FREEWILL

Key tax changes impacting philanthropy in 2026

A guide for fundraisers and donor conversations

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The One Big Beautiful Bill (OBBB) Act was passed on July 4th, 2025. This document has two resources explaining how those changes will impact philanthropy in the future.

➢ Page one is a donor-facing resource to highlight the biggest changes for your supporters.
➢ Page two has talking points that Major Gift Officers and Development team members can use in conversation with supporters.

Key tax changes impacting philanthropy

The One Big Beautiful Bill (OBBB) Act was passed on July 4th, 2025. Below, we've highlighted three key changes that may impact philanthropy and giving starting January 1st, 2026.

1. **Larger Universal Charitable Deduction—More Donors Get Tax Benefits**

   Starting in 2026, non-itemizing taxpayers can deduct up to $1,000 ($2,000 for married couples) for charitable gifts. Charitable deductions will no longer be restricted to those who itemize deductions. This makes it easier for donors to realize tax benefits from supporting charities.

2. **New Minimum for Itemized Charitable Deductions**

   If someone itemizes their deductions, starting in 2026, a "floor" applies to their deduction for charitable contributions. Specifically, the charitable contribution deduction will be reduced by an amount equal to 0.5% of their adjusted gross income (AGI). For example, if the AGI is $200,000, the first $1,000 of charitable contributions in a year will not be deductible; only giving above that amount qualifies for a tax benefit.

3. **Estate & Gift Tax Exemption Increases**

   The federal estate and gift tax exemption rises to $15 million per person (indexed for inflation), meaning very few estates will owe federal estate tax. Some states, however, have much lower thresholds. For donors with large estates, planned giving and legacy gifts may offer additional benefits.

What This Means for Planned Giving

With new changes taking effect, giving through a will, trust, IRA, or making lifetime gifts of appreciated assets remain powerful ways to support causes you care about.

For more detailed information or to discuss the best planned giving options for your situation, we recommend consulting with your tax or estate advisor. Our team is also happy to answer questions about how these changes might affect your giving plans.

Talking points for major gift officers

- As a result of the *One Big Beautiful Bill Act*, passed in July 2025, some key changes may impact your philanthropy in 2026 and beyond.

- **For donors who will be taking the standard deduction:**
    - The standard deduction has increased:
        - Single or Married Filing Separately — $15,750
        - Head of Household — $23,625
        - Married Filing Jointly or Qualifying Surviving Spouse — $31,500
    - Charitable gifts are no longer entirely restricted from the standard deduction.
        - Single donors can deduct up to $1,000; married couples up to $2,000

- **For donors who itemize their deductions:**
    - A “floor” of 0.5% has been implemented on the deductions a donor can take for a charitable gift.
        - Ex. If your Adjusted Gross Income (AGI) is $200,000, the first $1,000 you give will not be deductible. Only giving above that amount will qualify.

- **Estate Taxes and Gift Tax Exemption**
    - The federal estate and gift tax exemption rises to $15 million per person (indexed for inflation), meaning very few estates will owe federal estate tax.
    - These laws differ from state to state. The threshold for state taxes might be lower depending on where you live.

- Non-cash giving vehicles (QCDs, Stocks, or grants from Donor-Advised Funds) are beneficial ways to give more while seeing additional tax benefits.

- For donors with large estates, planned giving and legacy gifts may offer additional benefits, despite the changes.