

Donor Tax Takeaways: Strategic Charitable Giving in a Changing Landscape Taking Action Before the 2026 Tax Changes

*The new tax law offers both opportunities and challenges for donors. With important changes slated for 2026, proactive planning in 2025 can help ensure your giving strategy aligns with your financial goals. **

The Window of Opportunity: Why 2025 Matters

For many donors, 2025 represents a crucial opportunity. Under current rules, there is no Adjusted Gross Income (AGI) floor on charitable deductions, and the full value of a deduction can be realized at your marginal tax rate. For top earners, this is the last year to secure a deduction at the full 37% rate.

What to Expect in 2026: The New Rules

Starting in 2026, donors who itemize will face a "deduction floor" and a "deduction cap."

- **The Floor:** This new rule means your charitable deductions will be limited. Only the amount of your gifts that exceeds 0.5% of your Adjusted Gross Income will be deductible. For instance, if your AGI is \$500,000, your first \$2,500 in donations will not be deductible.
- **The Cap:** Your itemized deductions, including charitable giving, will be subject to a 35% cap on their tax value. This means a \$10,000 gift that might have saved you \$3,700 in taxes in 2025 could now save a maximum of \$3,500.

A Bright Spot for Smaller Gifts: Beginning in 2026, a new universal charitable deduction is available **to taxpayers that do not itemize**. If you take the standard deduction, you can now deduct up to \$1,000 (single) or \$2,000 (married filing jointly) for cash gifts to qualified charities. This new incentive aims to encourage broader participation in philanthropy.

Considerations for 2025:

- **Accelerate Giving:** Consider accelerating multi-year giving plans into 2025 to avoid the new deduction floor and cap.
- **"Bunching" Strategy:** If you're a high-income earner, combining several years of anticipated donations into 2025 can allow you to itemize for that year and take the standard deduction in future years, potentially increasing your overall tax savings.
- **Use a DAF:** Contribute to a Donor-Advised Fund (DAF) in 2025 to secure the deduction under the current rules, then recommend grants from the fund to your favorite nonprofits over time.

To view Episcopal Relief & Development's webinar, co-hosted with Planned Giving Today, featuring Juan Ros of Forum Financial, [please click here](#).