

Making the Transition from Private Foundations to Donor-Advised Funds

A GUIDE FOR FAMILY OFFICES

For multi-family offices managing the philanthropic needs of ultra-high-net-worth individuals (UHNWIs), private foundations have traditionally been the preferred vehicle.

However, donor-advised funds have emerged as a more flexible, cost-effective solution. Transitioning from private foundations to donor-advised funds (DAFs) can be a strategic move for family offices managing significant wealth.



COMPARISON OF DONOR-ADVISED FUNDS AND PRIVATE FOUNDATIONS

Private foundations offer full control over grant-making and the ability to fund non-charitable entities like individuals or scholarships. However, they come with significant administrative burdens—board meetings, staff oversight, annual tax filings, and excise taxes on investment income. Private foundations also require a 5% annual payout and public disclosure of grants and financials.

Donor-advised funds, in contrast, offer higher tax deductions and eliminate excise taxes. They provide flexibility in grant recommendations to 501(c)(3) organizations, with the option for anonymous giving. Administrative tasks are handled by the sponsoring organization, significantly reducing the workload and cost.

Consider these key differences between DAFs and Private Foundations:

CONSIDERATION	DONOR-ADVISED FUND	PRIVATE FOUNDATION
Tax Deduction as Percent of AGI	Cash: 60% Appreciated assets: 30%	Cash: 30% Appreciated assets: 20%
Excise Tax	None	1.39%, typically
Start Up Costs	None, donors can create an account without minimums or startup fees	Expensive, most advisors recommend \$10M minimum to start a private foundation
Requirements to Operate	Simple, accounts can be opened within days	Complex, foundations can take weeks or months to open
Administrative Responsibilities	None besides making periodic grant recommendations	Board meetings, hire staff, maintain records, oversee foundation activities including tax and other filings
Grant Oversight	Grants are recommended by donor for approval by the DAF sponsor, though sponsors approve nearly all	Grants are assured, not recommended
Annual Minimum Distribution	None	5% of assets
Anonymity	Donor has discretion to grant anonymously	Grant activity is a matter of public record
Grant Recipients	501(c)(3) organizations only	Can be individuals; Grant-making decisions fully controlled by foundation

THE BENEFITS OF DONOR-ADVISED FUNDS

TAX EFFICIENCY

DAFs provide immediate tax deductions and allow assets to grow tax-free, maximizing philanthropic impact over time.

SIMPLIFIED ADMINISTRATION

Unlike private foundations, DAFs require no board meetings, staff, or complex filings. This streamlined approach is ideal for families looking to focus on impact rather than compliance.

FLEXIBLE GIVING

DAFs offer flexible investment options and the ability to recommend grants at any time, without the minimum annual distribution requirement of private foundations. Grant activity can be kept private and anonymous with a DAF.

HOW TO CONVERT A PRIVATE FOUNDATION TO A DONOR-ADVISED FUND

Give makes it simple to transition from private foundations to donor-advised funds.

- 1. REVIEW FOUNDATION DOCUMENTS**
Assess the foundation's charter and bylaws for any legal restrictions on asset transfers.
 - 2. SELECT A DONOR-ADVISED FUND SPONSOR**
Choose a reputable donor-advised fund sponsor that aligns with the family's philanthropic goals and values.
 - 3. TRANSFER ASSETS**
Liquidate or transfer the foundation's assets to the donor-advised fund. Non-cash assets, such as publicly traded securities or real estate, can often be donated directly to maximize tax benefits.
 - 4. DISSOLVE THE FOUNDATION**
After transferring assets, formally dissolve the private foundation in accordance with state regulations and notify the IRS.
 - 5. ENGAGE THE FAMILY**
Use the new donor-advised fund to involve family members in grant-making decisions and foster connections across generations.
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THE PREFERRED DAF PLATFORM FOR FAMILY OFFICES

Give, a TIFIN company, offers a unique donor-advised fund platform tailored to the needs of Multi-Family Offices and their UHNWI clients:

Low-Cost DAF

Allow your clients' charitable dollars to go further and drive greater impact. Give offers a transparent, simple fee structure with no investment fees.

Investment Flexibility

With multi-custodial SMA options, your office can manage investments without feeling captive to a fixed menu of options. Give can collaborate with your team to develop a custom IPS based on family desires.

Highest Degree of Information Security

In the Information Age, your clients require a high degree of security. Give is certified as SOC II compliant, the standard for data security, privacy, confidentiality, and processing integrity.

White-Labeled Platform

Experience the DAF platform that looks and feels like your firm. Give can easily white-label the platform to offer a seamless client experience with the brand they know and trust.

Family Giving Flows

Millennials and Gen Z will inherit an estimated \$124 trillion through 2045. Give's Family Engagement functionality brings the next generation into the fold of giving, helping you to cultivate relationships with client heirs and retain them upon legacy transfers.

Team-Wide Access

It can take a village to serve clients' comprehensive needs. Add multiple team members to any client DAF account and assign different roles for advisors, operations, administration, and more.

Seamless Account Opening

We own the heavy lifting so you don't have to. In under five minutes, you can invite a client and launch the DAF.

Streamlined Onboarding

Give's dedicated Support team provides an onboarding package, including customized emails to communicate the transition with clients, marketing materials outlining client benefits, and more.

A TRANSFORMATIONAL SHIFT

Transitioning from a private foundation to a donor-advised fund is more than a shift in structure. It's a move toward **greater flexibility, efficiency, and family engagement**. With Give, family offices can offer their clients a modern philanthropic experience that aligns with both financial and legacy-building goals.

**ARE YOU CONSIDERING MAKING THE
TRANSITION? TALK TO THE GIVE TEAM TODAY.**

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