Help Seniors Increase Charitable Giving

Support Legacy IRA Act in Broader Retirement Package (H.R. 2954/S. 4808)

Background

First passed by Congress more than 15 years ago and then 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

As included in the retirement package, the Legacy IRA Act builds upon the success of the IRA Charitable Rollover by allowing seniors to make a one-time, tax-free IRA rollovers up to $50,000 to charities through a life-income plan, such as a charitable gift annuity. The senior’s annual retirement income from the life-income plan would be fully taxed. It also indexes for inflation the IRA Charitable Rollover’s annual cap – an important step as this figure hasn’t been increased since 2006.

The bipartisan, bicameral 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 the average age of a U.S donor is 65, and Baby Boomers account for 41% of all current charitable donations. Many nonprofits are dependent on private philanthropy, including gift planning.
Bill Status

In the House, the bipartisan Legacy IRA Act 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 (“Secure 2.0”) (H.R. 2954), which passed the House in March 2022 by a vote of 414-5.

In the Senate, the standalone Legacy IRA Act was introduced by Senators Cramer (R-ND) and Stabenow (D-MI) and a modified version was included in the Senate’s version of Secure 2.0, the Enhancing American Retirement Now (EARN) Act that was passed unanimously by the Senate Finance Committee in June 2022.

This coalition represents charities and faith-based organizations which 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. We strongly support the bipartisan Legacy IRA Act and urge Congress to pass the legislation on its own or as a 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)  
ALS Association  
Alternate ROOTS  
Alzheimer's Association and the Alzheimer's Impact Movement  
American Alliance of Museums  
American Cancer Society Cancer Action Network  
American Council for Gift Annuities  
American Heart Association  
American Lung Association  
American Red Cross  
Americans for the Arts  
Asian Pacific Community Fund  
Association of Art Museum Directors  
Association of Fundraising Professionals  
Big Brothers Big Sisters of America  
Boys & Girls Clubs of America  
Catholic Charities USA  
Council for Advancement and Support of Education  
Council for Christian Colleges & Universities  
Council on Foundations  
Covenant House International  
DANCE/USA  
The Evangelical Lutheran Good Samaritan Society  
Girl Scouts of the USA  
Girls Inc.  
Goodwill USA  
Habitat for Humanity International  
Hemophilia Federation of America  
Immune Deficiency Foundation  
Independent Sector  
JDRF  
Jewish Federations of North America  
League of American Orchestras  
Lutheran Services in America  
March of Dimes  
Mental Health America  
National Alliance on Mental Illness  
National Association of Charitable Gift Planners  
National Association of College and University Business Officers  
National Community Action Partnership  
National Council of Nonprofits  
National Health Council  
National Multiple Sclerosis Society  
The Nonprofit Alliance  
OPERA America  
Performing Arts Alliance  
Providence St. Joseph Health  
The Salvation Army USA  
ServiceSource, Inc.  
Social Current  
Theatre Communications Group  
UNICEF USA  
United Philanthropy Forum  
Volunteers of America  
YMCA of the USA  
YWCA USA

We urge Members of Congress to support the Legacy IRA Act and pass it as part of the bipartisan retirement package this year. For more information about the bill, please contact Emily Horowitz at American Heart Association at Emily.horowitz@heart.org.