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In this issue . . .

- NAICU Survey: IRA Charitable Rollover Generated $70 million in Donations at Private Colleges and Universities

NAICU Survey: IRA Charitable Rollover Generated $70 million in Donations at Private Colleges and Universities

Findings of a recent survey by NAICU show the IRA charitable rollover provision enacted in August, 2006, has had a significant impact on charitable giving at private institutions in its first five months, with respondents documenting more than $70 million in new contributions. The survey results were released on April 12, and are based on nearly 700 responses from private, non-profit colleges and universities.

IRA rollover gifts were reported by 70 percent of the responding colleges and universities, with an average of 10 gifts per institution. The survey focused on gifts received at private colleges and universities as a result of the rollover for the 2006 tax year.

The IRA charitable rollover provision, part of the Pension Protection Act (H.R. 4), is temporary, existing for part of 2006 and all of 2007. Without congressional action, it will expire at the end of this year. The rollover provision allows individuals age 70 ½ or older to donate excess retirement funds from either a Roth or traditional IRA and make direct gifts to charities without prior tax penalties. Gifts are limited to $100,000 per person, per year.

Nearly two-thirds of respondents reported that they planned to use a portion of the IRA rollover funds for student financial aid. Other planned allocations for the gifts include annual funds, academic programs, loan repayment assistance, travel funds for study-abroad students, graduate fellowships, and faculty salaries, among other purposes. Eighty-four percent of respondents saw a definite potential for increased giving if the rollover is expanded and extended. Many development offices report that they have donors interested in continuing to give beyond 2007 as a result of the rollover.

Most of those responding to the survey believed that the provision could be strengthened in three areas: by allowing gifts at a lower age limit, by allowing indirect or planned giving options, and by removing the cap on the gift limit. NAICU has long advocated for these changes in the law.

Legislation has already been introduced in both the House and the Senate to make the IRA rollover permanent. Both bills also include lower age limits, allow indirect giving, and remove the $100,000 cap. Reps. Earl Pomeroy (D-N.D.) and Wally Herger (R-Calif.) introduced the "Public Good IRA Rollover Act of 2007", H.R. 1419, in the House. Senators Byron Dorgan (D-N.D.) and Olympia Snowe (R-Maine) introduced companion legislation, S. 819, in the Senate. While no legislative action is currently scheduled, it is likely that an extension of the IRA rollover will be considered along with other expiring tax provisions in an "extenders package" toward the end of the year.

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