Why UHNW Families are Moving from a Private Foundation to Donor-Advised Fund

From complexity-heavy philanthropy to more flexible philanthropy

For many families, a private foundation is an important starting point, but over time many begin to ask:

Does this still fit how we want to give?

Increasingly, the answer is no. Not because the commitment to philanthropy has changed—but because the structure no longer supports it. Many families are realizing a DAF allows for the same level of strategy, rigor, and intentionality in their giving, without the complexity of a Private Foundation.

Serious Philanthropy, Reimagined

There was a time when moving from a private foundation to a Donor-Advised Fund was seen as a step down—from serious philanthropy to something more casual. That's no longer the case. Many Donor-Advised Funds hold 8 and even 9 figure balances*, proving that scale and sophistication are no longer tied to structure.

Today, many of the most engaged philanthropists are choosing DAFs for a different reason:

- They want to stay deeply involved in giving, without the complexity that slows it down.
- This is not less philanthropy. It's a more adaptive approach to giving.

Why Families Reconsider the Private Foundation

- Administrative tasks are outweighing the work of giving
- The focus is shifting from operations to impact
- The next generation wants to participate—not manage infrastructure
- Board governance is becoming more complex across generations
- Costs no longer match the level of activity
- Privacy and anonymity are increasingly important
- The mission has evolved—or been fulfilled

* Investment News, "Wealthy shift billions to Donor-Advised Funds to gain tax breaks," 2023.

Why Families Move to DAFs

DAFs Offer:

- Flexibility in how and when grants are made
- Significantly less administration (no ongoing tax filings or compliance burden)
- Lower operating costs
- Continued family involvement, without formal governance structures
- Anonymous giving for privacy
- A simpler way to engage the next generation

Less time managing a structure. More time focused on impact.

How to Transition from a Private Foundation to a DAF

1. Transfer the assets

Distribute all net assets from the private foundation to a DAF sponsored by a qualified public charity like Renaissance Charitable Foundation.

2. File final IRS reporting

Submit a final annual tax return for the year of termination.

- This formally closes out the foundation from a federal tax perspective
- If the sponsoring charity has been in existence for at least five years and is in good standing, the foundation's termination for federal tax purposes is automatic.
- No termination tax applies, and no advance notice to the IRS is required

3. Complete state dissolution

Notify the states where the foundation is registered and complete any required legal dissolution steps.

- Requirements vary by structure (e.g., corporation vs. trust) and state law
- A certificate of dissolution may be required, along with additional state filings
- Legal counsel is recommended to ensure compliance

A New Chapter for Giving

A Private Foundation may have been the right structure to begin your philanthropic journey.
For many families, a Donor-Advised Fund becomes the right structure to continue it.

Ren's technology powers more than **$200B** in charitable assets. Join the movement of Financial Advisors who are recommending DAFs at **reninc.com**.

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