

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

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## 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.

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

7   “(I) to a specified charitable or-  
8   ganization, or  
9   “(II) to a split-interest entity,

10   and  
11   “(ii) which is made on or after the

12   date that the individual for whose benefit  
13   the account is maintained has attained—  
14   “(I) in the case of any distribu-

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

18   tion described in clause (i)(II), age  
19   65.  
20   “(D) SPECIAL RULES RELATING TO DIS-

21   TRIBUTIONS.—For purposes of this para-  
22   graph—  
23   “(i) DISTRIBUTION MUST BE OTHER-

24   WISE INCLUDIBLE.—A distribution from  
25

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-

1           scribed in section 509(a)(3) or any fund or ac-  
2           count described in section 4966(d)(2)).

3           “(F) SPLIT-INTEREST ENTITY DEFINED.—

4           For purposes of this paragraph, the term ‘split-  
5           interest entity’ means—

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

10                   “(ii) a charitable remainder unitrust  
11                   (as defined in section 664(d)(2)), but only  
12                   if such unitrust is funded exclusively by  
13                   one or more qualified charitable distribu-  
14                   tions, or

15                   “(iii) a charitable gift annuity (as de-  
16                   fined in section 501(m)(5)), but only if  
17                   such annuity is funded exclusively by a  
18                   qualified charitable distribution and com-  
19                   mences fixed payments of 5 percent or  
20                   greater not later than one year from date  
21                   of funding.

22           “(G) SPECIAL RULES.—

23                   “(i) CHARITABLE REMAINDER  
24                   TRUSTS.—Notwithstanding section 664(b),  
25                   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.