



# TALKING POINTS

[Insert local example of community philanthropy at work – a program or service provided with the support of charitable giving.]

[Insert a brief description of what the program does to create opportunities and transform lives, who and how many people it serves, and the results it has achieved.]

## **EMPOWERING COMMUNITIES. TOGETHER.**

Philanthropic leaders from across the country are gathering in Washington, D.C. during *Philanthropy Week in Washington* to meet with our Congressional delegations. For decades, our leaders have deployed across Capitol Hill for “Foundations on the Hill,” the centerpiece event during *Philanthropy Week in Washington*.

Philanthropy creates thriving communities. Philanthropy is helping your constituents every day by **creating** jobs, **spurring** innovation, **supporting** the vulnerable, and **empowering** your constituents to improve their lives.

Philanthropy has a unique ability to innovate, incubate and deliver results – sometimes in ways government and for-profit entities cannot. Importantly, philanthropic collaboration with both government and business leverages our resources to benefit communities around the world.

## **CREATING + SPURRING + SUPPORTING + EMPOWERING**





# TALKING POINTS

WE ASK YOU TO  
SUPPORT H.R. 644,  
*THE AMERICA GIVES  
MORE ACT OF 2015*

This bill, which was passed by the House on February 12th, would make the IRA charitable rollover and the other charitable tax extenders permanent law.

## TAX POLICY

Our organizations are created under the tax code.

As Congress contemplates both individual changes to the code and comprehensive tax reform, we pay attention. We hope that you will consider the implications of these changes on philanthropic and charitable organizations, and in turn, your communities.

Changes to the code can enhance and expand the work we do. Or, they can constrain or diminish our ability to do our work, and consequently, hurt the communities we serve.

We recognize that Congress faces tough decisions regarding the nation's fiscal problems, but there are better solutions than suppressing the ability of philanthropy to do its critical work.

We are your resource to understand these implications.

## TAX REFORM CONSIDERATIONS

As the House Ways and Means Committee and Senate Finance Committee prepare for tax reform with research and outreach, members of Congress have looked at several other provisions affecting charitable organizations in the tax code, such as:

- supporting organizations
- unrelated business income
- executive compensation, and much more.

Many of these have come up during the extensive research and outreach process the House Ways and Means Committee and Senate Finance Committee continue to undertake to prepare for tax reform.

Before you consider changes, please seek input from philanthropic organizations and charitable institutions to understand the consequences – both positive and negative – that any changes would have on your community.

We also ask that you see our organizations, as well as the Council on Foundations and [insert name of regional association], as a resource on issues that impact philanthropy.



COUNCIL *on* FOUNDATIONS

  
**PHILANTHROPY WEEK**  
IN WASHINGTON  2015



# TALKING POINTS

WE ASK YOU TO UPHOLD CURRENT LAW REGULATING DAFs SO THAT COMMUNITIES CAN CONTINUE TO BENEFIT FROM THE GENEROSITY OF LOCAL DONORS.

## DONOR ADVISED FUNDS

Donor advised funds are one of many tools that community foundations use to engage donors and connect them with the causes they care about in their communities. Through donor advised funds, community foundations increase charitable giving and build access to long-term philanthropic resources in our communities, allowing assets to be used to address immediate needs or support future development.

Foundations and organizations like the Council on Foundations and [insert regional association] are educating members of Congress and congressional staff on the value of donor advised funds (DAFs) as unique philanthropic tools.

DAFs are flexible, allowing community foundations to quickly respond to local needs. DAFs have been used to support everything from emergency response efforts to long-term community economic development efforts.

DAFs ensure funds are available during hard times, much like a community savings account.

Together, DAFs and community foundations are bringing local solutions to the causes and issues that matter most.

Despite the benefits DAFs bring to communities, proposals have been discussed in Congress that would challenge the fundamental and long-standing value of endowed philanthropy.

One misguided proposal would require a DAF to exhaust its funds within five years or pay an annual 20 percent excise tax penalty on remaining money.

Shortsighted policies could significantly diminish use of the fastest growing giving tool, reduce charitable giving among a diverse group of donors, and threaten communities' ability to quickly respond to local needs.





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a flat rate of 1%.

## PRIVATE FOUNDATION EXCISE TAX

For more than a decade, we've been asking Congress to simplify the private foundation excise tax to a single rate.

The current excise tax is extremely complicated and requires extensive time and resources to calculate. It has become a real management challenge because its complex, two-tier structure and the inherent uncertainties in precisely calculating net investment income by year's end.

Consequently, the rate structure actually serves as a disincentive for increasing grantmaking in a calendar year – which is particularly devastating when late-year emergencies or disasters occur.

A higher grant payout this year to assist farmers impacted by drought in California, for example, will make it much more challenging for the foundation to qualify for the lower tax rate during the next 5 years.

A single rate for all private foundations would greatly simplify compliance, improve efficiencies, and remove disincentives. A flat rate of 1% would certainly be simple to administer.

We are open to considering alternative rates, but would find it difficult to support a rate that is used primarily as a revenue-raising mechanism.

The President has included a single-rate simplification of 1.35% in past Budgets, including the recently-released Fiscal Year 2016 Budget.



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## **IRA CHARITABLE ROLLOVER AND “TAX EXTENDERS”**

We ask that you make the IRA charitable rollover permanent law.

Since its enactment in the Pension Protection Act of 2006, the IRA rollover provision has proven to be very popular with taxpayers and beneficial to charities.

The temporary renewals of these incentives make planning difficult for donors and create uncertainty that harms the country’s charitable sector.

For each day that goes by without an incentive in place, many of the gifts the incentives were intended to promote will simply not take place.

Permanence will offer the certainty that both donors and nonprofits need to plan for charitable gifts in advance.

We would also like to see the IRA Rollover expanded to allow individuals to channel their mandatory distributions to other types of philanthropic vehicles. Permanence of the current provision is on the table now, and we fully support it. During the tax reform debates, for example, we ask you to support additional expansion.





# TALKING POINTS

WE ASK YOU  
TO PRESERVE  
THE FULL  
VALUE OF THE  
CURRENT  
DEDUCTION IN  
CURRENT LAW.

## CHARITABLE DEDUCTION

We are here to tell you about the power and positive incentive of the charitable deduction, and its positive impact in our communities.

The bottom line is this: We want to assure that important charitable work in every corner of our country continues and that your constituents will continue to be assisted by this work. The charitable deduction is critically important to assure that these organizations continue to thrive.

The charitable deduction is a unique tax benefit. It encourages individuals to give away a portion of their income without getting anything back. This makes it different from other tax benefits, which encourage individuals to spend or save for themselves.

In other words, it is the **ONLY** deduction that exists for public benefit rather than the individual taxpayer.

Changes to charitable giving incentives would cause donations to decline by billions of dollars each year, stifling philanthropy's effect during a time when communities are still struggling to overcome the recession.





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Please consider our foundations, our regional association, and the Council on Foundations as your resource for information on philanthropic organizations, as sounding boards for proposals that could impact us, and as a partner back home.

## OTHER ASKS

**We invite you [your district/state team] to visit us and to learn more about the important programs we support in your communities every day, such as [insert example].**

**Would you join the Philanthropy Caucus?** The Caucus aims to educate Members of Congress about the vital role of American philanthropy. The Caucus will be hosting a series of events throughout 2015.

Here is the Dear Colleague letter from the chairs **[present staff/member with a copy of the letter, which the Council will provide you with].**

**Please join us at the House Philanthropy Caucus Lunch Briefing and Senate Philanthropy Caucus Reception.**

Provide them with date, time, location, title/topic. [Hard copies of invitations will be available to handout to Members and staff.]

**Please consider the impact of tax provisions on our work.**

Whether simplifying the private foundation excise tax, extending and expanding the IRA charitable rollover, or numerous other tax provisions in the Code, these are very important to us and we strongly encourage your support in fine-tuning the tax code to both support and strengthen philanthropic giving and organizations like ours.

