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# Four key changes to charitable giving are coming in 2026

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**New tax laws will affect your charitable giving strategy in the new year. Learn how to make the most of your giving now—before year-end.**

The most sweeping tax legislation since 2017, The One Big, Beautiful Bill Act (OBBBA), is set to take effect in 2026. It is reshaping the landscape of charitable giving for individuals and businesses.

While new rules and deadlines are on the horizon, there is a narrow window to take advantage of favorable charitable giving benefits in 2025. But the time to act is now—before these benefits disappear. More important, this is also an opportunity to create a lasting impact by supporting the causes that matter most to you.

Here we highlight several key changes to the charitable giving rules, which can help you make informed decisions before the year-end deadline.

## **1. Maximize charitable deductions now**

### **New thresholds.**

For high-income taxpayers, the value of charitable deductions will shrink after 2025. Starting in 2026, only charitable donations that exceed 0.5% of an individual's adjusted gross income (AGI) will be eligible for an itemized tax deduction, meaning smaller gifts may no longer be deductible.

**New cap rules on itemized deductions.** The value of all itemized deductions, including charitable contributions, will be capped at 35% (down from 37% in 2025) for taxpayers in the highest federal marginal income tax bracket (37%),

meaning they won't receive the full tax benefit of their donations if their taxable income puts them in the 37% tax bracket.

#### **Actions to consider**

- **Front-load donations** this year to maximize deductions under 2025 rules.
- Starting in 2026, **single filers can deduct up to \$1,000 (\$2,000 for couples filing jointly) in cash gifts**, even if they do not itemize. The deduction applies to cash donations to qualified public charities, such as churches, schools and hospitals. Donations made to donor-advised funds or private foundations are not eligible.

### **2. Bunch donations for bigger impact**

New rules may make it harder to exceed the standard deduction threshold each year.

#### **Actions to consider**

- **Combine multiple years' worth of donations** into 2025 to lock in a higher deduction.
- **Utilize a donor-advised fund (DAF).** Contributions to a DAF in 2025 can help you maximize your deduction under current rules. Starting in 2026, taxpayers who itemize their taxes may continue to benefit from a tax deduction on DAF contributions, to the extent that their contribution exceeds the new threshold (only charitable donations that exceed 0.5% of an individual's AGI will be eligible for an itemized tax deduction).

### **3. What type of donation is right for you?**

These deduction limits will become permanent in 2026:

- contributions to a DAF are deductible up to 60% of AGI.
- contributions generally can be deducted up to 30% of AGI, with a five-year carry-forward.
- mix of cash and non-cash gifts may have greater impact as 2026 rules will add complexities for itemizers.

#### **Actions to consider**

- **Review your giving plan** now to ensure you meet deduction rules.
- If you plan to donate securities or property, **consider doing it as soon as possible** before the end of 2025. The more illiquid and complex the security being donated, the longer it will take the DAF to accept it.

### **4. Review your endowment asset strategy**

In 2026, private colleges and universities with large ratios of endowments per student will pay a new tax on investment income (from 1.4% to 8.0% based on size). That means less investment income available for scholarships, research or facilities.

#### **Actions to consider**

- To help maximize your impact, **consider targeting specific programs or projects.**

#### **The clock is ticking**

Planning sooner than later will not only give you more options for making a difference in the world, but also help you take advantage of the current favorable tax environment. Speak with a UBS Advisor to explore strategies that can help you maximize your charitable impact and pursue your financial goals.

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