

116TH CONGRESS
1ST SESSION

H. R. 3832

To amend the Internal Revenue Code of 1986 to expand tax-free distributions from individual retirement accounts to include rollovers for charitable life-income plans for charitable purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 18, 2019

Mr. BEYER (for himself, Mr. KELLY of Pennsylvania, and Ms. SEWELL of Alabama) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to expand tax-free distributions from individual retirement accounts to include rollovers for charitable life-income plans for charitable purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Legacy IRA Act”.

1 **SEC. 2. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RE-**
 2 **TIREMENT ACCOUNTS FOR CHARITABLE**
 3 **PURPOSES.**

4 (a) IN GENERAL.—Paragraph (8) of section 408(d)
 5 of the Internal Revenue Code of 1986 is amended to read
 6 as follows:

7 “(8) DISTRIBUTIONS FOR CHARITABLE PUR-
 8 POSES.—

9 “(A) IN GENERAL.—No amount shall be
 10 includible in gross income by reason of a quali-
 11 fied charitable distribution.

12 “(B) LIMITATIONS.—

13 “(i) IN GENERAL.—The aggregate
 14 amount excluded from gross income under
 15 subparagraph (A) with respect to all quali-
 16 fied charitable distributions for a taxable
 17 year shall not exceed \$400,000.

18 “(ii) SPLIT-INTEREST ENTITIES.—
 19 The aggregate amount excluded from gross
 20 income under subparagraph (A) for a tax-
 21 able year with respect to distributions de-
 22 scribed in subparagraph (C)(i)(I) shall not
 23 exceed \$100,000.

24 “(C) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the
 25 term ‘qualified charitable distribution’ means
 26

any distribution from an individual retirement account—

“(i) which is made directly by the trustee—

“(I) to a specified charitable organization, or

“(II) to a split-interest entity, and

“(ii) which is made on or after the date on which the individual for whose benefit the account is maintained has attained—

“(I) in the case of any distribution described in clause (i)(I), age 70½, and

“(II) in the case of any distribution described in clause (i)(II), age 65.

“(D) SPECIAL RULES RELATING TO DISTRIBUTIONS.—For purposes of this paragraph—

“(i) DISTRIBUTION MUST BE OTHERWISE INCLUDIBLE.—A distribution from an individual retirement account shall be treated as a qualified charitable distribu-

tion only to the extent that the distribution would be includible in gross income without regard to subparagraph (A).

“(ii) LIMITATION ON INCOME INTERESTS.—A distribution from an individual retirement account to a split-interest entity shall be treated as a qualified charitable distribution only if—

“(I) no person holds an income interest in the split-interest entity other than the individual for whose benefit such account is maintained, the spouse of such individual, or both, and

“(II) the income interest in the split-interest entity is nonassignable.

“(iii) CONTRIBUTIONS MUST BE OTHERWISE DEDUCTIBLE.—A distribution from an individual retirement account to a specified charitable organization shall be treated as a qualified charitable distribution only if—

“(I) in the case of a distribution to a charitable remainder annuity trust or a charitable remainder uni-

1 trust, a deduction for the entire value
2 of the remainder interest in the dis-
3 tribution for the benefit of a specified
4 charitable organization would be al-
5 lowable under section 170 (determined
6 without regard to subsection (b)
7 thereof and this paragraph), and

8 “(II) in the case of a charitable
9 gift annuity, a deduction in an
10 amount equal to the amount of the
11 distribution reduced by the value of
12 the annuity described in section
13 501(m)(5)(B) would be allowable
14 under section 170 (determined with-
15 out regard to subsection (b) thereof
16 and this paragraph).

17 “(E) SPECIFIED CHARITABLE ORGANIZA-
18 TION.—For purposes of this paragraph, the
19 term ‘specified charitable organization’ means
20 an organization described in section
21 170(b)(1)(A) (other than any organization de-
22 scribed in section 509(a)(3) or any fund or ac-
23 count described in section 4966(d)(2)).

“(F) SPLIT-INTEREST ENTITY.—For purposes of this paragraph, the term ‘split-interest entity’ means—

“(i) a charitable remainder annuity trust (as defined in section 664(d)(1)), but only if such trust is funded exclusively by qualified charitable distributions,

“(ii) a charitable remainder unitrust (as defined in section 664(d)(2)), but only if such unitrust is funded exclusively by qualified charitable distributions, or

“(iii) a charitable gift annuity (as defined in section 501(m)(5)), but only if such annuity is funded exclusively by qualified charitable distributions and commences fixed payments of 5 percent or greater not later than 1 year from the date of funding.

“(G) SPECIAL RULES.—

“(i) CHARITABLE REMAINDER TRUSTS.—Notwithstanding section 664(b), distributions made from a trust described in clause (i) or (ii) of subparagraph (F) shall be treated as ordinary income in the hands of the beneficiary to whom the an-

1 nuity described in section 664(d)(1)(A) or
2 the payment described in section
3 664(d)(2)(A) is paid.

4 “(ii) CHARITABLE GIFT ANNUITIES.—
5 Qualified charitable distributions made to
6 fund a charitable gift annuity shall not be
7 treated as an investment in the contract
8 for purposes of section 72(c).

9 “(iii) APPLICATION OF SECTION 72.—
10 Notwithstanding section 72, in determining
11 the extent to which a distribution is a
12 qualified charitable distribution, the entire
13 amount of the distribution shall be treated
14 as includible in gross income to the extent
15 that such amount does not exceed the ag-
16 gregate amount which would have been so
17 includible if all amounts in all individual
18 retirement plans of the individual were dis-
19 tributed during the taxable year and all
20 such plans were treated as 1 contract for
21 purposes of determining under section 72
22 the aggregate amount which would have
23 been so includible. Proper adjustments
24 shall be made in applying section 72 to

1 other distributions in such taxable year
 2 and subsequent taxable years.

3 “(iv) DETERMINING DEDUCTION
 4 UNDER SECTION 170.—Qualified charitable
 5 distributions shall not be taken into ac-
 6 count in determining the deduction under
 7 section 170.

8 “(v) REQUIRED MINIMUM DISTRIBUTIONS.—The entire amount of a qualified
 9 charitable distribution shall be taken into
 10 account for purposes of section 401(a)(9).
 11

12 “(H) TERMINATION WITH RESPECT TO
 13 SPLIT-INTEREST ENTITIES.—Subparagraph (A)
 14 shall not apply to a distribution to a split-inter-
 15 est entity in taxable years beginning after the
 16 date which is 4 years after the date of the en-
 17 actment of the Legacy IRA Act.”.

18 (b) EFFECTIVE DATE.—The amendment made by
 19 this section shall apply to distributions made in taxable
 20 years ending after the date of the enactment of this Act.

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