



## Help Seniors Increase Charitable Giving

### Legacy IRA Act of 2021

#### The Issue

The undersigned nonprofit organizations support legislation allowing middle-income seniors more flexibility to make gifts to charities through their individual retirement accounts (IRAs). This expansion of current law would increase critical charitable giving, now more important than ever as nonprofits lost nearly one million jobs due to the pandemic. Given trends over the last six months, it will take nearly 18 months for nonprofits to regain all of the jobs lost since COVID hit.

Despite the financial and operational challenges due to COVID-19, our nonprofit coalition partners have continued to provide critical services such as health research and patient education, food assistance, domestic violence services, childcare, youth homeless shelters, and virtual cultural and arts programming.

#### The Legislation

In 2015, Congress passed the PATH Act, which included the IRA Charitable Rollover provision allowing individuals to make direct tax-free charitable gifts up to \$100,000 annually 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. The Legacy IRA Act builds on that success to expand the existing IRA Charitable Rollover, allowing seniors starting at age 65 to make tax-free IRA rollovers to charities through life-income plans (charitable gift annuity or charitable remainder trust).

The Legacy IRA Act offers an opportunity for Congress to support middle-income seniors who have a charitable intent but need retirement income. Charitable donors have been setting up charitable gift annuities for more than 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 Act provides seniors who have planned well for retirement with another giving option by allowing them to use their IRAs to fund a gift annuity. It is estimated that seniors have up to \$5 trillion in IRA assets. This offers a way for middle-income donors to combine charitable gifts with retirement income. It helps existing charities, as seniors typically make up more than half of their donors.

The undersigned coalition of nearly 50 national nonprofits support the bipartisan Legacy IRA Act. In the 117<sup>th</sup> Congress, Senators Cramer and Stabenow introduced The Legacy IRA Act (S. 243). A modified version of the Legacy IRA Act was included in the bipartisan Securing a Strong Retirement Act of 2020 introduced by House Ways and Means Committee Chairman Neal and Ranking Member Brady in October 2020 (H.R. 8696, Section 310). The bill under Section 310 modifies the Legacy IRA Act to allow for the funding of life income gifts up to \$130,000 and expands the original IRA Rollover provision up to \$130,000 in outright gifts. Under Section 311, it would change the rules to make qualified distributions from other qualified retirement plans, such as 401(k)s, to nonprofits. This coalition supports the standalone Legacy IRA Act and the version included in the House Ways and Means retirement package.

### Score/Cost of the Bill

The Joint Committee on Taxation has scored the Legacy IRA Act at \$38 million per year. The cost is minimal because the income on any life income gift is fully taxable at ordinary income levels. Planned giving experts indicate that the Legacy IRA Act could raise up to \$1 billion each year for charities.

### Supporters

Alliance for Strong Families and Communities	Council for Advancement and Support of Education	National Alliance on Mental Illness
ALS Association	Council for Christian Colleges & Universities	National Association of Charitable Gift Planners
Alzheimer's Association and the Alzheimer's Impact Movement	Council on Foundations	National Association of College and University Business Officers
American Alliance of Museums	DANCE/USA	National Council of Nonprofits
American Cancer Society Cancer Action Network	Girl Scouts of the USA	National Multiple Sclerosis Society
American Council for Gift Annuities	The Evangelical Lutheran Good Samaritan Society	The Nonprofit Alliance
American Heart Association	Girls Inc.	OPERA America
American Red Cross	Goodwill USA	Performing Arts Alliance
Americans for the Arts	Habitat for Humanity International	Providence St. Joseph Health
Asian Pacific Community Fund	Hemophilia Federation of America	The Salvation Army USA
Association of Art Museum Directors	Independent Sector	ServiceSource, Inc.
Association of Fundraising Professionals	Jewish Federations of North America	Theatre Communications Group
Boys & Girls Clubs of America	League of American Orchestras	United Philanthropy Forum
Catholic Charities USA	Lutheran Services in America	United Way Worldwide
Covenant House International	March of Dimes	Volunteers of America
	Mental Health America	YMCA of the USA
		YWCA USA

**We urge Members of Congress to support the Legacy IRA Act. For more information about the bill, please contact Emily Horowitz at American Heart Association at [Emily.horowitz@heart.org](mailto:Emily.horowitz@heart.org)**