Chuck Feeny Jr.

February 28, 2017

Re public comment on Notice 2017-73

My wife and I have been careful, deliberate, committed, efficient, hard-working and goal oriented in our professional endeavors, and our resulting success has led to our accumulation of substantial wealth. We also have been extremely frugal and careful in the personal spending of our very substantial wealth—illustratively we reuse paper that has been printed on just one side, generally avoid waste with determination, shop carefully and sparingly, maintain one (non-luxury) car (and never have replaced a car before the end of its useful life), regularly stay in economy hotels, and of course always fly coach. We would like to make substantial contributions to charitable organizations, but only to the extent that the money is demonstrably extremely well-spent— good goals and intentions do not suffice. Our experience is that despite good intentions, waste and inefficiency is rife in charitable organizations—lavish galas, gifts to donors, use by senior staff of drivers or black cars, fancy engraved mailings, and the use of courier services for non-urgent communications are just the easily spotted waste in many organizations.

Not having the time yet to properly diligence and enhance the effectiveness and efficiency of charitable organizations (and not interested in have our foundation pay someone to do that even if it could be achieved to our satisfaction), but nevertheless wanting to begin setting aside money for that purpose, we in recent years have given many tens of millions of dollars to a private foundation—knowing that in due course we will insure the foundation's assets are exceptionally well-spent. In making those donations, we insured that those funds would be there for charitable purposes, even if something happened to us (most of the family wealth is in trusts that do not pass to charity upon their death, though the trusts can make donations to charities before our death) or if strong competing pressures developed for use of family funds. In the meantime the foundation's assets are invested, successfully so far. The private foundation has made sizable grants to charities that have met our standards, and smaller ones to certain others that we have not fully vetted or for other reasons on a limited basis. The balance has been distributed to donor advised funds, principally for investment (also successfully thus far) until (1) the selection of charities and designated uses has met our high standards, and (2) in certain cases pending anticipated requested improvement of the organizations' approach and efforts, and such improvement has been credibly promised or achieved.

The proposed rule change regarding a transfer of funds to a donor advised fund to meet qualifying distributions would reneg in an innapropriate manner on reasonable expectations that we had when we made substantial contributions decisions, and would defeat our well-intended plans. It also would chill further donations to our private foundation, and perhaps also more generally, leaving such decisions for future generations. Funds transferred to the donor advised fund in partial satisfaction of the distribution requirement will in due course be used for charitable purposes, with the expectation that the amounts will likely have grown through investment, and the spending better implemented. Accordingly, it is our hope that the qualifying distribution rules will not be changed. The 5% rule may have a valid purpose, including as an annual reminder to consider grants, but the system is working as is.

Thank you for your consideration.