September 18, 2006

Dear Alumni and Friends:

In August, the US Senate passed the Pension Protection Act of 2006. While this legislation primarily focused on pension matters, Congress decided to use this bill to also enact various charitable giving incentives. This legislation includes a provision allowing individual IRA rollover gifts of up to $100,000 per year to organizations such as the University of Mississippi Foundation in both 2006 and 2007.

- The effect of the IRA rollover provisions is to allow for a tax-free rollover of funds for charitable use.
- The Act excludes direct distributions to organizations such as the Foundation from a donor's adjusted gross income (AGI). Therefore, there is no impact of the charitable contribution limitations of AGI from IRA rollovers.
- The provisions of the Act apply to gifts completed by December 31 of both 2006 and 2007.
- To qualify, the owner of the IRA account must be age 70 ½ or older and the gift must be made in a way that it would otherwise be fully deductible.
- The language precludes funding of gift annuities or similar income plans such as remainder trusts and applies only to outright gifts.

It is also important to note that the distribution must be made directly from the IRA account to the University of Mississippi Foundation. Donors will want to check with their IRA trustees and/or their advisors for procedures on the distribution of such gifts if they self-direct these funds.

- One clear benefit of the Act to donors is that funds given from IRAs are both excluded from gross income and taken into account when determining a person's mandatory withdrawal.
- Those over 70 ½ who are making required withdrawals from an IRA and contributing funds to charity should strongly consider taking advantage of IRA rollover gifts.

If you meet the IRA rollover criteria, we suggest you consult with your tax advisor to determine how the Pension Protection Act of 2006 may benefit you. We hope you will also feel free to contact us here at the Foundation if we can be of any assistance.

Sincerely,

Sandra M. Guest
Vice President

Wendell W. Weakley
President/CEO