

Transferring a Private Foundation? Remind Clients to Communicate



As you work with clients who have established a private foundation, it is not uncommon for the conversation to eventually turn to whether this [structure](#) still makes sense. What began as a seemingly logical vehicle for organizing a family's philanthropy can, over time, become administratively burdensome, especially as leadership transitions to the next generation. In many cases, transferring a private foundation's assets to a donor-advised fund at the Chester County Community Foundation can offer a simpler and more flexible path forward.

You may already be familiar with the general [benefits](#) of a donor-advised fund. A donor-advised fund can reduce administrative responsibilities, eliminate many of the complex tax compliance requirements, and allow families to focus more fully on their charitable goals rather than ongoing operations. The [technical](#) mechanics of making the transition are also relatively straightforward, such as:

- Confirm that the private foundation's board has approved the termination and documented the decision appropriately.
- Establish a donor-advised fund at the Community Foundation, often structured to mirror the private foundation's name and governance approach.
- Grant the bulk of the private foundation's remaining assets to the new fund, leaving a reserve to cover final expenses.
- Satisfy outstanding liabilities and complete the private foundation's final tax filings and state-level dissolution requirements.

While these steps are important, the transition is ultimately about more than mechanics. It is an opportunity to reposition the family's philanthropy for the future—reducing administrative friction while preserving, and in many cases enhancing, the impact of the family's giving.

One aspect of the transition deserves particular attention because it is easy to overlook: communication with grantees. For many private foundations, relationships with nonprofit organizations have developed over years—sometimes decades. In some cases, grantees may rely on annual or recurring support.

When a private foundation winds down, a lack of clear communication can create confusion or uncertainty for the organizations that have come to depend on that funding. As a trusted advisor, you can play an important role in helping your client plan for this transition thoughtfully. What's more, the Community Foundation can serve as a sounding board. Our team has close relationships with hundreds of nonprofit organizations in our community. Here are five tips for a client's communication plan that you can help develop with the support of the Community Foundation team:

- Encourage your client to communicate *early* and clearly with key grantees. Your client does not want nonprofits to hear about the transition from anyone else.
- The communication itself does not need to be complicated. A straightforward email message explaining that the private foundation is transitioning to a donor-advised fund—and that the family remains committed to charitable giving—can go a long way.
- Importantly, if possible, the client should reach out personally to each nonprofit grantee to let them know that they will be receiving email communication. This is not just a nice touch; it is a powerful way to maintain and deepen trust.
- If the client intends to continue supporting certain organizations, it is helpful to reassure those nonprofits that future grants may be recommended through the Community Foundation.

- Messages can also affirm the mission of the Community Foundation and the broader resources and network it provides to both your clients and the nonprofits they've supported for many years.

As always, the Chester County Community Foundation is here to help you and your clients navigate both the technical and relational aspects of this process. Whether your client is ready to move forward now or simply beginning to explore options, our team is honored to work alongside you to ensure a smooth and thoughtful transition to support your clients' charitable objectives.

For more information, contact the Chester County Community Foundation:

Jason Arbacheski, CAP – Gift Planning & Stewardship Director – jason@chescofcf.org

Karen Simmons – President/CEO – karen@chescofcf.org

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.