



COUNCIL FOR ADVANCEMENT AND SUPPORT OF EDUCATION®



Increase Charitable Giving through the Legacy IRA Bill

The Legislation

The undersigned groups support the bipartisan Legacy IRA Act (introduced as H.R. 1337 in the previous Congress). The Legacy IRA bill 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.

This legislation builds on and expands the existing IRA Charitable Rollover that was first created by Congress in 2006 which 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.

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. 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 at least half 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.

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
- 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
- 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
- Independent Sector
- Jewish Federations of North America
- League of American Orchestras
- 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
- OPERA America
- Providence St. Joseph Health
- Salvation Army
- United Way Worldwide
- Volunteers of America
- YMCA of the USA
- YWCA USA