

3 EASY OPTIONS FOR PRIVATE FOUNDATION CONVERSION

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Creating a private foundation can be an exhilarating experience for an individual or family. It is a public affirmation of their philanthropic spirit and a commitment to support worthy charitable activities.

While a private foundation can be a great vehicle for philanthropic giving, in some cases the process of managing the foundation's affairs can diminish the joy of giving or even become too burdensome to maintain. Seattle Foundation can help you simplify the process and bring the focus and joy back to giving.

OPTION 1: CONVERT THE FOUNDATION INTO A FUND AT SEATTLE FOUNDATION

Over time private foundations can be affected in a variety of ways:

- Your original purpose may no longer apply or you need to update your philanthropic mission to meet changing community needs.
- Financial factors, such as rising operational and investment management costs, may make it difficult for your private foundation to serve effectively and may be draining funds from your charitable purpose.
- It can be difficult to keep up with new and changing government regulations.
- It may be a challenge to meet the annual 5% payout requirement.
- The founder may prefer that his or her family focus on philanthropy, rather than on the foundation's investments and administration.

In any of these scenarios, converting your private foundation into a donor advised fund or a supporting organization may be the solution. With Seattle Foundation, you will experience a reduced administrative burden, while maximizing your charitable giving with the grantmaking expertise of community foundation staff.

THE TERMINATION PROCESS

The first step is to create a fund at Seattle Foundation and choose the name of the fund. You can continue to use the same name that you used for your private foundation. Simply complete a new fund form with the help of our Philanthropic Services team. We will discuss the fund options for you to make it easy to get started.

Next, begin the process of terminating your private foundation by transferring assets to Seattle Foundation pursuant to guidelines it will provide you. The IRS permits a streamlined, less expensive means of terminating private foundations if they transfer their assets to a public charity that has been in existence for over 5 years. Seattle Foundation is a 501(c)(3) public charity that has been in this community for more than 65 years.

Once your fund is open and your assets have been transferred, Seattle Foundation will do the legwork for you with regard to managing your fund and providing you with solid ideas for your grantmaking. We handle the administrative details while you focus on your giving.

OPTION 2: DONATE YOUR ANNUAL 5% PAYOUT TO A COMMUNITY PHILANTHROPY FUND AT SEATTLE FOUNDATION

On occasion, the trustees of a private foundation may have difficulty meeting the annual 5% payout requirement. Seattle Foundation can assist by accepting contributions from a private foundation's annual payout. The payout can be placed in a community philanthropy fund at Seattle Foundation and distributed to other nonprofits over time.

Because the private foundation's contribution to Seattle Foundation is a "qualifying distribution," it counts towards the 5% payout requirement. The private foundation makes one grant (issuing just one check), and Seattle Foundation then disburses subsequent grants to qualified agencies based on recommendations from you or other fund advisors appointed by you.

OPTION 3: SUPPORT THE COMMUNITY THROUGH SEATTLE FOUNDATION'S UNRESTRICTED GRANTMAKING FUNDS

Private foundations that work with Seattle Foundation benefit from our experience and permanence, while also benefiting from the flexibility and expert grantmaking services the partnership can provide.

A private foundation can meet all or part of its annual payout requirement by supporting Seattle Foundation's community endowment, one of Seattle Foundation's community initiatives or an area of interest focused on a particular cause such as education, environment, the arts, etc. Contributing to any of these unrestricted grantmaking funds helps support our region's most outstanding and effective nonprofit programs.

If you would like to learn more about your options regarding your private foundation, please contact the Philanthropic Services team at (206) 515-2111 or philanthropicservices@seattlefoundation.org.

Please note that the information contained herein is not intended to provide specific legal or financial advice and should not be relied upon as a substitute for such professional advice. Seattle Foundation encourages you to seek professional legal, estate planning and financial advice before deciding on a course of action.