



Help Seniors Increase Charitable Giving Legacy IRA Bill (H.R. 3832/S. 1257)

The Legislation

The undersigned groups support the bipartisan Legacy IRA Act. It was introduced in the Senate as S. 1257 by Senators Kevin Cramer (R-ND) and Debbie Stabenow (D-MI), senior member of Senate Finance Committee. It was introduced in the House as H.R. 3832 by Representatives Don Beyer (D-VA) and Mike Kelly (R-PA) who both serve on the House Ways and Means Committee.

This legislation builds on and expands the existing IRA Charitable Rollover that was first created by Congress in 2006 and made permanent in 2015. The IRA Charitable Rollover provision allows individuals to make direct tax-free charitable gifts up to \$100,000 from their IRA starting at age 70 ½. Since its enactment, the IRA Charitable Rollover has generated millions of dollars in new or increased contributions to local and national charities. And this form of giving is growing exponentially. According to the *Chronicle of Philanthropy* article, the **average growth of IRA rollover gifts from 2017 to 2018 was 73.8%** due mostly to demographic and tax changes.

The Legacy IRA Act would expand the IRA Charitable Rollover to allow seniors starting at age 65 to make tax-free IRA rollovers to charities through life-income plans (charitable gift annuity or charitable remainder trust). It provides a guaranteed income for the senior for life and supports charities without negatively affecting federal tax payments since the senior's annual retirement income from the life-income plan is fully taxed. Congress can easily increase charitable giving from middle-income seniors by passing the Legacy IRA bill.

Background

This legislation offers an opportunity for Congress to support middle-income seniors who have a charitable intent but also need retirement income. Charitable donors have been setting up charitable gift annuities for over 100 years, which have long been regulated by state insurance departments. The donor receives lifetime payments and the charity receives any remainder when the donor passes away.

The Legacy IRA bill provides seniors with another giving option by allowing them to use their Individual Retirement Account dollars to fund a gift annuity; a way for donors of average resources to combine charitable gifts with retirement income. It is estimated that seniors have between \$3-\$5 trillion in IRA assets, and they make up approximately half or more of a charity's loyal donors. Because the IRA Charitable Rollover allows seniors to exclude charitable distributions from income, seniors with IRA resources, regardless of itemizing status, will benefit from this important charitable giving incentive.

Score

The JCT score is \$106 million over 10 years (the bill creates a four-year trial period). Estimates from fundraising and planned giving experts indicate that the Legacy IRA bill could raise up to \$1 billion each year for charities.

Supporters

- Alliance for Strong Families and Communities
- ALS Association
- Alzheimer's Association / Alzheimer's Impact Movement (AIM)
- American Cancer Society Cancer Action Network
- American Council for Gift Annuities
- American Heart Association
- Americans for the Arts and Americans for the Arts Action Fund
- American Red Cross
- Association of Art Museum Directors
- Association of Fundraising Professionals
- Boy Scouts of America
- Boys and Girls Clubs of America
- Catholic Charities USA
- Council for Advancement and Support of Education
- Council on Foundations
- Dance/USA
- The Evangelical Lutheran Good Samaritan Society
- Girls Inc.
- Girl Scouts of the USA
- Goodwill USA
- Hemophilia Federation of America
- Immune Deficiency Foundation
- Independent Sector
- Jewish Federations of North America
- League of American Orchestras
- Lutheran Services in America
- March of Dimes
- Mental Health America
- National Association of Charitable Gift Planners
- The National Catholic Development Conference
- National Council of Nonprofits
- National Multiple Sclerosis Society
- The Nonprofit Alliance
- OPERA America
- Performing Arts Alliance
- Providence St. Joseph Health
- Salvation Army
- ServiceSource, Inc.
- United Philanthropy Forum
- United Way Worldwide
- Volunteers of America
- YMCA of the USA
- YWCA USA

If you have questions about this bill, please contact Emily Horowitz at American Heart Association at Emily.horowitz@heart.org.