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**NEW CHARITABLE GIVING OPPORTUNITY UNDER PPA  
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Charity is in the air (it must be an election year). The charities came out well in the “things that are new and interesting opportunities” category of legislative largesse. On August 17, 2006, the President signed into law the Pension Protection Act of 2006 (the “Act”). While this legislation started out and ended up with substantive changes to remedy the problems of underfunded pensions (save the Pension Benefit Guaranty Corp from the fate of the savings and loan debacle), it also gained a number of interesting tag alongs.

For an individual 70 ½ years old with a traditional IRA or a Roth IRA certain distributions fitting the definition of “qualified charitable distributions” made from the IRA or Roth IRA to a 170(b)(1)(A) charity (excludes 509(a)(3) organizations and donor advised funds specifically) up to \$100,000 per taxpayer per taxable year will be excludable from income for the beneficiary. There is an ordering rule that means that the qualified charitable distribution carries out income first so that if there are nontaxable property distributions available, the taxpayer can arrange the distributions to minimize or eliminate what taxable comes out to an individual beneficiary by transferring the taxable income portions to the charity. In addition the contributions to the charity do not reduce the limitations on the taxpayer’s current year contributions to charity. For example, if a taxpayer directed his IRA to pay \$100,000 to Charity A and wanted to give to Charity B (or more to A) from his personal assets, the 50% of AGI limitation on annual gifts to charity would not be affected by the IRA funds transferred to the charity. This opportunity expires at the end of 2007.

On the other hand, there are a number of provisions in the Act which add penalties, excise taxes, recaptures, and denial of deduction in areas that the service has (and courts have) found to be abusive, non-charitable in nature or otherwise objectionable. For a list and more information on this act check our website at [www.mosespc.com](http://www.mosespc.com) or give us a call.

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