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

IN THE SENATE OF THE UNITED STATES

NOVEMBER 21, 2013

Mr. SCHUMER (for himself, Mrs. GILLIBRAND, Mr. PRYOR, Mr. LEVIN, Mr. JOHNSON of South Dakota, and Ms. COLLINS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Public Good IRA Roll-over Act of 2013”.

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over Act of 2013”.

SEC. 2. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Paragraph (8) of section 408(d) of the Internal Revenue Code of 1986 (relating to tax treatment of distributions) is amended to read as follows:

“(8) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

“(A) IN GENERAL.—No amount shall be includible in gross income by reason of a qualified charitable distribution.

“(B) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the term ‘qualified charitable distribution’ means any distribution from an individual retirement account—

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

“(I) to an organization described in section 170(c), or

“(II) to a split-interest entity, and

“(ii) which is made on or after the date that the individual for whose benefit the account is maintained has attained—
“(I) in the case of any distribution described in clause (i)(I), age 70\(\frac{1}{2}\), and

“(II) in the case of any distribution described in clause (i)(II), age 59\(\frac{1}{2}\).

A distribution shall be treated as a qualified charitable distribution only to the extent that the distribution would be includable in gross income without regard to subparagraph (A) and, in the case of a distribution to a split-interest entity, only if no person holds an income interest in the amounts in the split-interest entity attributable to such distribution other than one or more of the following: the individual for whose benefit such account is maintained, the spouse of such individual, or any organization described in section 170(c).

“(C) Contributions must be otherwise deductible.—For purposes of this paragraph—

“(i) Direct contributions.—A distribution to an organization described in section 170(c) shall be treated as a qualified charitable distribution only if a deduc-
tion for the entire distribution would be al-
allowable under section 170 (determined
without regard to subsection (b) thereof
and this paragraph).

“(ii) Split-interest gifts.—A dis-
tribution to a split-interest entity shall be
treated as a qualified charitable distribu-
tion only if a deduction for the entire value
of the interest in the distribution for the
use of an organization described in section
170(c) would be allowable under section
170 (determined without regard to sub-
section (b) thereof and this paragraph).

“(D) Application of section 72.—Not-
withstanding section 72, in determining the ex-
tent to which a distribution is a qualified chari-
table distribution, the entire amount of the dis-
tribution shall be treated as includible in gross
income without regard to subparagraph (A) to
the extent that such amount does not exceed
the aggregate amount which would have been so
includible if all amounts in all individual retire-
ment plans of the individual were distributed
during the taxable year and all such plans were
treated as 1 contract for purposes of deter-
mining under section 72 the aggregate amount which would have been so includible. Proper adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.

“(E) SPECIAL RULES FOR SPLIT-INTEREST ENTITIES.—

“(i) CHARITABLE REMAINDER TRUSTS.—Notwithstanding section 664(b), distributions made from a trust described in subparagraph (G)(i) shall be treated as ordinary income in the hands of the beneficiary to whom is paid the annuity described in section 664(d)(1)(A) or the payment described in section 664(d)(2)(A).

“(ii) POOLED INCOME FUNDS.—No amount shall be includible in the gross income of a pooled income fund (as defined in subparagraph (G)(ii)) by reason of a qualified charitable distribution to such fund, and all distributions from the fund which are attributable to qualified charitable distributions shall be treated as ordinary income to the beneficiary.
“(iii) CHARITABLE GIFT ANNUITIES.—Qualified charitable distributions made for a charitable gift annuity shall not be treated as an investment in the contract.

“(F) DENIAL OF DEDUCTION.—Qualified charitable distributions shall not be taken into account in determining the deduction under section 170.

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

“(i) a charitable remainder annuity trust or a charitable remainder unitrust (as such terms are defined in section 664(d)) which must be funded exclusively by qualified charitable distributions,

“(ii) a pooled income fund (as defined in section 642(c)(5)), but only if the fund accounts separately for amounts attributable to qualified charitable distributions, and

“(iii) a charitable gift annuity (as defined in section 501(m)(5)).”.
(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made in taxable years beginning after December 31, 2013.