund as a baseline, your client can begin to tap into all of the many ways the Community Foundation serves as a home for charitable giving, from strategic grant making to legacy giving and everything in between.

For more information, contact the Chester County Community Foundation:

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The team at the Chester County Community Foundation is a resource and sounding board as you serve your philanthropic clients. We understand the charitable side of the equation and are happy to serve as a secondary source as you manage the primary relationship with your clients. This newsletter is provided for informational purposes only. It is not intended as legal, accounting, or financial planning advice.