

Coalition Talking Points on Legacy IRA Act
Incentivizing Charitable Giving through the Expanding IRA Rollover

Talking Points

- The Legacy IRA Act is a win-win as it would encourage increased giving to charities by seniors with individual retirement accounts (IRAs), while also helping those seniors who need a lifetime income.
- This is of even greater importance as charities nationwide are struggling financially due to the COVID-19 pandemic. The charitable sector has had a net loss of one million jobs, while at the same time seeing an increased demand for many services.
- The bill is an expansion of the IRA Charitable Rollover, allowing taxpayers age 65 and over to direct up to \$400,000 annually in IRA distributions to charities charitable gift annuities and charitable remainder trusts.
- The existing IRA Charitable Rollover has generated millions of dollars in new or increased contributions that benefit charities. Planned giving experts estimate the Legacy IRA Act would raise up to \$1 billion annually for charities.

Senate Ask: We urge Senator [NAME] to cosponsor the Legacy IRA Act (S. 243) and push for its enactment.

House Ask: The Legacy IRA Act was included in last Congress's Security a Strong Retirement Act of 2020 and is expected to be reintroduced this year. We urge Representative [NAME] to support the Legacy IRA Act's inclusion in this or other future retirement packages, and to push for its enactment.

Frequently Asked Questions & Answers

What is the current IRA Charitable Rollover?

Currently, individuals age 72 and above must take required minimum distributions (RMDs) from their individual retirement accounts (IRAs). These distributions are fully taxed as income. The current IRA Charitable Rollover allows individuals age 70 ½ to donate up to \$100,000 annually of their IRA distributions directly to charitable organization, without counting the distributions as income.

Since its enactment, the existing IRA Charitable Rollover has generated millions of dollars in new or increased contributions that benefit charities and their missions. Over the past few years, these IRA rollover gifts increased approximately 70% for charities across the country, due to demographic and tax changes.

How does the Legacy IRA Act expand the IRA Charitable Rollover?

The Legacy IRA Act expands the IRA Charitable Rollover by allowing seniors starting at age 65 to make tax-free IRA rollovers of up to \$400,000 annually to charities through a charitable gift annuity or a charitable remainder trust.

This allows the senior donor to meet the required minimum distribution (RMD) and receive fixed payments based on the agreement with the chosen charity. It is a win-win for donors and charities, as donors receive lifetime payments and the charity receives any remainder when the donor passes away.

Taxpayers with significant IRA resources, regardless of itemizing status, will benefit from this charitable giving incentive.

How much does the Legacy IRA Act cost?

Income from the charitable gift annuity or charitable remainder trust is taxed at ordinary income levels, giving the Legacy IRA Act a very small score of \$38 million per year. Planned giving experts indicate the Legacy IRA Act could raise up to \$1 billion each year for charities.

Why focus on increasing charitable giving from seniors?

70 to 80 year olds are the fastest growing age bracket in the US – 10,000 Baby Boomers turn 70 every day, and they have \$9 trillion in IRA assets. Seniors are the largest share of the donor base for many charities.

This form of charitable giving by seniors is skyrocketing, as IRA rollover gifts are the only way for seniors to see meaningful tax benefits from their charitable contributions.