Marketing IRAs as Gifts
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A few issues ago we discussed the non-IRA rollover components, and new onerous rules, of the Pension Protection Act. Now that we have some helpful statistics from 2006 it is appropriate to look at the positive implications of the Act and discuss how best to encourage donors to part with some of their retirement savings!

First the facts: According to John Taylor, principal, Advancement Solutions (Decatur, GA), the PPA 2006 provides a very small window of opportunity for some donors to make transfers from their individual retirement accounts as well as ROTH IRAs to certain nonprofit organizations and not have to pay income tax on the amount transferred (IRA withdrawals are normally taxable events). The specific criteria are:

- The donor must be 70 ½ or older as of the date of withdrawal
- The amount withdrawn cannot exceed $100,000 in a given tax year
- The transfer must go to a qualified exempt public charity – there are exceptions – seek counsel from your attorney
- This provision of PPA 2006 is set to expire on 12/31/07

How best to market this opportunity to our donors? "Know thy donor!" is a good start, John exclaims. "The most effective approach is to contact those of your donors you know do, or will, meet the age requirement this year." Of course it goes without saying that if you do not know the ages of all of your donors a general information piece can be mailed or placed on your website.

"Secondly," John continues, "impart a sense of urgency on your donors. Unless Congress acts, there are only a few months left to initiate such a transfer." As an aside, the National Committee on Planned Giving (NCPG) has been closely monitoring the success of this initiative and have helped introduce a new Senate resolution that would make rollovers beyond 2007 permissible, as well as eliminate the $100,000 cap and reduce the age limit to 59 ½.

"Finally," according to John, "while explaining to your donor that this transfer does not qualify as a charitable donation, we need to assure the donor that the transfer is nonetheless a charitable act and will go on the donor's record as such – as well as count in official fundraising totals!" Care in communicating this information to your donors is imperative. Donors do need to know that if any portion of the transfer results in a tangible benefit, the value of that benefit must be reported to the IRA administrator who must treat that portion as taxable income to the donor.

John concludes by saying, "We have a remarkable opportunity to engage with certain donors in a different way than ever before. We need to seize this opportunity. And while doing so we should begin preparing new marketing material and solicitation strategies for 2008 with the hope the new legislation will pass!"