

# Looking at the Legacy IRA Act 18 months later and how to grow giving from older donors

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# Today's Agenda

- ▶ Welcome and introductions
- ▶ Overview of Legacy IRA Act and giving via Qualified Charitable Distributions
- ▶ Hear from experts on how they are implementing strategies

# Today's Hosts and Panelists



**Lisa M. Chmiola**  
University of  
Missouri—St. Louis



**Sally Schaeffer**  
Uncorked  
Advocates



**Jeff Mueller**  
American Heart  
Association



**Alison McKenna**  
Covenant House International



**Carlo Laurore**  
Boy Scouts of America



**Cathy R. Sheffield**  
Lena Pope



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# Legacy IRA Act

## Legacy IRA Enacted in FY23 Omnibus Act – Secure 2.0

	Pre-2023	Modified Legacy IRA – New Law
Age	70 ½	70 ½
Cap on QCD to split-interest entities (CRUTs, CRATs, CGAs) per year	Not available	\$50,000
IRA Charitable Rollover gift cap per year	\$100,000, not indexed for inflation	Kept at \$100,000 but indexed for inflation
Occurrence	No limit on number of rollover gifts	Limits split interest gifts to one time only, no limit on number of Rollover gifts
Effective time period	Permanent	Permanent, effective immediately, indexing for inflation effective after 2023

# AFP Partnered with 60+ Charities



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# Why AFP & coalition supported Legacy IRA Act

- ▶ [AFP's Fundraising Effectiveness Project](#) shows tax incentives motivate donors who cannot itemize to give
- ▶ 10,000 Baby Boomers turn 65 each day through 2030 (15% of total U.S. population is 65+)
- ▶ Average age of a donors is 64; Baby Boomers are 41% of all dollars given
- ▶ Opportunity to solicit gifts from middle income seniors who have charitable intent but need retirement income

# Qualified Charitable Distributions (QCDs) – the who, what, and why

- ▶ May be made by donors 70 ½ and older directly from a traditional IRA **only** to qualified charities.
- ▶ Current limits:
  - ▶ Maximum \$105,000 per year (indexed for inflation annually thanks to Legacy IRA Act)
  - ▶ Also, option for a single-year tax transfer of up to \$53,000 into a split-interest gift (Charitable Gift Annuity or Charitable Remainder Trust); also indexed for inflation annually
  - ▶ ***Note: the \$53,000 split-interest gift counts towards the annual \$105,000 maximum.***

# Qualified Charitable Distributions (QCDs) – the who, what, and why

- ▶ Why is this beneficial to donors?
  - ▶ For those taking Required Minimum Distributions, QCDs may fulfill all or part of annual RMD.
  - ▶ RMD income can impact donors' income level, which is used to calculate Social Security and Medicare benefits.
  - ▶ Donors who don't itemize may enjoy tax benefits due to the RMD offset.
  - ▶ More liquid assets in the donors' budget while still making donations.

# Hear from the experts



**Alison McKenna**  
Covenant House  
International  
Vice President of  
Planned Giving



**Jeff Mueller**  
American Heart Association  
Charitable Estate Planning  
Advisor



**Cathy R. Sheffield,**  
**CAP<sup>®</sup>, CSPG, CFRE**  
Lena Pope  
Chief Advancement Officer



**Carlo Laurore,**  
**CFP<sup>®</sup>, CHFC<sup>®</sup>,**  
**CLU<sup>®</sup>, RICP<sup>®</sup>, AEP<sup>®</sup>,**  
**CFRE, CAP<sup>®</sup>**  
Boy Scouts of  
America  
Senior VP of  
Development

# Marketing example: American Heart Association one pager (front)



“

The Legacy IRA Act is a win-win, both for seniors who want to support philanthropic causes and for charitable organizations that benefit from individual philanthropy. By building on the IRA Charitable Rollover, which has generated millions of dollars in new or increased contributions to local and national charities, this bill would allow more seniors to benefit from the rollover and make tax-free charitable contributions.

Suzie Upton, Chief Operating Officer for the American Heart Association

”

### Qualified Charitable Distributions (QCD)

The annual qualified charitable distribution (QCD) limit of \$100,000 will be indexed for direct gifts to charity starting in 2024. Individuals age 70½ or older are permitted to make distributions from their IRA directly to charity and avoid reporting of the income.

### Why Use a Qualified Charitable Distribution?

- It is a unique opportunity for donors age 70½ and older to give up to \$100,000 annually (indexed for inflation).
- It's a tax savings. Because the distribution isn't taxable income, it's effectively a charitable deduction.
- You can direct your gift to a specific fund or purpose within the American Heart Association.
- The distribution can count towards your annual required minimum distribution (RMD).

### How It Works

- 1 Notify your IRA custodian to make a direct transfer of the gift amount from your IRA to the Association.
- 2 Obtain a written acknowledgment from the Association (different from a tax deduction receipt) to benefit from the tax-free treatment.



Donor 70½ or Older



Retirement Plan



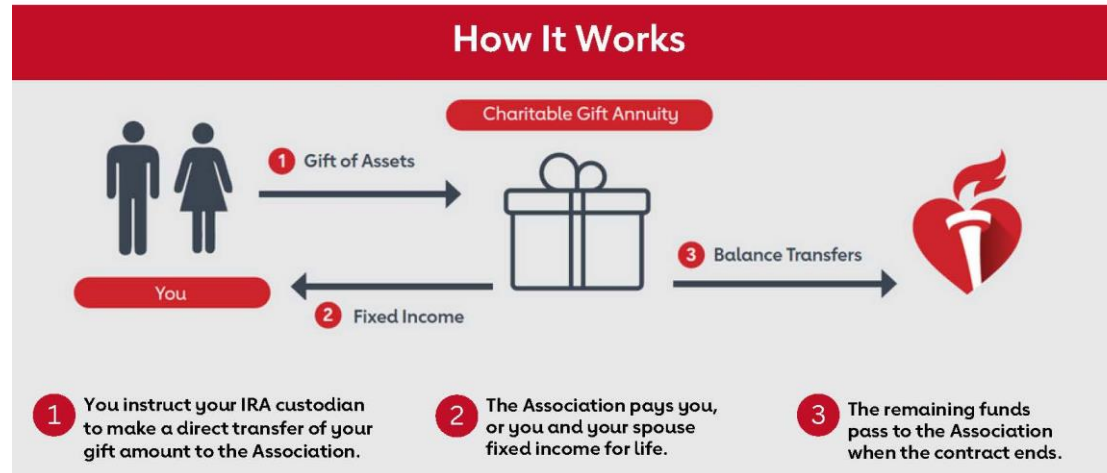
# Marketing example: American Heart Association one pager (back)

## A Gift that Can Provide Income for Life

The Legacy IRA Act expanded the definition of qualified charitable distributions to include certain distributions to create life income gifts, specifically charitable gift annuities (CGA) and charitable remainder trusts (CRT).

The bill allows IRA owners to make a one-time distribution for a charitable gift annuity or charitable remainder trust. This is limited to a maximum of \$50,000, and although not limited to a single gift, must be completed in a single year and only once during the lifetime of the IRA owner.

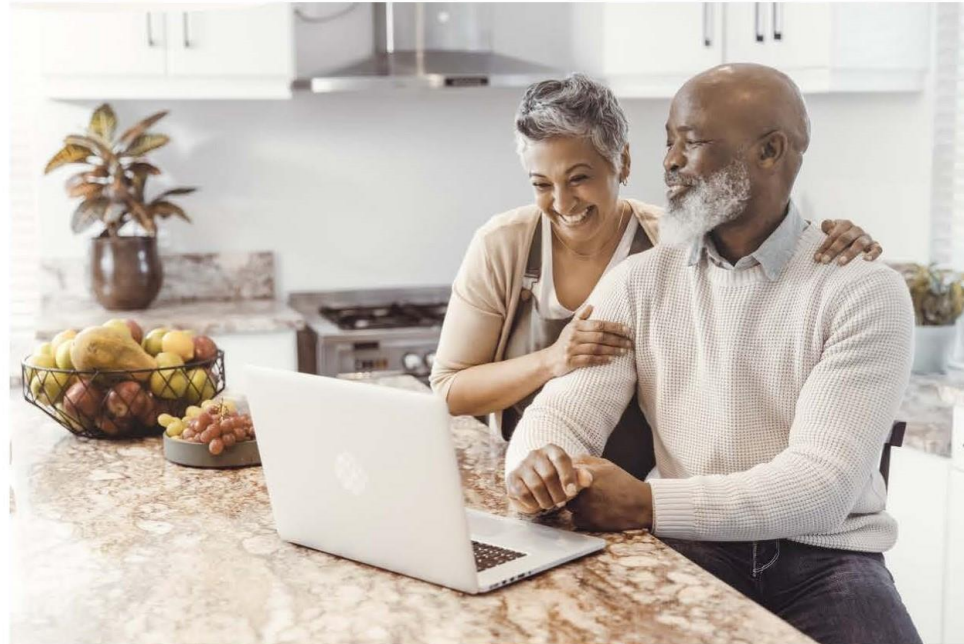
If you're looking for an option that could maintain your current lifestyle, increase your financial security, and lower your taxes, consider creating a charitable gift annuity. You will receive fixed annual payments for as long as you live and your gift will make a difference in our future.



### Summary of Legacy IRA Act Changes

	Prior to January 1, 2023	Current Law
Age	70½	70½
Limit on QCD to split interest entities (CRUTs, CRATs, CGAs)	Not available	\$50,000
IRA Charitable Rollover gift limit per year	\$100,000, not indexed for inflation	Kept at \$100,000, indexed for inflation starting in 2024
Occurrence	No limit on number of rollover gifts	Limits split interest gifts to one time only, no limit on number of rollover gifts
Effective time period	Permanent	Permanent, effective immediately, indexing for inflation after 2023

# Marketing example: American Heart Association email



## Turn your lifesaving gift into lifetime income - now at even higher rates!

A [Charitable Gift Annuity](#) is our most popular and simple giving opportunity that can pay you tax-free income for life in exchange for your lifesaving gift. With a Charitable Gift Annuity, you can:

- Receive fixed, secure payments for life
- Decrease your income tax
- Reduce or defer capital gains tax on appreciated assets and lower overall tax liability
- Provide long-term financial security for you and/or your loved ones
- Help us fund groundbreaking research and vital prevention education
- If you're 70½ or older, you can establish a lifetime income gift with a one-time, tax-free qualified charitable distribution up to \$50,000 from your traditional IRA.

Starting *January 1, 2024*, payout rates for charitable gift annuities will increase on average by 0.4%, depending on your age. What does this mean for you? The payout

# Marketing example: Covenant House International newsletter article and website

## Rates on gift annuities rise again in 2024

*Rates are the best they have been in 16 years!*

Great news for the gift that pays you: Payout rates for charitable gift annuities are higher than they have been in 16 years.

### Annuity range

Here's how a gift annuity works:

1. You donate cash or marketable securities.
2. We pay you reliable, fixed income for your lifetime (and the lifetime of a loved one, if you choose).
3. After your lifetime, the remaining amount becomes part of your legacy at Covenant House.

### More benefits

With this gift, you'll also enjoy:

- A partial income tax charitable deduction for your gift when you itemize.
- Part of each payment being income tax-free throughout your estimated life expectancy.

### Request your personalized illustration

We would be happy to send you a free, no-obligation calculation showing you the increased benefits you can receive from a gift annuity. Your personalized calculation will include your potential income tax charitable deduction and our annual payments to you for life. Please contact our Covenant House Planned Giving team at (800) 388-3888 or [plannedgiving@covenanthouse.org](mailto:plannedgiving@covenanthouse.org).

EXCITING OPTION! If you are 70½ or older, you can now make a one-time election of up to \$53,000 (without being taxed on the distribution) from your IRA to fund a charitable gift annuity. Special rules apply, so contact us to see if this opportunity is right for you.

**Alert!** Gift annuity rates are up yet *again*

One Recipient	
AGE	RATE
60	5.2%
70	6.3%
80	8.1%
85	9.1%
90+	10.1%

Two Recipients	
AGES	RATE
60/65	4.8%
70/75	5.8%
80/85	7.3%
90/95+	9.9%

These rates are subject to change. Please contact us for a personalized illustration. If you reside in New York, please contact us directly as your rates may vary slightly.

**California residents: Annuities are subject to regulation by the State of California. Payments under such agreements, however, are not protected or otherwise guaranteed by any government agency or the California Life and Health Insurance Guarantee Association.** Oklahoma residents: A charitable gift annuity is not regulated by the Oklahoma Insurance Department and is not protected by a guaranty association affiliated with the Oklahoma Insurance Department. **South Dakota residents: Charitable gift annuities are not regulated by and are not under the jurisdiction of the South Dakota Division of Insurance.**

# Call to action/how you can engage

- ▶ [Call to action: The Charitable Act](#)
- ▶ Respond to alerts sent by AFP Global and your AFP chapter; sign up for AFP's public policy updates: [paffairs@afpglobal.org](mailto:paffairs@afpglobal.org)
- ▶ [Save the date: AFP Virtual Lobby Week, August 5-9](#)
- ▶ Join your AFP Chapter Government Relations committee
- ▶ [Apply to serve on the U.S. Government Relations Committee](#)
- ▶ [Donate to the AFP PAC](#)



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# Thank you and questions

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- ▶ Sally Schaeffer, *Principal, Uncorked Advocates and Policy Consultant to AFP Global*, [sally@uncorkedadvocates.com](mailto:sally@uncorkedadvocates.com)