

## AT A GLANCE:

### STRATEGIES AND TOOLS TO MAKE YOUR

# CHARITABLE DOLLARS GO FURTHER

As 2025 winds down, business owners and high net worth individuals should start paying close attention to how charitable giving rules will shift once the One Big Beautiful Bill Act (OBBBA) takes effect in 2026. The current Tax Cuts and Jobs Act (TCJA) framework, which has governed charitable deductions since 2018, expires at the end of this year – bringing with it several key changes that could impact both how much you can deduct and how you plan your giving.

	Tax Cuts and Jobs Act - 2025 -	One Big Beautiful Bill Act (OBBBA) - 2026 -
Deduction Floor	No floor beyond needing to itemize your deductions.	Donations must exceed 0.5% of your Adjust Gross Income (AGI) to deduct.
Deduction Rate Cap	Deduction rate is equal to the taxpayer's top marginal tax rate.	Deduction rate is capped at 35%, a full 2% under the top marginal tax rate.
Benefits for Non-Itemizers	No current benefit.	Receive up to a \$1,000/\$2,000 deduction (single/MFJ) for cash gifts to charities.



#### "Bunching" Charitable Contributions in 2025

Bunching charitable contributions has been a popular planning strategy since the implementation of the TCJA. The basic idea is to combine your charitable giving for 2025 and 2026 into 2025. This practice helps you clear the high threshold for itemizing deductions as well avoiding the deduction floor and also the deduction rate cap being introduced in 2026.



#### Donating Appreciated Stocks

Receive the full fair market value (FMV) of your stock as a charitable deduction (up to 30% of AGI) and avoid paying capital gains tax on the difference between the FMV and your initial purchase price.



#### Qualified Charitable Distribution

For taxpayers over age 70.5 with an IRA, you can make a contribution directly from your IRA to a charity, up to \$108k. Rather than being included in itemized deductions, the contribution directly offsets the income from your IRA.



#### Qualified Charitable Distribution

Contribute to a donor-advised fund (DAF) and receive a deduction in the year of contribution. Happily, there is no time limit on distributing the money from the DAF to a charitable organization. It's a perfect tool to use with bunching if you are unsure of where you want your charitable dollars to ultimately end up.