Capital Advisors, Ltd.
financial counsel

CHARITABLE GIVING BENEFITS IN 2025

2025 offers a unique opportunity to maximize charitable deductions before new limits take effect in 2026.

- ✓ **No AGI floor or deduction cap in 2025**
- ✓ **2026 introduces a 0.50% AGI floor and 35% deduction cap**
- ✓ **IRA Qualified Charitable Distributions (QCDs) bypass both limitations and remain the most tax-efficient giving strategy**
- ✓ **Accelerating gifts or bunching into 2025 can significantly increase tax savings**

2025 Timing Advantage

- 2025: Full deductibility at your highest marginal rate.
- 2026:
  - First 0.50% of AGI excluded.
  - Deduction benefit capped at 35%, even for taxpayers in higher brackets.
- **Donating in 2025 can increase tax savings** and avoid new limitations.
  - Cash (60%) and Appreciated Securities (30%) are still subject to the AGI max with a 5 year carry-forward

Bunch in 2025 for Higher Deductions

- Review charitable intentions for the next 3–5 years.
- **Consider bunching gifts into 2025 to lock in higher deductions**.
- Bunching in 2026 and beyond may also be beneficial so the 0.50% AGI floor deduction only applies once.

QCDs: The Superior Giving Strategy

- Qualified Charitable Distributions (QCDs) allow IRA owners aged 70.5 to transfer up to $108,000 (2025 limit) directly to charity.
- The QCD is **excluded from taxable income**, reduces RMD obligations, and bypasses both the AGI floor and 35% deduction cap, even after 2026.
  - QCDs satisfy required minimum distributions (RMDs) but cannot also be claimed as charitable deductions as they are excluded from AGI.

Illustrative Comparison

Year	Income	Gift Amount	AGI Floor (0.50%)	Deduction Amount	Deduction @ 37% | 35%	2025 Net Savings
2025	$1,000,000	$100,000	$0	$100,000	$37,000	**$3,750**
2026			($5,000)	$95,000	$33,250	

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CRR #20251100582 11/25