

Steps to terminate a private foundation

Follow a few steps to terminate a private foundation and transfer assets into a philanthropic account at Vanguard Charitable. The process may vary depending on your state's laws and whether the foundation is a corporation or trust.

- Step 1** **Corporate action**
The foundation's board of directors must authorize the dissolution in accordance with governing documents and the laws of the state in which the foundation is organized. Some states may also require regulatory approval.
- Step 2** **Pay liabilities and distribute assets**
Identify all outstanding liabilities, including final tax liability and the estimated cost of dissolving the foundation, such as legal and accounting fees. Prior to the end of the foundation's last fiscal year, final costs must be paid and any remaining assets should be distributed to Vanguard Charitable. (A philanthropic account can't incur expenses related to the dissolution of a private foundation.)
- Step 3** **Final return**
File a final Form 990-PF and pay remaining federal taxes; the IRS may require additional documentation. Because Vanguard Charitable has been a public charity for more than 60 months, the IRS does not require additional notification. We recommend completing the dissolution process prior to the foundation's fiscal year end to avoid filing again the following year.
- Step 4** **State filing requirements**
Filing requirements will vary by state. In most instances, the state requires the foundation to file documents with the secretary of state and pay a filing fee. Some states, however, may require additional notification and/or filing requirements.

This guide is provided for informational purposes only. Consult an attorney or professional advisor for guidance with your particular foundation and related state requirements.