SEO DETAILS:

Page Title: The Accelerating Charitable Efforts (ACE) Act: Background, Details and Implications | [INSERT RELATED SERVICE] | [INSERT FIRM NAME]

Meta Description: [NAME OF FIRM] analyzes the Accelerating Charitable Efforts Act impacting DAFs & private foundations. Learn about potential implications for your financial & tax planning.

Headline: The Accelerating Charitable Efforts (ACE) Act: Background, Details and Implications

BODY COPY:

The Accelerating Charitable Efforts Act was introduced in 2021 as a proposed means of reforming tax laws related to charitable donations, private foundations and Donor-Advised Funds (DAFs). For individuals who are involved with DAFs or private foundations, being aware of this proposed act and its potential implications is important when it comes to financial planning, tax planning and more.

What Is the Accelerating Charitable Efforts (ACE) Act?

More specifically, the ACE Act is bipartisan legislation that is being supported by The Initiative to Accelerate Charitable Giving (IACG). This act proposes an amendment to the existing Internal Revenue Code of 1986. If passed and implemented, this act would be the first legislation involving DAFs since 2006.

In general terms, the ACE Act would result in increased regulation and oversight of both private foundations and DAFs.

Background and Details About the ACE Act

So, what are some of the more specific changes that the ACE Act aims to implement into charitable giving? The main goal of the legislation is to restructure existing rules related to how private foundations and DAFs can make charitable donations and enjoy tax deductions related to those gifts.

Essentially, the ACE Act is focused on resolving two perceived issues with the current structure of private foundation and DAF donations. The first is a so-called timing mismatch that occurs between when a donor receives a tax deduction versus when the charitable organization receives the grant itself.

The answer to this issue through the ACE Act would be to impose new rules related to the timing of deductions. This would mean:

- Disallowing tax deductions for non-cash distributions to a DAF (unless the property is later sold for cash).
- Allowing tax deductions only in the year a DAF makes a cash grant to a charitable organization.
- Limiting the total amount of a tax deduction to the amount of the qualifying distribution.

Likewise, the ACE Act aims to establish two new types of DAFs (QDAFS and QCF-DAFs) that would be immune to these new rules.

The second perceived issue is related to donor control, where donors who have control of charitable funds in perpetuity is of concern to policymakers. To resolve this problem, the ACE

Act would require all contributions to DAFs to be made within 50 years. Failure to do so would result in a 50% excise tax on the remaining amount.

It is important to understand that if this act passes, existing DAFs are expected to be "grandfathered" in under previous timing rules.

Potential Implications of the ACE Act for Donors

For any individuals who make charitable donations, the ACE Act could have a number of implications moving forward. Some donors, for example, intentionally time their donations to occur during years when they expect their tax liability to be high. For individuals who do not already have DAFs established, it may be in their best interest to create a DAF before the act passes so as to avoid potential changes to planned tax deductions.

Meanwhile, changes to the ability of account holders to preserve assets in accounts in perpetuity may also require changes to their financial planning. Rather than planning to pass on a DAF to a future generation, for example, it might make more sense to look at other investment opportunities to carry out charitable goals.

Will the ACE Act Pass?

Only time will tell whether the proposed ACE Act will pass and become law. There is also a chance that only parts of the legislation will pass—or that other parts of the legislation will be proposed again down the road. Regardless, individuals who are involved in DAFs or PFs should stay up-to-date on the latest news on the ACE Act and consider how its changes could affect their charitable giving.

This might also be a good time to schedule a consultation with a financial advisor as a means of discussing how the changes proposed in this act could affect plans for future grants and donations. With a little help and guidance from an experienced financial advisor, individuals affected by the ACE Act can have a plan in place to protect their investments and carry out their philanthropic goals for years to come.

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If you have any questions or would like additional information, please contact [NAME] in our [DEPARTMENT] at [NUMBER] or [EMAIL].

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