Help Seniors Increase Charitable Giving

Legacy IRA Act of 2021 (S. 243)

Background

First passed by Congress more than 15 years ago and made permanent in 2015, the Charitable IRA Rollover is a tax provision making it easier for seniors to use traditional IRA assets to make charitable donations. This provision allows individuals starting at age 70 ½ to make direct donations to qualified 501(c)(3) charities up to $100,000 annually from their IRAs. The donations are not counted as income.

Since then, nonprofits have reported a surge in this type of charitable giving. The IRA Charitable Rollover has generated millions of dollars to local and national charities in the past few years alone.

The Legacy IRA Act: A Win-Win for Donors and Charities

The Legacy IRA Act builds upon the IRA Charitable Rollover by allowing seniors to make tax-free IRA rollovers to charities through life-income plans, such as charitable gift annuities. The senior’s annual retirement income from the life-income plan would be fully taxed. The bill allows seniors starting at age 65 to make a life-income plan gift up to $400,000 annually. Additionally, the bill raises the IRA Charitable Rollover annual cap to $130,000 and indexes this figure for inflation – an important step as the cap hasn’t been increased since 2006.

The bipartisan Legacy IRA Act would give seniors more flexibility to make charitable donations from their traditional IRA accounts. An IRA rollover through a life-income plan would provide the senior with a secure income for life. After the donor passes away, the charity receives the remainder of the gift to be used towards their mission. This new giving incentive is anticipated to be particularly attractive to middle-income seniors. Growing charitable giving from seniors is critical for nonprofits as seniors are more than 40 percent of the donor base for most charities. Increasing charitable giving will allow nonprofits to continue to provide critical services in local communities such as health research and patient education, food assistance, domestic violence services, childcare, youth homeless shelters, and cultural and arts programming.
Bill Status
The bipartisan Legacy IRA Act was introduced by Senators Cramer (R-ND) and Stabenow (D-MI). This coalition strongly urges Congress to pass the legislation on its own or as part of a broader retirement package. It is expected to raise $1 billion annually for charities.

In the House of Representatives, a modified version of the Legacy IRA Act (H.R. 2909) was introduced by Representatives Beyer (D-VA-08) and Kelly (R-PA-16). This proposal was included in the bipartisan Securing a Strong Retirement Act of 2021 (H.R. 2954), led by Ways and Means Committee Chairman Neal and Ranking Member Brady. The Securing a Strong Retirement Act of 2021 was unanimously approved by the committee in May 2021. The Legacy IRA provision is estimated to cost $2.266 billion over ten years by the Joint Committee on Taxation.

This coalition strongly supports the bipartisan Legacy IRA Act and urges Congress to pass the legislation on its own or as part of a broader retirement package.

The undersigned coalition of national nonprofits supports the bipartisan Legacy IRA Act:

| ALS Association | Council on Foundations Covenant House International DANCE/USA | National Community Action Partnership |

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.