

Wrapping Things Up

By Deborah L. Jacobs

"Running a private foundation is similar to operating a small business in many ways, including the process of shutting the foundation down," says David Scott Sloan, a Boston-based lawyer who heads the National Private Wealth Services group at Holland & Knight in Boston. The following checklist can help you guide clients through the necessary stages — and in the most logical order:

- Check the document that created the foundation to be sure you are complying with all the provisions that affect dissolution.
- Select the 501(c)(3) IRS qualified public charity that will receive the assets, and verify that it has been in existence for at least five years.
- Satisfy any contractual commitments, such as pledges, that the foundation has made.
- Calculate the legal and accounting costs of dissolution, and pay these fees before you distribute the endowment to charity.
- Make sure your last transfer is to charity. This includes the required 5% payout for the year of dissolution.
- Indicate, on the next tax return, that this is the foundation's final return.
- Take all the necessary steps required by state law to dissolve the foundation. (The division of public charities at the attorney general's office can be a valuable resource.)

Deborah L. Jacobs, a lawyer and journalist, is the author of Estate Planning Smarts: A Practical, User-Friendly, Action-Oriented Guide (DJWorking Unlimited, 2009). An update to the book, on how the new tax law affects your estate plan, can be downloaded from the website www.estateplanningsmarts.com.