Statement for the Record by the American Heart Association
National Center
7272 Greenville Avenue
Dallas, TX 75231

Submitted to

Committee on Finance
United States Senate

Re: Examining Charitable Giving and Trends in the Nonprofit Sector
March 17, 2022

On behalf of the American Heart Association (AHA) and its more than 40 million volunteers and supporters, we thank you for the support shown to the charitable sector during the COVID-19 pandemic. AHA is the world’s leading voluntary organization focused on heart and brain health and research, and we are proud to have funded more than $4.6 billion in cardiovascular research since 1949. We appreciate the opportunity to share our recommendations on the incentives that can help support charitable giving and urge the Senate Committee on Finance to include the bipartisan Legacy IRA Act (S. 243) in future retirement legislation.

Rapid Response of American Heart Association to COVID-19
For the approximately 120 million people in the United States who have one or more cardiovascular diseases, this is a particularly worrisome time. Cardiovascular disease and hypertension are associated with more severe coronavirus cases and an increased fatality rate of two or three times higher than the general population. The situation is even more dire for communities of color, where reports indicate that minorities have been disproportionately affected by COVID-19 and have suffered higher rates of death. There is also mounting evidence that COVID-19 may lead to heart failure, stroke, kidney failure, chronic lung disease, blood pressure abnormalities, neurological conditions, and other long-term health complications in people who have survived the virus.

AHA recognizes the urgency of this issue and is part of the global response. AHA responded quickly to the pandemic in March 2020 by funding rapid response research awards to better understand COVID-19 and its interaction with heart and brain systems. This initiative offered fast-tracked research grants for short-term projects to better understand the diagnosis, prevention, treatment, and clinical management. In December 2021, as COVID-19 variants continued to spread, AHA announced a $10 million research initiative to fund new studies on the long-term effects of the disease. These initiatives—and others like them—would not be possible without charitable giving.

Need for Charitable Giving Will Continue Beyond Pandemic
AHA urges Congress to reinstate and expand the temporary universal charitable giving deduction that expired at the end of 2021. This charitable deduction to non-itemizers at $300 for individual and $600 for couples filing jointly along with the suspension of adjusted gross income (AGI) limitations for cash gifts and increase in limitation for corporate gifts were all valuable to incentivizing giving behaviors. Every day, charities are holding communities together with essential services amid the health and economic crisis, but they need support, including charitable giving from generous donors. Findings from
A recent poll released by Independent Sector shows 88% of Americans support making the universal charitable deduction permanent for all taxpayers.

American Heart Association leads a coalition of approximately 60 national charities which support the bipartisan Legacy IRA Act (S. 243), co-sponsored by Senators Debbie Stabenow (D-MI) and Kevin Cramer (R-ND). The Legacy IRA Act will encourage more charitable giving by enabling seniors to make contributions from their individual retirement accounts (IRA) to charities through life-income plans. Seniors are a key demographic as they typically make up more than 40 percent of the donor base for charities. This is an expansion of the existing Charitable IRA Rollover provision, which is the fastest growing area of philanthropy. Data released this week from FreeWill’s online giving platform shows the value of the current Charitable IRA Rollover as there was a 390 percent increase in total number of gifts from 2019 to 2021. And yet, in a survey of 300+ nonprofit professionals, 23 percent said these gifts came from high net worth or upper middle-class individuals.

The Legacy IRA Act would expand this giving incentive to more middle-income seniors. A modified version of the Legacy IRA Act was passed as part of the “Securing a Strong Retirement Act” (SECURE Act 2.0), and we urge the Senate Finance Committee to include S. 243 in its version of this retirement package.

AHA joins with many others in the nonprofit community in urging Congress to reinstate and expand the temporary universal charitable deduction and pass the Legacy IRA Act along with reinstating the temporary suspension of AGI limitations and increasing the limits on corporate giving. We stand ready to be of help should you have additional questions about these requests. Please feel free to contact Emily Holubowich, Vice President of Federal Advocacy, at Emily.holubowich@heart.org.

Enclosures:
Letter of support for the Legacy IRA Act from 18 CEO members of Leadership 18
Legacy IRA Coalition one pager with full coalition supporter list
March 2022

The Honorable Ron Wyden
Chair
Committee on Finance
U.S. Senate
Washington, D.C. 20510

The Honorable Mike Crapo
Ranking Member
Committee on Finance
U.S. Senate
Washington, D.C. 20510

The Honorable Richard Neal
Chair
Ways and Means Committee
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin Brady
Ranking Member
Ways and Means Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Wyden and Neal and Ranking Members Crapo and Brady:

Leadership 18 supports the bipartisan Legacy IRA Act (S. 243/H.R. 2909), a bill to encourage charitable giving by enabling seniors to make tax-free contributions from their individual retirement accounts (IRA) to charities through life-income plans.

To operate effectively and advance our tax-exempt purpose, we are dependent on private philanthropy, including gift planning. A few years ago, when the IRA Charitable Rollover provision was made permanent, many of our organizations saw a dramatic increase in charitable giving from traditional IRAs. Data from FreeWill’s online QCD giving platform shows the value of the current Charitable IRA Rollover as there was a 390% increase in total number of gifts from 2019 to 2021. And yet, in a survey of 300+ nonprofit professionals, 23% said their QCDs came from high net worth or upper middle-class individuals. The Legacy IRA Act would expand this giving incentive to more middle-income seniors.

The undersigned CEOs support the Legacy IRA bill, which would allow 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 is fully taxed. We believe this new giving option will be particularly attractive to middle income seniors, a critical demographic as seniors make up more than 40 percent of the donor base for most charities.

Leadership 18 is an alliance of CEOs responsible for leading some of the country’s largest and most well-respected charities, non-profits, and faith-based organizations. As a group, member organizations have served over 400 million people, with 42.7 million staff and volunteers, and represent more than $80 billion in total revenue. We are a community of leaders who share a profound commitment to ensuring that all individuals have the opportunity to contribute to a vibrant America, and with opportunity and effort, can live their lives to their fullest potential.

Leadership 18 offers our support and is willing to work with you and other Members of Congress to enact the Legacy IRA bill on its own or attached to a larger legislative vehicle, such as the Securing a Strong Retirement Act. America is stronger when everyone has the opportunity to give, to get involved, and to strengthen their communities.

Sincerely,
Leadership 18
MEMBERS

Karen E. Knudsen, MBA, PhD
CEO
American Cancer Society

Nancy A. Brown*
CEO
American Heart Association

Gail J. McGovern*
President & CEO
American Red Cross

Artis Stevens
President & CEO
Big Brothers Big Sisters of America

Jim Clark
President & CEO
Boys & Girls Clubs of America

Sister Donna Markham, OP, PhD*
President & CEO
Catholic Charities USA

Jim Balfanz
CEO
City Year

Claire Babineaux-Fontenot
CEO
Feeding America

Sofia Chang
CEO
Girl Scouts of the USA

Stephanie J. Hull, PhD*
President & CEO
Girls Inc.

Steven C. Preston
President & CEO
Goodwill Industries International, Inc.

Jonathan T.M. Reckford*
CONVENING CHAIR
CEO
Habitat for Humanity International

Eric D. Fingerhut
President & CEO
The Jewish Federations of North America

Charlotte Haberaecker
President & CEO
Lutheran Services in America

Schroeder Stibring
President & CEO
Mental Health America

Ramsey Alwin
President & CEO
National Council on Aging

Commissioner
Kenneth G. Hodder
National Commander
The Salvation Army

Jody Levison-Johnson
President & CEO
Social Current

Mike King
President & CEO
Volunteers of America

Suzanne McCormick
President & CEO
YMCA of the USA

Margaret Mitchell
Chief Executive Officer
YWCA USA

*Executive Committee Member
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 1/2 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:

Arab Community Center for Economic and Social Services (ACCESS) Council for Advancement and Support of Education National Association of Charitable Gift Planners
ALS Association Council for Christian Colleges & Universities National Association of College and University Business Officers
Alternate ROOTS Council on Foundations National Community Action Partnership
Alzheimer's Association and the Alzheimer's Impact Movement Covenant House International National Council of Nonprofits
American Alliance of Museums The Evangelical Lutheran Good Samaritan Society National Health Council
American Cancer Society Cancer Action Network Girl Scouts of the USA National Multiple Sclerosis Society
American Council for Gift Annuities Goodwill USA The Nonprofit Alliance
American Heart Association Habitat for Humanity International OPERA America
American Lung Association Hemophilia Federation of America Providence St. Joseph Health
American Red Cross Immune Deficiency Foundation The Salvation Army USA
Americans for the Arts Independent Sector ServiceSource, Inc.
Asian Pacific Community Fund JDRF Social Current
Association of Art Museum Directors Jewish Federations of North America Theatre Communications Group
Association of Fundraising Professionals League of American Orchestras UNICEF USA
Big Brothers Big Sisters of America Lutheran Services in America United Philanthropy Forum
Boys & Girls Clubs of America March of Dimes Volunteers of America
Catholic Charities USA Mental Health America YMCA of the 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.