THE NEW TAX LAW AND ITS IMPACT ON YOUR CHARITABLE GIVING

Newly signed tax legislation has several changes that may impact you as well as your charitable giving. Not only does the new act extend many of the previous provisions, it also introduces several changes that will impact your charitable donations.

**Key Provisions Here to Stay:**

1. Income tax brackets

The new law permanently extends the 10%, 12%, 22%, 24%, 35% and 37% tax rates.

2. Higher standard deduction (with a small boost)

It permanently extends the higher standard deduction. For 2025, the standard deduction is $15,750 for single filers and $31,500 for married couples filing jointly. It will be indexed for inflation thereafter. About 90% of taxpayers are now claiming the standard deduction. As a result, gifts that provide above-the-line benefits or non-cash tax advantages, such as gifts of appreciated stock, real estate, or qualified charitable distributions, may give you increased tax benefits.

3. Higher deduction limit for cash gifts

The act permanently extends the 60%-of-AGI (adjusted gross income) limitation for cash gifts.

4. Higher estate tax exemption

The federal estate and gift tax exemption will increase to $15 million per individual (indexed annually).

**What’s New for Charitable Giving in 2026**

1. Tax break for non-itemizers

In a notable change, the act includes an above-the-line charitable deduction, allowing taxpayers to deduct up to $1,000 for single filers and $2,000 for married couples for taxable years after December 31, 2025. For an individual in the 24% tax bracket, for example, a $1,000 donation would mean $240 in tax savings. This provision does not have an end date, and gifts to donor advised funds are excluded.

2. Giving threshold for itemizers

The new law adds a minimum charitable contribution rate for taxpayers who itemize their deductions. The law will require taxpayers to give at least 0.5% of their AGI starting in 2026 to receive a tax benefit for their charitable giving. For example, an individual with $200,000 in adjusted gross income would only get a tax break on the contributions they give beyond $1,000.

3. Limitation on charitable deductions for those in the top tax bracket

Under current law, the top income tax bracket is 37%, meaning top earners receive a tax benefit of thirty-seven cents for each dollar deducted from their taxable income. The new law caps the tax benefit at 35 cents for each dollar of itemized deductions beginning in 2026.

There are other new changes relating to tax rates for university endowments, corporations, and excess compensation tax.

In summary, charitable giving remains one of the most powerful tools individuals have to reduce tax liability while making a lasting impact. We hope you will consider increasing your annual donation to GCSCC!

Note: We encourage you to consult with your tax advisor to understand how these changes may impact your giving in 2025 and beyond.