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.

May 6, 2016

IN THE HOUSE OF REPRESENTATIVES

Mr. Roskam (for himself, Mr. Blumenauer, Mr. Cramer, Mr. Paulsen and Mr. Tiberi) introduced the following bill; which was referred to the Committee on Ways & 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”.

8
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) LIMITATIONS.—

"(i) IN GENERAL.—The aggregate amount excluded from gross income by subparagraph (A) for a taxable year shall not exceed $400,000.

"(ii) ORGANIZATION AND ENTITY SPECIFIC LIMITATIONS.—The amount excluded from gross income by subparagraph (A) for a taxable year shall not exceed—

"(I) $100,000, in the case of any distribution described in subparagraph (C)(i)(I), and

"(II) $400,000, in the case of any distribution described in subparagraph (C)(i)(II).
“(C) 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 a specified charitable organization, 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 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 with-
out regard to subparagraph (A).

"(ii) LIMITATION ON INCOME INTER-
ESTS.—A distribution from an individual
retirement account to a split-interest entity
may only be treated as a qualified chari-
table distribution 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 OTH-
ERWISE DEDUCTIBLE.—A distribution
from an individual retirement account to a
specified charitable organization may be
treated as a qualified charitable distribu-
tion only if—
“(I) in the case of a distribution to a charitable remainder annuity trust or a charitable remainder unitrust, a deduction for the entire value of the remainder interest in the distribution for the benefit of a specified charitable organization would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph), and

“(II) in the case of a charitable gift annuity, a deduction in an amount equal to the amount of the distribution reduced by the value of the annuity described in section 501(m)(5)(B) would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

“(E) SPECIFIED CHARITABLE ORGANIZATION DEFINED.—For purposes of this paragraph, the term ‘specified charitable organization’ means an organization described in section 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
in clause (i) or (ii) of subparagraph (F) 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) CHARITABLE GIFT ANNUITIES.— Qualified charitable distributions made for a charitable gift annuity shall not be treated as an investment in the contract for purposes of section 72(e).

“(iii) APPLICATION OF SECTION 72.— Notwithstanding section 72, in determining the extent to which a distribution is a qualified charitable distribution, the entire amount of the distribution 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 retirement plans of the individual were distributed during the taxable year and all such plans were treated as 1 contract for purposes of determining 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.

“(iv) **Determining Deduction**

**Under Section 170.**—Qualified charitable
distributions shall not be taken into ac-
count in determining the deduction under
section 170.

“(v) **Required Minimum Distribu-
tions.**—The entire amount of a qualified
charitable distribution shall be taken into
account for purposes of section 401(a)(9).

“(H) **Termination with Respect to**

**Split-Entities.**—Subparagraph (A) shall not
apply to a distribution to a split-interest entity
after December 31, 2020.”.

(b) **Effective Date.**—The amendment made by
this section shall apply to distributions made in taxable
years ending after the date of the enactment of this Act.