

Dear Friends of Our Firm,

The brand-new Pension Protection Act of 2006 contains many provisions that affect tax deductions for charitable donations from both individual and business taxpayers. It's important that you are aware of these sweeping changes.

The new law tightens the rules for substantiating charitable donations of cash or cash equivalents. It denies deductions for contributions of cash, check or other monetary gifts unless you can show a bank record or written communication from the charity.

In addition, the new law:

- Prohibits deductions for gifts of clothing or household goods unless the items are in "good condition."
- Allows tax-free distributions from traditional IRAs and Roth IRAs if the funds are used for charitable purposes.
- Extends enhanced tax deductions for donations of food and books by certain business entities.
- Increases the deduction limit for charitable gifts of conservation easements.
- Increases favorable treatment of S corporation stockholders making charitable donations.
- Restricts gifts of fractional interests of tangible personal property.

The new law provisions for charitable deductions are technical and reflect a wide variety of effective dates. We recommend that you consult with our experienced staff to coordinate your donation strategies under the new law. This is particularly appropriate for year-end tax planning.

Very truly yours,

Signature]
[Name]
[Title]

P.S. To determine the new law's impact on your personal or business tax returns, or both, call us at (xxx) xxx-xxxx.