

Planning alert

Accelerate Charitable Giving: Lock In Deductions by 12/31

Key changes in the new federal tax law will limit charitable deduction benefits for high-income donors starting in 2026. Consider accelerating gifts now to secure full deductions before December 31, 2025.

Upcoming changes and planning opportunities

- **New deduction cap for top earners:** The income tax benefit of itemized charitable deductions will be capped at 35% for individuals in the highest tax bracket (currently 37%).
- **Limits deductions for itemizers:** Can only deduct charitable contributions that exceed 0.5% of their adjusted gross income (AGI).
- **Reduced deduction value:** Under this cap, a \$100,000 donation will yield a \$35,000 deduction, down from \$37,000 under current rules.
- **Strategic timing opportunity:** Consider accelerating large charitable gifts in 2025 to take advantage of the more favorable deduction rules before the cap takes effect in 2026.
- **Planning considerations:** This is a great time to explore tax-efficient giving vehicles such as a donor-advised fund (DAF) and/or charitable remainder trust.

Sources: One Big Beautiful Bill Act (H.R.1), 119th Cong. § 70111 (2025), Council on Foundations

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Structured charitable giving vehicles offer benefits beyond funding the causes and organizations you care about.

Common options include:

- Charitable Remainder Trusts
- Charitable Lead Trusts
- Private Foundations
- Donor-Advised Funds

Each of these powerful tools can enhance tax efficiency, help maximize charitable impact, and enable you to establish a philanthropic legacy while aligning with broader wealth and estate planning goals.