



OFFICE OF
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

June 21, 2000
CC:DOM:IT&A:3:
[REDACTED]
COR-110814-00
UIL-170.09-00

Number: **INFO 2000-0140**
Release Date: 9/30/2000

260 Club Ridge Drive
Marietta, GA 30068-4801

Dear [REDACTED]:

This is in response to your letter, dated April 13, 2000, to the Commissioner of Internal Revenue, Charles O. Rossotti, in which you ask about pre-existing pledges of donors satisfied by donor advised funds treated as component parts of charitable organizations. In your letter, you state that you wish to fulfill your preexisting charitable pledge with funds previously contributed to [REDACTED]. You indicate that you seek approval of two types of arrangements: The first involves a single pledge satisfied with a single payment from the fund, and the second involves a pledge to be paid over a number of years with several payments from the fund. The following discussion pertains to both types of arrangements. This letter is not a private letter ruling, but will provide you with general information about charitable contributions under § 170 of the Internal Revenue Code.

Sections 170(b) & (e) of the Code contain several restrictions and limitations on the amount of a charitable contribution deduction allowable, depending in part upon whether the charitable organization receiving the contribution is a particular type of charity, described in § 170(b)(1)(A). Under § 1.170A-9(e)(11) of the Income Tax Regulations, a fund associated with a charitable organization that meets certain requirements (including a donor advised fund) can achieve a § 170(b)(1)(A) status by being treated as a component part of the charitable organization. This status allows a donor who makes contributions to such a fund to certain benefits regarding percentage limitations and the amount of the charitable contribution deduction allowable. In order to be treated as a component part of a charitable organization, the assets transferred by the donor to the fund must, among other things, not be subject to any material restriction or condition. The assets must, in other words, be controlled by the organization, and not by the donor. Moreover, the charitable organization must make expenditures only for exempt purposes and not for the benefit of the donor.

A charitable pledge is an obligation of the donor to give money or property to a charity at a future time. Where a charity (including a charitable organization of which a donor advised fund is treated as a component part) relieves a donor of a substantial obligation by satisfying the donor's pledge, the charity is providing the donor with an impermissible benefit. Accordingly, a donor's charitable pledge may not be fulfilled by a single payment or a series of payments from the charity.

I hope that this information is helpful to you. If you have any further questions, please contact Susan Kassell of this office at (202) 622-4930.

Sincerely,

Michael D. Finley
Chief, Branch 3
Income Tax & Accounting