STEPPING STONES MONTESSORI SCHOOL

## CHARITABLE GIVING TAX LAW CHANGES:

## What SSMS Supporters Should Know for 2025 vs. 2026 (and Beyond)

This overview is designed for the entire SSMS community — parents, grandparents, teachers, alumni, and friends of the school — who wish to understand how upcoming tax law changes may affect charitable giving.

We don't usually talk taxes (we'd much rather talk about children discovering, exploring, and growing in their Montessori environments), but the 2026 tax-law changes are coming in hot — and if you plan to support SSMS or other organizations you care about, it's worth understanding how the new rules may influence your giving decisions.

**Itemizing in 2025 and 2026? — Consider Giving in 2025**

Beginning in 2026, charitable cash contributions will be subject to a new 0.5% Adjusted Gross Income (AGI) floor. This means you will only get a charitable deduction for the portion of your giving that exceeds 0.5% of your AGI. For example: If your adjusted gross income is $200,000 in 2026, the first $1,000 of your donation won't be deductible.

**This year? Every eligible gift still counts.**

In addition, beginning in 2026, itemizers in the top tax bracket (37%) will experience a new 35% cap on itemized deductions, which further reduces the value of their charitable deduction beyond the .5% AGI floor reduction.

**Not Itemizing in 2025 or 2026? — Consider Giving in 2026**

For SSMS community members who don't itemize, beginning in 2026 you may deduct $1,000 in cash gifts ($2,000 for married couples filing jointly). Unfortunately, donations of stock or other non-cash property do not qualify for this above-the-line deduction.

**Age 70½ or Older? — Consider Using Your IRA for Gifting**

If you're 70½ or older, you can make tax-free IRA distributions directly from your IRA to the school. These gifts do not count as taxable income and can satisfy your required minimum distribution (RMD). Individuals may donate up to $108,000 in 2025 and $111,000 in 2026 using this tax planning strategy.

## Two Smart Giving Approaches for 2025

### 1. Consider Donating Appreciated Securities

SSMS can now accept gifts of publicly traded securities. If you hold highly appreciated stock, giving the shares directly can be a meaningful and tax-efficient way to support the school, since no capital gains tax is ever triggered and the full value of the stock benefits SSMS. This approach can be beneficial even if you don't itemize your deductions.

### 2. Consider "Bunching" Future Charitable Gifts into 2025

You may benefit from "bunching" charitable gifts into 2025 to ensure your giving avoids the new 2026 reduction. You can do this by making an outright gift to Stepping Stones in 2025 or making a gift to a donor-advised fund (DAF) in 2025 and then distributing those funds to SSMS and other organizations you care about in future years.

This allows you to claim the full charitable deduction now, before the new rules apply, while still supporting SSMS and other causes on a schedule that works for you.

### Why a 2025 Gift Can Go Further

2025 dollars go further, work harder, and support more of what makes Stepping Stones special — not just because of tax policy, but because they strengthen engaged students, thoughtful guides, and beautifully prepared Montessori environments.

If you're considering a year-end gift, making that commitment before December 31, 2025 allows you to take full advantage of the current rules.

***Please consult your tax advisor to determine which strategies are most beneficial.***