



## Help Seniors Increase Charitable Giving Legacy IRA Act of 2021

### The Issue

The undersigned nonprofit organizations support legislation allowing middle-income seniors more flexibility to make gifts to charities through their individual retirement accounts (IRAs). This expansion of current law would increase critical charitable giving, now more important than ever as nonprofits lost nearly one million jobs due to the pandemic. Given trends over the last six months, it will take nearly 18 months for nonprofits to regain all of the jobs lost since COVID hit.

Despite the financial and operational challenges due to COVID-19, our nonprofit coalition partners have continued to provide critical services such as health research and patient education, food assistance, domestic violence services, childcare, youth homeless shelters, and virtual cultural and arts programming.

### The Legislation

In 2015, Congress passed the PATH Act, which included the IRA Charitable Rollover provision allowing individuals to make direct tax-free charitable gifts up to \$100,000 annually 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. The Legacy IRA Act builds on that success to expand the existing IRA Charitable Rollover, allowing seniors starting at age 65 to make tax-free IRA rollovers to charities through life-income plans (charitable gift annuity or charitable remainder trust).

The Legacy IRA Act offers an opportunity for Congress to support middle-income seniors who have a charitable intent but need retirement income. Charitable donors have been setting up charitable gift annuities for more than 100 years, which have long been regulated by state insurance departments. The donor receives lifetime payments, and the charity receives any remainder when the donor passes away.

The Legacy IRA Act provides seniors who have planned well for retirement with another giving option by allowing them to use their IRAs to fund a gift annuity. It is estimated that seniors have up to \$5 trillion in IRA assets. This offers a way for middle-income donors to combine charitable gifts with retirement income. It helps existing charities, as seniors typically make up more than half of their donors.

The undersigned coalition of nearly 60 national nonprofits support the bipartisan Legacy IRA Act. In the 117<sup>th</sup> Congress, Senators Cramer and Stabenow introduced The Legacy IRA Act (S. 243). A modified version of the Legacy IRA Act (H.R. 2909) was introduced by Representatives Beyer and Kelly. This modified proposal allows for a one-time funding of life income gifts up to \$50,000 and indexes for inflation the original IRA Rollover provision. H.R. 2909 was included in the bipartisan Securing a Strong Retirement Act of 2021 (H.R. 2954) introduced by House 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. 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.

### Score/Cost of the Bill

The Joint Committee on Taxation has scored the Legacy IRA Act at \$38 million per year. The cost is minimal because the income on any life income gift is fully taxable at ordinary income levels. Planned giving experts indicate that the Legacy IRA Act could raise up to \$1 billion each year for charities.

### Supporters

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

**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](mailto:Emily.horowitz@heart.org).**