

OBBBA Impact on Charitable Giving Strategies

As a donor to one or many nonprofits, your giving strategy may be driven by a number of things — mission alignment, community impact, and possibly the tax benefits you accrue by investing in the 501(c)(3) organizations you support.

The One Big Beautiful Bill Act (OBBBA) has changed tax laws related to charitable giving. **Some donors may benefit from adjusting 2025 year-end giving strategies before the changes go into effect in 2026.**

For taxpayers who do not itemize

*[taken by 90% of U.S. households]
2025: \$15,750 individual;
\$31,500 married filing jointly*

Before OBBBA

- Charitable contributions do not have an impact on taxable income

After OBBBA

- Charitable contributions up to \$1,000 (individual) or \$2,000 (married filing jointly) are allowed as tax deductions starting in 2026

Potential donor impact

- Federal tax savings of up to \$740

Potential public charity impact

- New/expanded pool of high volume, lower dollar gifts



For taxpayers who itemize

Before OBBBA

- All charitable gifts, up to a 60% of adjusted gross income (AGI) deductible
- 60% ceiling set to go back to 50% after 2025

After OBBBA

- Floor on charitable donations (beginning in 2026) — the first 0.5% of a taxpayer's contribution base (generally AGI) is not deductible
- 60% AGI ceiling extended permanently; limit reduced to 50% on cash donations when non-cash property (e.g., stocks) are also donated

Potential donor impact

- Increase in tax liability for the first 0.5% of AGI contributed. Bunching gifts or funding a donor advised fund by 12/31/25 could help capture tax savings

Potential public charity impact

- Potential to increase near-term cash flow from bunched gifts if direct to the nonprofit, but offsetting decrease in future year cash inflows



Federal Individual Income Tax Charitable Deduction

Example — Status Quo vs. Bunching 2025

	Option 1: Status Quo			Option 2: Bunching		
	2025	2026	2027	2025	2026	2027
Adjusted gross income	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Charitable contributions	(\$100,000)	(\$100,000)	(\$100,000)	(\$300,000)	-	-
0.5% charitable floor	-	\$5,000	\$5,000	-	-	-
Cap on itemized deductions	-	\$5,135	\$5,135	-	-	-
Total deductions allowed	(\$100,000)	(\$89,865)	(\$89,865)	(\$300,000)	-	-

**To simplify the example, all income is ordinary, and no other itemized deductions are assumed.
Same tax brackets for 2025-2027*

Taxable income	\$900,000	\$910,135	\$910,135	\$700,000	\$1,000,000	\$1,000,000
Potential tax	\$257,063	\$260,812	\$260,812	\$184,095	\$294,063	\$294,063

**Potential tax savings to the donor
(option 2 vs. option 1)**

\$6,468

Benefit to the charity	\$100,000	\$100,000	\$100,000	\$300,000	\$10,000	\$5,000
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**Assumes funds for future years
invested at 5% return*

**Additional benefit to the charity
(option 2 vs. option 1)**

\$15,000

Consult your tax advisor. Don't have one? Visit **CLAconnect.com**.

