

Dear Senator:

We write to express our opposition to the Accelerating Charitable Efforts Act, legislation recently introduced by Senators Angus King (I-ME) and Charles Grassley (R-IA) as S. 1981. This bill would undermine important charitable tax incentives in ways that could be devastating to the vulnerable community members supported by our philanthropy.

S. 1981 seeks to place restrictions on private foundations and donor-advised funds (DAFs), which are a fast-growing tool for philanthropists at all levels to make multi-generational commitments to charity. DAFs are the simplest, most flexible, and most economical way for philanthropists to make these gifts. Supporters of DAFs call them “greenhouses” rather than “warehouses” for charitable giving. They encourage donors and their families to develop long-term giving plans and ensure that charities have the resources to realize their philanthropic visions far into the future.

Among the significant benefits of DAFs are that they allow charitable gifts to grow over time and thus have a much bigger impact, provide a simpler and less expensive vehicle than setting up and running a private foundation, and use funds--which are donated irrevocably-- exclusively for charitable purposes. National data from the *2020 DAF Report* shows that DAFs annually allocate an average of 20% of their assets on hand to qualified charities—by contrast, foundations are required to distribute 5% of their funds per year.

The core argument promoted by supporters of the Accelerating Charitable Efforts Act is that DAFs keep funds locked up and unavailable to meet pressing needs. This is not borne out by our experience in which grants from DAF holders resulted in the immediate spending of more than \$200 million to alleviate suffering from the pandemic.

The Accelerating Charitable Efforts Act would limit DAFs by requiring that their funds be spent within a prescribed time-period (such as fifteen years), limiting the life of a DAF, delaying the charitable tax deduction until the funds are disbursed, and not permitting the donor to deduct the fair market value of property given to a DAF. These provisions would reduce the incentive for donors to use DAFs, pave the way for their elimination, and sharply curtail philanthropic giving to charities and their beneficiaries. Moreover, the various restrictions proposed by the legislation would serve to add to the administrative burdens and expenses of those charities that sponsor DAF programs. In short, it would diminish rather than enhance our communities’ and their donors’ ability to support urgent charitable needs throughout our country and across the globe.

The legislation would also restrict the useful ways that private foundations use DAFs to further their charitable missions, as well as disallow foundations from treating certain administrative expenses (such as salaries and expenses paid to family members) as a qualifying distribution. As opposed to seeking to expand these important philanthropic tools, the legislation would inhibit their important charitable work.

We have grave concerns with the Accelerating Charitable Efforts Act and look forward to working with you and your colleagues to advance the interests of the charitable sector and enact

policy solutions that promote, rather than suppress, both short-term and long-term philanthropy. We would welcome the opportunity to brief you and your staff on our position on this bill.

Sincerely,