

The 2025 Tax Law and Philanthropic Giving

Changes to the tax code beginning January 1, 2026, could affect how—and when—you choose to give to Make-A-Wish and other nonprofits.

KEY CHANGES

FOR NON ITEMIZERS (Standard Deduction Users)

- **New Deduction Available:** You can now deduct up to **\$1,000 (single)** or **\$2,000 (married)** in cash donations to qualified charities, even if you don't itemize. **Important Note:** *Donations to Donor Advised Funds or Private Foundations do not qualify.*

FOR ITEMIZERS

- **New Floor for Deductions:** You must donate more than 0.5% of your adjusted gross income (AGI) to claim any deduction. **Example:** *If your AGI is \$500,000, the first \$2,500 of donations is not deductible.*
- **Cap on Deduction Value:** Currently, top earners get a \$0.37 tax benefit on every \$1 deducted. Starting in 2026, that drops to \$0.35. **Example:** *A \$10,000 donation yields a \$3,500 deduction (not \$3,700).*

WHAT STAYS THE SAME

- **Cash Contribution Limit for Itemizers:** Donors who itemize can still deduct cash gifts to public charities up to 60% of their AGI
- **Charitable Giving is Still Deductible for Individuals, Corporations, Estates and Trusts:** The basic ability to deduct charitable donations from federal income taxes remains intact across all donor types.
- **Standard Deduction Structure Remains High:** The law continues the elevated standard deduction levels introduced in 2017, meaning most taxpayers will still not itemize, but now have a new option for limited charitable deduction

ACTION STEPS FOR DONORS

- **Consider Accelerating Giving in 2025:** Make larger gifts before December 31, 2025 to maximize deductions under current rules.
- **Use Donor Advised Funds Strategically:** Donors may benefit from “bunching” or grouping multiple years of giving into one year via a DAF. This can maximize deductions now and provide flexibility in giving to Make-A-Wish over time. **Example:** *\$25K annually may yield no deduction, but a \$125K one-time gift could generate a \$100K deduction.*
- **Talk to your Tax Advisor:** Get personalized advice to optimize your giving strategy under the new law.



Disclaimer: This resource is for educational purposes only. It is not financial or tax advice. Donors should consult their advisors.



DONOR ADVISED FUNDS + TAX LAW

providing a little clarity

- The new above-the-line deduction for non-itemizers does not cover DAF contributions, so if a donor gives via a DAF and does not itemize, they won't be able to claim that new deduction.
- If a donor does itemize, their DAF contributions remain deductible (subject to standard AGI limits), but they must first exceed the 0.5% floor, and for very high earners the marginal benefit may be capped at 35% instead of 37%
- For donors who can time or bunch giving, there is opportunity in 2025 to "prepay" charitable giving via DAFs under more favorable rules (i.e. no floor, full marginal tax benefit) before the tighter rules apply in 2026. Donors can make a larger one time gift to a DAF and then give subsequent gifts to non profits over time.
- For smaller donors who don't usually itemize, the path to tax-advantaged giving (outside of DAFs) becomes more accessible in 2026 but they must give directly to public charities (not through a DAF) to use the new deduction.

FOR MORE INFORMATION:

[TAX-SMART WAYS TO GIVE TO MAKE-A-WISH](#)

[DAFGIVING360: DAFS AND TAXES](#)



*I wish to
be a train
conductor*
Nathan, 6
Heart Condition