

Planned Giving Tip
August 2006
IRA Rollover Bill Passes

Below is a brief explanation of the recently passed bill that allows donors to make contributions to qualified charities from their traditional or Roth IRAs without incurring income tax (up to \$100,000). This provision has long been sought after by most non-profits, as IRA gifts to qualified charities have always been subject to income tax.

This could be very big news for our donors who may have wanted to give these assets away while they are alive but did not want to incur the income tax. Traditionally IRAs have been the least favorable asset to leave to family members in one's estate plan because of the tax family members would have to pay, which could be more than 70% if the donor's assets were subject to estate tax.

If IRAs are given to charity at death, they pass tax free. This bill, however, allows for tax-free IRA gifts, during the donor's lifetime but, like many laws, the benefit has an expiration date: December 31, 2007. The donor must be at least 70 1/2 years old to qualify for the tax-free donation.

My advice to you is to get the word out now through the bulletin and your newsletters. People need to know this now so they can make appropriate plans. I will include this opportunity in my 2006 end-of-year giving brochure. But you should not wait until then. **THIS IS A VERY IMPORTANT GIVING OPPORTUNITY THAT WE DON'T WANT TO MISS OUT ON!!**

Keep planting seeds.
John

National Committee on Planned Giving®

**IRA Charitable Rollover Provision Passes in Senate;
NCPG President and CEO Claims Victory in Long Struggle for Passage**

The IRA Charitable Rollover Provision could become law as early as today. The Senate on August 3 approved H.R. 4, the Pension Protection Act of 2006, which includes the charitable IRA Rollover provision, by a vote of 93-5. The bill now goes to President Bush for signature.

To read the full text of the bill, visit: <http://thomas.loc.gov/cgi-bin/bdquery/z?d109:HR4:>

The provision provides an exclusion from gross income for certain distributions of up to \$100,000 from a traditional individual retirement account (IRA) or a Roth IRA, which would otherwise be included in income. To qualify, the charitable distribution must be made to a tax-exempt organization to which deductible contributions can be made. The provision would be effective for two years through 2007.

NCPG has actively sought passage of a permanent IRA Charitable Rollover for the past several years, including establishing and leading a coalition of nonprofits that support the IRA Charitable Rollover. Though H.R. 4 provides a provision lasting only for two years, NCPG leadership is elated that partisanship has been pushed aside for the good of all donors and charities.

"This is a significant development for the entire charitable sector," said Tanya Howe Johnson, NCPG President and CEO. "We applaud our constituents, fellow coalition members, and partners for their help and support in NCPG's pursuit of IRA Charitable Rollover Passage."

This bill contains both charitable incentives, and charitable reforms. To read a summary of all the charitable provisions in H.R. 4, click [here](#) (pdf). To see how your Senator voted, visit: http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=109&session=2&vote=00230