

## Adjust your giving plans NOW to maximize benefits

The One Big Beautiful Bill Act (OBBBA) made changes to charitable contribution deductions starting 1/1/26. The changes aim to incentivize charitable giving among non-itemizers, while introducing new limitations for those who itemize, particularly high-income earners. If you itemize, your deductions will be reduced, so itemizers may want to look at increasing your 2025 contributions. If you don't itemize, then you will gain a new tax deduction for contributions, so non-itemizers may benefit from pushing 2025 donations into 2026. Those over 70 1/2 with an IRA should take a fresh look at the benefits of QCDs.

### ITEMIZERS/ 2025

**AGI Limits:** Deduct up to 60% of AGI (Adjusted Gross Income) for cash gifts to qualified charities. No AGI floor.

**High Earner Cap:** The value of itemized deductions is based on the taxpayer's full marginal tax rate (up to 37%).

**Carry-forward:** If donations exceed your AGI Limit, you can carry-forward the excess for up to 5 tax years. Carry-forwards from 2025 or earlier are not subject to the 2026+ 0.5% AGI Floor.

### NON-ITEMIZERS/ 2025

Charitable deductions are not allowed when claiming the standard deduction.

### ITEMIZERS/ 2026

**AGI Limits:** Itemizers can only deduct contributions that exceed 0.5% of their AGI. Ex: \$100,000 AGI can only deduct donations above \$500 (0.5% of \$100K), up to any applicable cap. The 60% AGI limit is made permanent.

**High Earner Cap:** For those in the highest tax bracket, charitable deductions are capped at 35%.

**Carry-Forward:** If donations exceed your AGI limit for the year, or fall below the 0.5% AGI floor, you can carry those amounts forward for up to 5 subsequent tax years.

### NON-ITEMIZERS/ 2026

If you claim the standard deduction, you can also claim cash contributions up to \$1000/single, \$2000/joint filers. This only applies to donations made directly to a qualified 501(c)(3) public charity. This fixed deduction will not be inflation adjusted annually.

### QUALIFIED CHARITABLE DISTRIBUTIONS (QCDs)

If age 70 1/2 or older, for 2025 you can make a donation of up to \$108,000/single or \$216,000/joint filer, directly from your IRA to a charity. This is not an itemized tax deduction, but a reduction to your taxable income. This is not impacted by the rules affecting itemized deductions.

### »»» QCDs LOOK EVEN BETTER IN 2026

- > The new 0.5% AGI Floor for itemized deductions does not apply to QCDs. The QCD amount is excluded from your taxable income.
- > For taxpayers over 73, a QCD can satisfy all or part of your RMD (Required Minimum Distribution), without being added to your taxable income.
- > For high-income taxpayers, the lower 35% cap on itemized deductions makes the tax-free nature of a QCD even more valuable.
- > Starting in 2026, the IRS will introduce a new code on Form 1099-R to help simplify the reporting of QCDs.