

117TH CONGRESS
1ST SESSION

S. 243

To amend the Internal Revenue Code of 1986 to expand tax-free distributions from individual retirement accounts to include rollovers for charitable life-income plans for charitable purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 4, 2021

Mr. CRAMER (for himself, Ms. STABENOW, Mr. DAINES, Ms. ROSEN, and Mr. CORNYN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to expand tax-free distributions from individual retirement accounts to include rollovers for charitable life-income plans for charitable purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Legacy IRA Act”.

1 **SEC. 2. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RE-**
 2 **TIREMENT ACCOUNTS FOR CHARITABLE**
 3 **PURPOSES.**

4 (a) IN GENERAL.—Paragraph (8) of section 408(d)
 5 of the Internal Revenue Code of 1986 is amended to read
 6 as follows:

7 “(8) DISTRIBUTIONS FOR CHARITABLE PUR-
 8 POSES.—

9 “(A) IN GENERAL.—No amount shall be
 10 includible in gross income by reason of a quali-
 11 fied charitable distribution.

12 “(B) LIMITATIONS.—

13 “(i) IN GENERAL.—The aggregate
 14 amount excluded from gross income under
 15 subparagraph (A) with respect to all types
 16 of qualified charitable distributions for a
 17 taxable year shall not exceed \$400,000.

18 “(ii) LIMITATION ON OUTRIGHT CON-
 19 TRIBUTIONS.—The aggregate amount ex-
 20 cluded from gross income under subpara-
 21 graph (A) for a taxable year with respect
 22 to distributions described in subparagraph
 23 (C)(i)(I) shall not exceed \$130,000.

24 “(C) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the
 25 term ‘qualified charitable distribution’ means
 26

1 any distribution from an individual retirement
2 account—

3 “(i) which is made directly by the
4 trustee—

5 “(I) to a specified charitable or-
6 ganization as an outright contribu-
7 tion, or

8 “(II) to a split-interest entity,
9 and

10 “(ii) which is made on or after the
11 date on which the individual for whose
12 benefit the account is maintained has at-
13 tained—

14 “(I) in the case of any distribu-
15 tion described in clause (i)(I), age
16 70½, and

17 “(II) in the case of any distribu-
18 tion described in clause (i)(II), age
19 65.

20 “(D) SPECIAL RULES RELATING TO DIS-
21 TRIBUTIONS.—For purposes of this para-
22 graph—

23 “(i) DISTRIBUTION MUST BE OTHER-
24 WISE INCLUDIBLE.—A distribution from
25 an individual retirement account shall be

1 treated as a qualified charitable distribu-
2 tion only to the extent that the distribution
3 would be includible in gross income with-
4 out regard to subparagraph (A).

5 “(ii) LIMITATION ON INCOME INTER-
6 ESTS.—A distribution from an individual
7 retirement account to a split-interest entity
8 shall be treated as a qualified charitable
9 distribution only if—

10 “(I) no person holds an income
11 interest in the split-interest entity
12 other than the individual for whose
13 benefit such account is maintained,
14 the spouse of such individual, or both,
15 and

16 “(II) the income interest in the
17 split-interest entity is nonassignable.

18 “(iii) CONTRIBUTIONS MUST BE OTH-
19 ERWISE DEDUCTIBLE.—A distribution
20 from an individual retirement account to a
21 specified charitable organization shall be
22 treated as a qualified charitable distribu-
23 tion only if—

24 “(I) in the case of a distribution
25 to a charitable remainder annuity

1 trust or a charitable remainder
2 unitrust, a deduction for the entire
3 value of the remainder interest in the
4 distribution for the benefit of a speci-
5 fied charitable organization would be
6 allowable under section 170 (deter-
7 mined without regard to subsection
8 (b) thereof and this paragraph), and

9 “(II) in the case of a charitable
10 gift annuity, a deduction in an
11 amount equal to the amount of the
12 distribution reduced by the value of
13 the annuity described in section
14 501(m)(5)(B) would be allowable
15 under section 170 (determined with-
16 out regard to subsection (b) thereof
17 and this paragraph).

18 “(E) SPECIFIED CHARITABLE ORGANIZA-
19 TION.—For purposes of this paragraph, the
20 term ‘specified charitable organization’ means
21 an organization described in section
22 170(b)(1)(A) (other than any organization de-
23 scribed in section 509(a)(3) or any fund or ac-
24 count described in section 4966(d)(2)).

1 “(F) SPLIT-INTEREST ENTITY.—For pur-
2 poses of this paragraph, the term ‘split-interest
3 entity’ means—

4 “(i) a charitable remainder annuity
5 trust (as defined in section 664(d)(1)), but
6 only if such trust is funded exclusively by
7 qualified charitable distributions,

8 “(ii) a charitable remainder unitrust
9 (as defined in section 664(d)(2)), but only
10 if such unitrust is funded exclusively by
11 qualified charitable distributions, or

12 “(iii) a charitable gift annuity (as de-
13 fined in section 501(m)(5)), but only if
14 such annuity is funded exclusively by quali-
15 fied charitable distributions and com-
16 mences fixed payments not later than 1
17 year from the date of funding.

18 “(G) SPECIAL RULES.—

19 “(i) CHARITABLE REMAINDER
20 TRUSTS.—Notwithstanding section 664(b),
21 distributions made from a trust described
22 in clause (i) or (ii) of subparagraph (F)
23 shall be treated as ordinary income in the
24 hands of the beneficiary to whom the an-
25 nuity described in section 664(d)(1)(A) or

1 the payment described in section
2 664(d)(2)(A) is paid.

3 “(ii) CHARITABLE GIFT ANNUITIES.—
4 Qualified charitable distributions made to
5 fund a charitable gift annuity shall not be
6 treated as an investment in the contract
7 for purposes of section 72(c).

8 “(iii) APPLICATION OF SECTION 72.—
9 Notwithstanding section 72, in determining
10 the extent to which a distribution is a
11 qualified charitable distribution, the entire
12 amount of the distribution shall be treated
13 as includible in gross income to the extent
14 that such amount does not exceed the ag-
15 gregate amount which would have been so
16 includible if all amounts in all individual
17 retirement plans of the individual were dis-
18 tributed during the taxable year and all
19 such plans were treated as 1 contract for
20 purposes of determining under section 72
21 the aggregate amount which would have
22 been so includible. Proper adjustments
23 shall be made in applying section 72 to
24 other distributions in such taxable year
25 and subsequent taxable years.

1 “(iv) DETERMINING DEDUCTION
2 UNDER SECTION 170.—Qualified charitable
3 distributions shall not be taken into ac-
4 count in determining the deduction under
5 section 170.

6 “(v) REQUIRED MINIMUM DISTRIBU-
7 TIONS.—The entire amount of a qualified
8 charitable distribution shall be taken into
9 account for purposes of section
10 401(a)(9).”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to distributions made in taxable
13 years ending after the date of the enactment of this Act.

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