



# PROFESSIONAL ADVISOR NEWSLETTER

MONTHLY NEWSLETTER

MAY 2025 TRENDING TOPIC 1

**YOUR PARTNER IN STRATEGIC PHILANTHROPY PROFESSIONAL  
ADVISORY SERVICES.** Empowering Financial Growth and Community Impact



## FRAN BROLLEY

President and CEO

Starved Rock Country Community Foundation



**GREETINGS FROM SRCCF!**

## WE'RE HERE FOR YOU - MAY 2025 TRENDING TOPICS 1

Hello from the Starved Rock Community Foundation.

We appreciate the opportunity to work with you and so many other attorneys, CPAs, and financial advisors as you assist your clients with their estate, tax, and charitable planning needs. Your partnership is especially important in today's economic climate as the need for philanthropic support becomes more critical than ever to sustain and improve the quality of life in our region. That's certainly the spirit we intend to capture in our latest updates.

–As you work with a client who has established a private foundation, consider that at some point it might make sense to transfer all or a portion of the private foundation's assets to a donor-advised fund at the SRCCF. Our checklist for making a

move is worth a skim to remind you of the many benefits.

–Keep in mind that charitable giving is important to your clients even during times of economic upheaval. Your clients still want to give to their favorite charities, so keeping an eye on evolving tax policy is crucial. We are here to help you and your clients take both a short-term and a long-term approach to making an impact in our region.

As always, we're honored to be your first call whenever the topic of charitable giving arises. Our goal is to help your clients make a difference, especially during these uncertain times. Starved Rock Country Community Foundation is here for you, for your clients, and for our community.

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## A HAPPIER ALTERNATIVE? MOVING FROM A PRIVATE FOUNDATION TO A DONOR-ADVISED FUND

The number of private foundations in the United States is nearing 150,000 with combined assets topping \$1 trillion, so it's no wonder that a lot of people immediately think about establishing a private foundation when they begin to explore structuring their charitable giving activities.



You're likely working with several clients who've established private foundations somewhere along the way.

Recently, though, the growth of donor-advised funds to nearly 2 million in number—with grants from these vehicles reaching \$50 billion in some years—signals that many people are starting to use both a donor-advised fund and a private foundation. Some of your clients may even be considering transferring a private foundation's assets to a donor-advised fund with the SRCCF to carry out the family's mission. This particular trend is on the rise, so take a moment to skim this checklist to help guide conversations.

**"REALITY CHECK" THE HASSLE.** Day-to-day management and administration of a private foundation can become time-consuming, especially as the responsibilities fall to second- and third-generation family members. Even the first generation may realize at some point that administrative work is taking too much focus away from nonprofits, the community, and making grants.

**REVIEW THE TAX RULES.** The IRS's rules related to investments, distributions, and "self-dealing" are complex. Over time, family members may become frustrated navigating the potholes of tax compliance. For instance, if a client plans to transfer all or part of a family business, now or in the future, it is critically important to communicate the benefits of using a donor-advised fund at the SRCCF versus transferring the business interests to a private foundation (which can be disastrous from a tax standpoint).

**LEAN ON US.** Our team is happy to walk alongside you and your client through the steps to terminate a private foundation and move the assets to a donor-advised fund with the SRCCF. The first step is for the board of the private foundation to approve the termination and capture that approval in meeting minutes or a consent of directors.

**SET UP A DONOR-ADVISED FUND.** Your client can establish a donor-advised fund with us and choose the name (e.g., Smith Family Foundation Fund). Similarly, selection and succession of fund advisors (who will handle grantmaking) can mirror the private foundation's board structure. As a result, the donor-advised fund will look and operate a lot like the private foundation.

**MAKE A GRANT.** The private foundation will distribute ("grant") most of its net assets to the newly-established donor-advised fund. The private foundation will need to be sure it pays all of its liabilities and expenses before accounts are closed, so your clients will want to leave a reserve in the private foundation to cover final bills before completing the termination.

**FINALIZE THE TERMINATION.** As long as the private foundation corporate entity is in good standing according to state laws, termination for tax purposes will be automatic and smooth because assets were transferred to the Starved Rock Country Community Foundation, a longstanding organization. The private foundation will then simply file an informational tax return with the Internal Revenue Service for its final year (even if it is a short tax year). The final step is for the private foundation to take any steps required for termination under the laws of any and all states in which it was registered, especially if the private foundation was organized in corporate form.

**Whether your client is ready to transfer a private foundation this year or is simply evaluating options, please give us a call. Perhaps the time is right to establish the donor-advised fund with us now with a portion of the donor's other assets.**

**We're happy to help!**

**As 2025 continues to deliver twists and turns, it's important to keep talking about philanthropy. Charitable giving is a vital strategy for your clients, even in times of economic uncertainty. Here are three trends to watch as you guide your clients through an unpredictable era and encourage them to look beyond the horizon.**



### **YOUR CLIENTS STILL WANT TO GIVE**

While overall giving may dip during economic downturns, most of your philanthropic clients will continue to support their favorite charities. Indeed, giving often rebounds quickly alongside economic recovery. Donor-advised funds, in particular, have shown resilience and even growth during economic shocks, providing a stable source of support for nonprofits and a flexible tool for your clients. This support is crucial because economic upheaval often increases community need, which in turn creates more demand for nonprofits' services. Often, as was the case during the pandemic, donors rise to the occasion. By working with the Starved Rock Country Community Foundation, your clients can stay close to the tangible, local impact of their giving.

### **LEGISLATION IS STILL PERCOLATING**

At the moment, key provisions of the Tax Cuts and Jobs Act (TCJA) are set to expire at the end of 2025, potentially impacting the charitable strategies you recommend to clients. Notably, though, on February 13, 2025, lawmakers in both the House and Senate introduced the Death Tax Repeal Act of 2025, aiming to permanently eliminate the federal estate tax and the federal generation-skipping transfer (GST) tax. Needless to say, if this act becomes law, the landscape of tax planning will change dramatically. On a happy note, under recently-proposed legislation, clients over the age of 70 ½ would be able to make Qualified Charitable Distributions to donor-advised funds at the SRCCF. Under current law, eligible fund recipients of QCDs are limited to designated, field-of-interest, unrestricted, and similar funds.

## FOCUS ON THE FUTURE

Some of your clients may be wondering just how much they can truly accomplish through philanthropy, especially right now. The answer is a lot. Sometimes called “big bet philanthropy,” strategies to leverage charitable dollars to tackle systemic social issues are becoming more popular. “Long-haul” initiatives require sustained commitment, collaboration, and capacity-building among both donors and the nonprofit organizations they support. Thanks to its mission to connect donors to community needs, the community foundation is in a unique position to work with your clients who want to pursue this form of charitable giving.

**Please reach out to our team anytime. Even during economic upheaval, charitable giving remains a powerful tool for tax planning and durable community impact. Thank you for your continued work to help your clients maximize their positive influence on our community.**

### STARVED ROCK COUNTRY COMMUNITY FOUNDATION

*Connecting People Who Care  
With Causes That Matter*

 116 W. Lafayette Street,  
Ottawa, Illinois 61350

 815-252-2906

 [www.srccf.org](http://www.srccf.org)

 [info@srccf.org](mailto:info@srccf.org)

The team at the community foundation is honored to serve as a resource and sounding board as you build your charitable plans and pursue your philanthropic objectives for making a difference in the community. This newsletter is provided for informational purposes only. It is not intended as legal, accounting, or financial planning advice. Please consult your tax or legal advisor to learn how this information might apply to your own situation.

**THANK YOU FOR THE OPPORTUNITY  
TO WORK TOGETHER!**

