



SUPPORT EFFORTS TO EXPAND IRA CHARITABLE ROLLOVER TO SUPPORT GIVING TO FEDERATIONS AND AFFILIATED AGENCIES

The Jewish Federations of North America (JFNA) urges members of Congress to support efforts to expand the IRA Charitable Rollover (“rollover”), a proven charitable giving incentive, by co-sponsoring the **CHARITY Act (S. 2750)**, the **Grow Philanthropy Act (H.R. 4907)**, both of which would expand the rollover for donor-advised fund contributions, and **H.R. 5171, the Legacy IRA Act**, which would provide for charitable life-income plans.

The existing IRA Charitable Rollover has been an overwhelming success as a giving incentive, helping many of America’s charities provide needed services at a time of increasing demand and when fewer resources are available from government sources. In a little over eight years, Jewish Federations throughout the country have received **almost \$40 million** from IRA charitable rollover contributions. These gifts have helped Federations to accelerate capital campaigns to finance new construction projects as well as maintain vital social programs, among other worthwhile projects. In addition, many donors have taken advantage of the IRA Charitable Rollover to fund endowments for their annual Federation campaign gift, the charitable lifeblood that funds current budgets and keeps federations and affiliated agencies in operation.

Expand the Rollover to Permit Contributions to Donor-Advised Funds (S. 2750 and H.R. 4907)

- A donor-advised fund is a charitable giving vehicle established through an irrevocable contribution to an account owned and maintained by charitable organization such as a Jewish federation or affiliated Jewish community foundation that permits a donor or donor-advisor to retain advisory privileges over how the funds are distributed to charity or how the account is invested. Collectively, the JFNA system holds almost \$6 billion in donor-advised funds and authorizes charitable distributions exceeding \$1 billion annually from such funds.
- Donor-advised funds provide a variety of advantages to both donors and their families and sponsoring organizations such as Jewish federations and Jewish community foundations including fostering an-ongoing dialogue between parties regarding philanthropic objectives as well as generating support for new and existing programs of interest to the federation system and its affiliated agencies. Allowing IRA Charitable Rollover contributions will permit qualified donors to maximize the benefits of such important charitable giving vehicles.
- The Senate bill would require donor-advised fund sponsoring organizations such as federations or community foundations to disclose whether they have an official policy on “inactive” or “dormant” donor-advised fund accounts, and if so, describe the policy or include a copy of it on their Form 990. In addition, they would also be required to calculate and disclose the average percentage granted or distributed from all donor-advised funds collectively during the current taxable year, as well as the average payout over the most recent three-year period. The House bill does not include these disclosure requirements.

Expand the Rollover for Life-Income Plans (H.R. 5171)

- The Legacy IRA Act authorizes tax-free IRA rollovers for gifts that benefit charities *and* provide taxable retirement income—charitable life-income plans such as charitable gift annuities and charitable remainder trusts—for the donors. Many IRA owners want to make charitable gifts, but also need retirement income. The life-income IRA rollover is a way for donors of average resources to combine charitable gifts with retirement income. At the donor's death, the assets in the plan are owned outright by the qualified charity. Under the authorized life-income plans, the IRA owners will be taxed on income received at ordinary income tax rates.
- The annual limit on rollover life-income plans would be \$400,000, for individuals 65 or older. For individuals 70½ or older, the combined ceiling for direct and life-income transfers from their IRAs is \$400,000, or a \$100,000 cap for direct transfers. As drafted, the life-income plan alternative would be permitted under a four-year trial program to determine the effectiveness of the charitable incentive.
- Many Jewish federations currently operated life-income plans and expansion of the IRA Charitable Rollover to allow such distributions should also permit additional donors to take advantage of this well-established charitable giving vehicle while at the same time receiving needed retirement income.

For any questions or if you need additional information on these proposals, please feel free to contact Steven Woolf, JFNA senior tax policy counsel at 202-736-5863 or at steven.woolf@jewishfederations.org