STIFLED GENEROSITY:

HOW PHILANTHROPY HAS FUELED THE ACCUMULATION & PRIVATIZATION OF WEALTH

1913

The Revenue Act of 1913 established an income tax on the highest incomes.

How Generosity Got Stifled: This Act formally started the era in which tax policy regulated philanthropic activities and incentivized charitable giving.

1917

Charitable contributions become tax deductible. Public resources become privatized.

How Generosity Got Stifled: By donating money to charitable organizations, wealthy citizens could minimize their tax burden.

1921

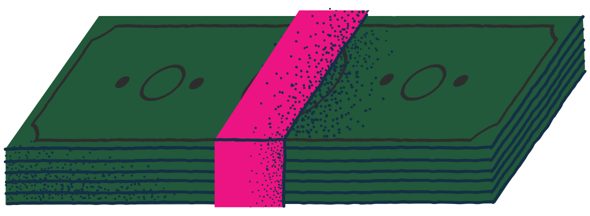
Gifts to grant-making charities become tax deductible: the creation of lawful tax shelters for the wealthy

How Generosity Got Stifled: This act created a lawful tax shelter to accumulate wealth by allowing wealthy individuals to receive tax deductions for donations to private foundations. Individual taxpayers could deduct up to 50% of Adjusted Gross Income (AGI, or an individual's total gross income minus specific deductions).

1931

First Donor Advised Fund launched: Another wealth accumulation tool is created

How Generosity Got Stifled: Donor Advised Funds have become tools to afford the wealthy another lawful tax shelter.



1953

U.S. Supreme Court recognizes corporate philanthropy: Corporations get their piece of the tax shelter

How Generosity Got Stifled: This ruling reinforced the practice of a privileged few (in this case, the directors of a corporation) lawfully being able to supercede the will of many (in this case, the corporation's shareholders) in the allocation of resources.

1964

Publicly supported charities distinguished from private foundations: Congress tries to course correct for the increase in "tax shelters for the elite"

How Generosity Got Stifled: This policy...didn't curtail efforts by wealthy individuals to accumulate their wealth within private foundations rather than using their wealth for public good.

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1969

Private foundations recognized and regulated: Congress sets minimum standards for private foundations to disburse money.

How Generosity Got Stifled: The goal of defining private foundations was an attempt to increase "tax payer benefit" by regulating an annual distribution rate that was on par with investment yields so that money gained would be spent, and that wealth would be given away for the public good rather than guarantee that foundations last into perpetuity.

1981

Private foundation payout rate decreased: "Legacy" gets defined as "existing in perpetuity"

How Generosity Got Stifled: The Tax Reform Act of 1981 essentially protected private foundations as lawful tax shelters to exist in perpetuity.

1992

Fidelity Charitable Gift Fund created: Wall Street finds a cash cow in Donor Advised Funds

How Generosity Got Stifled: Financial resources are diverted from community foundations as donors shift to utilize financial service companies, becoming further distanced from communities.

1998

Full market value deductions of appreciated stock to private foundations become permanent: Smoke & Mirrors

How Generosity Got Stifled: Wealthy donors now have another vehicle to minimize their tax burden.