



## **Submission for the Record**

House Committee on Ways and Means  
Subcommittee on Select Revenue Measures

Hearing on Certain Expiring Tax Provisions  
Thursday, April 26, 2012

### **Statement of Partnership for Philanthropic Planning**

The Partnership for Philanthropic Planning (PPP) is a 501(c)(3) public charity whose mission is to help people and organizations create charitable giving experiences that achieve the philanthropic, financial, family and personal goals of the donor. PPP helps maximize the value of charitable giving for nonprofit organizations and donors by helping fundraising professionals provide the most meaningful charitable giving experience for donors; helping financial planning professionals provide their clients with excellent advice on charitable giving and estate planning; and helping nonprofit managers and trustees better accomplish the missions of their organizations through meaningful philanthropic planning.

PPP achieves its mission through research, education, advocacy, community dialogue and the setting of standards and best practices in philanthropic planning. PPP is supported by more than 115 councils representing 8,000 planned giving and major gifts fundraisers, nonprofit managers and trustees, financial and estate planners, trust managers and a variety of donor advisors. Collectively these professionals facilitate billions of dollars in charitable gifts each year.

PPP has long advocated in favor of government policy that encourages charitable giving. PPP's position is based upon the critical role of philanthropy in this country. Tax incentives for charitable giving send an essential message about the value our society places on voluntary giving and the important role of charitable organizations in meeting critical individual and community needs. The true beneficiaries of the charitable donation are not the generous Americans who make charitable gifts, but all citizens whose local communities and our nation, are made better through the work of charitable organizations.

In this spirit of encouraging responsible philanthropy, PPP strongly supports federal legislation that permits Americans to transfer money from their Individual Retirement Accounts (IRAs) directly to nonprofit organizations for charitable purposes, without suffering tax penalties. This legislation is commonly referred to as the IRA Charitable Rollover.

In August 2006, a limited version of the IRA Charitable Rollover was first enacted into law as part of the Pension Protection Act of 2006 (Public Law 109-280). This provision permitted IRA owners beginning at age 70 ½ to make outright charitable gifts of up to \$100,000 per year from their IRAs directly to eligible charities for calendar years 2006 and 2007. The donor did not have to report the distribution as taxable income and was not entitled to claim a charitable income tax deduction for the gift. The IRA Charitable Rollover was extended for 2008 and 2009 as part of the Economic Stabilization Act of 2008 (Public 110-343), but then lapsed as of January 1, 2010. On December 17, 2010, the provision was retroactively extended for 2010 and

into 2011 with the enactment of the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (Public Law 111-312). Unfortunately, the IRA Charitable Rollover expired again at the end of 2011, and Congress has yet to act to extend or expand this important tax provision.

PPP is pleased to report that the IRA Charitable Rollover, as enacted in 2006 throughout 2011, has generated an enormous amount of *new* charitable giving. For example, PPP has received reports of nearly 4,500 separate charitable gifts made pursuant to this provision, totaling over \$80 million. This data is the result of a voluntary, limited survey conducted by PPP, so the total number of charitable gifts from IRAs is likely much higher. In addition, PPP's data shows the most common IRA Rollover gift has been \$5,000, with the majority of gifts ranging between \$1,000 and \$10,000, which means the IRA Charitable Rollover is allowing older Americans, particularly those individuals who do not itemize their tax deductions and would not otherwise receive any tax benefit for their charitable contributions, to donate relatively modest amounts of money to thousands of nonprofits that work every day to enrich lives and strengthen communities across the country. Because the IRA Charitable Rollover has now lapsed once again, however, our nation's charities – and those they serve – are losing millions of dollars in new charitable gifts that are generated by this important tax provision.

Accordingly, PPP strongly supports extension of the IRA Charitable Rollover provision that expired at the end of 2011. In addition, PPP supports the Public Good IRA Rollover Act of 2011 (H.R. 2502), legislation sponsored by Representatives Wally Herger (R-CA) and Earl Blumenauer (D-OR), which would expand and make permanent the IRA Charitable Rollover. PPP believes this legislation will spur millions of dollars in new charitable donations that will go to support critical programs and services for those in need. Therefore, PPP, and the thousands of fundraisers, donor advisors, and charities represented by the organization, urge Congress to act in the coming months on the IRA Charitable Rollover.