



ISSUE PAPER

# Expand and Extend the IRA Charitable Rollover to Include Donor-advised Funds (H.R. 1250/S. 864)

## Position:

The Council on Foundations supports the expansion and extension of the IRA charitable rollover to include gifts above \$100,000, and to allow taxpayers to make distributions to donor-advised funds, supporting organizations, and private foundations, in addition to traditional charities.

For more information, contact the Council's Government Relations Department at 703-879-0600 or [govt@cof.org](mailto:govt@cof.org).

**Background:** The Pension Protection Act of 2006 (PPA), included a temporary provision that allowed taxpayers age 70-and-a-half or older to make tax-free distributions (of up to \$100,000 per taxpayer per year) to charitable organizations from their traditional IRA accounts.

On October 3, 2008, Congress passed The Emergency Economic Stabilization Act of 2008 extending several expiring tax provisions, including the IRA charitable rollover, through the end of 2009.

We support the expansion and extension of the IRA charitable rollover to include charitable gifts above \$100,000, and to allow taxpayers to make distributions to “donor-advised funds,” supporting organizations, and private foundations, in addition to traditional charities.

**Rationale:** At this time of economic crisis, it is crucial that Congress incentivize charitable giving by expanding the approved recipients of IRA charitable donations, including to “donor-advised funds.” Community foundations are increasingly relying on donor-advised funds to serve their populations in need. In fact, a 2008 study of community foundations in 37 states found that 62 percent of community foundations’ grantmaking now comes from donor-advised funds. On average, the annual payout rate from donor advised funds is 16.4 percent, significantly higher than from other funds.

Community foundations are working every day to strengthen and support their communities, and grants from their donor-advised funds are a key component of the support they provide. By expanding the charitable rollover to include all philanthropic tools, charitable giving would likely increase and allow donors to provide immediate new sources of support within their communities.

**We Need Your Help:** Please co-sponsor the Public Good IRA Charitable Rollover Act. On March 2, 2009, Representatives Earl Pomeroy (D-ND) and Wally Herger (R-CA) introduced “The Public Good IRA Rollover Act of 2009” (H.R. 1250) in the House of Representatives. In the Senate, Senators Byron Dorgan (D-ND) and Olympia Snowe (R-ME) introduced a companion bill (S. 864) on April 22, 2009. We strongly encourage you to co-sponsor H.R. 1250 /S.864, so that local philanthropy can grow in your communities.

**May 2009**