

114TH CONGRESS
2D SESSION

H. R. 5171

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

MAY 6, 2016

Mr. ROSKAM (for himself, Mr. BLUMENAUER, Mr. CRAMER, Mr. TIBERI, and Mr. PAULSEN) 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 (relating to tax
6 treatment of distributions) is amended to read 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 by
15 subparagraph (A) for a taxable year shall
16 not exceed \$400,000.

17 “(ii) ORGANIZATION AND ENTITY SPE-
18 CIFIC LIMITATIONS.—The amount excluded
19 from gross income by subparagraph (A)
20 for a taxable year shall not exceed—

21 “(I) \$100,000, in the case of any
22 distribution described in subparagraph
23 (C)(i)(I), and

24 “(II) \$400,000, in the case of
25 any distribution described in subpara-
26 graph (C)(i)(II).

1 “(C) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the
2 term ‘qualified charitable distribution’ means
3 any distribution from an individual retirement
4 account—
5

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

8 “(I) to a specified charitable or-
9 ganization, or

10 “(II) to a split-interest entity,
11 and

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

15 “(I) in the case of any distribu-
16 tion described in clause (i)(I), age
17 70½, and

18 “(II) in the case of any distribu-
19 tion described in clause (i)(II), age
20 65.

21 “(D) SPECIAL RULES RELATING TO DIS-
22 TRIBUTIONS.—For purposes of this para-
23 graph—

24 “(i) DISTRIBUTION MUST BE OTHER-
25 WISE INCLUDIBLE.—A distribution from

1 an individual retirement account shall be
2 treated as a qualified charitable distribu-
3 tion only to the extent that the distribution
4 would be includible in gross income with-
5 out regard to subparagraph (A).

6 “(ii) LIMITATION ON INCOME INTER-
7 ESTS.—A distribution from an individual
8 retirement account to a split-interest entity
9 may only be treated as a qualified chari-
10 table distribution if—

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

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

19 “(iii) CONTRIBUTIONS MUST BE OTH-
20 ERWISE DEDUCTIBLE.—A distribution
21 from an individual retirement account to a
22 specified charitable organization may be
23 treated as a qualified charitable distribu-
24 tion only if—

1 “(I) in the case of a distribution
2 to a charitable remainder annuity
3 trust or a charitable remainder
4 unitrust, a deduction for the entire
5 value of the remainder interest in the
6 distribution for the benefit of a speci-
7 fied charitable organization would be
8 allowable under section 170 (deter-
9 mined without regard to subsection
10 (b) thereof and this paragraph), and

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

20 “(E) SPECIFIED CHARITABLE ORGANIZA-
21 TION DEFINED.—For purposes of this para-
22 graph, the term ‘specified charitable organiza-
23 tion’ means an organization described in section
24 170(b)(1)(A) (other than any organization de-

scribed in section 509(a)(3) or any fund or account described in section 4966(d)(2)).

“(F) SPLIT-INTEREST ENTITY DEFINED.—

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 a qualified charitable distribution,

“(ii) a charitable remainder unitrust (as defined in section 664(d)(2)), but only if such unitrust is funded exclusively by one or more 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 a qualified charitable distribution and commences fixed payments of 5 percent or greater not later than one year from date of funding.

“(G) SPECIAL RULES.—

“(i) CHARITABLE REMAINDER TRUSTS.—Notwithstanding section 664(b), distributions made from a trust described

1 in clause (i) or (ii) of subparagraph (F)
2 shall be treated as ordinary income in the
3 hands of the beneficiary to whom is paid
4 the annuity described in section
5 664(d)(1)(A) or the payment described in
6 section 664(d)(2)(A).

7 “(ii) CHARITABLE GIFT ANNUITIES.—
8 Qualified charitable distributions made for
9 a charitable gift annuity shall not be treat-
10 ed as an investment in the contract for
11 purposes of section 72(e).

12 “(iii) APPLICATION OF SECTION 72.—
13 Notwithstanding section 72, in determining
14 the extent to which a distribution is a
15 qualified charitable distribution, the entire
16 amount of the distribution shall be treated
17 as includible in gross income without re-
18 gard to subparagraph (A) to the extent
19 that such amount does not exceed the ag-
20 gregate amount which would have been so
21 includible if all amounts in all individual
22 retirement plans of the individual were dis-
23 tributed during the taxable year and all
24 such plans were treated as 1 contract for
25 purposes of determining under section 72

1 the aggregate amount which would have
 2 been so includible. Proper adjustments
 3 shall be made in applying section 72 to
 4 other distributions in such taxable year
 5 and subsequent taxable years.

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

11 “(v) REQUIRED MINIMUM DISTRIBUTIONS.—The entire amount of a qualified
 12 charitable distribution shall be taken into
 13 account for purposes of section 401(a)(9).
 14

15 “(H) TERMINATION WITH RESPECT TO
 16 SPLIT-ENTITIES.—Subparagraph (A) shall not
 17 apply to a distribution to a split-interest entity
 18 after December 31, 2020.”.

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

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