

Private Foundations vs. Donor-Advised Funds Checklist

9 CRITICAL QUESTIONS TO GO THRU WITH YOUR CLIENTS



Advisors often recommend a charitable vehicle for their philanthropic clients as part of their overall wealth management strategy, with donor-advised funds (DAFs) as the default choice. However, private foundations offer unique advantages that shouldn't be overlooked and, thanks to tech efficiencies, have a much lower entry point than ever before. In this handy checklist, we've listed 9 unique benefits of private foundations that you can use in meetings to help them choose the superior option.

1. Is Control Important?

YES NO

Private foundations give complete control over how assets are invested and distributed. Once assets are donated to a DAF, most major decisions rest with the DAF sponsor, not the donor.

2. Do They Want To Fund with a Variety of Assets?

YES NO

Private foundations can accept a wide array of assets, including real estate, collectibles, private equity, stock options, cryptocurrency, and other valuables, whereas DAFs are more limited.

3. Is Speed a Top Priority?

YES NO

Foundation Source can establish a private foundation in as little as three days for a low, flat fee.

4. Are Fees a Major Factor?

YES NO

Technology and outsourcing have dramatically lowered the costs of running a private foundation.

5. Have They Thought Of Hiring Staff—Even Family?

YES NO

Unlike DAFs, foundations can employ family members, provided they're qualified and compensated reasonably and necessarily.

6. Do They Want to Pursue Creative Giving?

YES NO

Private foundations offer the most extensive philanthropic options compared to DAFs, including grants to individuals, support for non-U.S. organizations, running direct charitable activities, mission-related investments and funding projects that advance the charitable mission.

7. Will They Need Enforceable Grant Agreements?

YES NO

Private foundations can establish legally binding agreements with grantees to secure certain terms, such as capping administrative expenses or naming rights, and ensuring funds are used according to the donor's wishes.

8. Do They Want To Personally Deliver Donations?

YES NO

With a private foundation, clients can personally deliver grants to charities and other recipients, which isn't an option with DAFs where grants are processed through a sponsoring organization.

9. Is Flexibility A Must?

YES NO

Choosing a private foundation isn't binding; clients can convert to a DAF in the future if their needs change. However, converting from a DAF to a private foundation is not possible. Many donors choose to use both a foundation and a DAF together to create philanthropic and financial synergy.

If your clients answered "Yes" to any of these questions, help them learn more about the benefits of a private foundation.

QUESTIONS IN THE MEANTIME?

Call 800.839.0054 or send us an email at info@foundationsource.com.

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