

ASK DOW JONES | *By Tom Herman*

Q: Do you think there is a chance, good or bad, that Congress will reinstate a law that expired last year allowing people over age 70 1/2 to give money from their individual retirement accounts directly to charities?

B.L., Glen Allen, Va.

A: There is a good chance that Congress will restore that law.

The House approved legislation late last year that would extend this provision through the end of 2010, says Harris Abrams, senior tax analyst in the tax and accounting business of Thomson Reuters. In the Senate, there appears to be widespread support for bringing back this and other expired provisions.

Many charities love this rule and have been urging Congress to restore it retroactively to the start of this year. Because of this

provision, many people have given money to charity directly out of their IRAs over the past several years. Charities can be very influential in the halls of Congress.

Congress has been slow to act on this issue mainly because it has been tied up by other issues, including health care and concern about massive federal budget deficits for years to come. (President Obama, in his recent budget proposals, projected a record \$1.6 trillion deficit this year.)

For readers who may not be familiar with this provision, here is how it works:

Under the provision that existed through the end of last year, taxpayers who are age 70 1/2 or older could transfer as much as \$100,000 a year directly from an IRA to a qualified charity without having any of that transfer counted as taxable income.

As the Internal Revenue Ser-

vice points out in Publication 590 (available at www.irs.gov), a qualified transfer from an IRA directly to a charity counted toward your required minimum distribution.

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