GIVE EARLY, SAVE MORE

OBBBA AND ITS IMPACT ON CHARITABLE GIVING

November 10, 2025

ESSEX COUNTY COMMUNITY FOUNDATION

DISCLAIMER

*The information provided in this webinar is for **educational and illustrative purposes** only and **should not be construed as legal, tax, or financial advice**. Participants should consult with their own qualified professional advisors regarding their individual circumstances before making any charitable giving or tax-related decisions.*

ONE BIG, BEAUTIFUL BILL…
AND LOTS OF COMPLEXITY

The One Big Beautiful Bill Act – also known as OBBBA or OB3 – was signed into law on July 4, 2025.

- **What does it all mean…?**
  - **For philanthropy in general**
  - **For the nonprofit sector**
  - **For your donors**
- **What are the savviest donors are doing this year ahead of the implementation of the changes in 2026?**

elevate your giving
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OBBBA - Changes to Charitable Deductions

Above-the-line deduction for Non-Itemizers

- Reinstated permanently: up to $1,000 (single) / $2,000 (joint) for qualifying cash gifts
- Limitations / exclusions (e.g. donor-advised funds)
- Effective date: tax years beginning after December 31, 2025 (i.e. 2026)

0.5% “floor” for Itemizers

- Only the portion of charitable contributions **exceeding** 0.5% of one’s “contribution base” (adjusted gross income) is deductible
- Implications: small donors or modest givers may lose deduction benefit under itemization

Cap on value of deductions (35%) for Itemizers

- Even for donors in the highest marginal bracket (37%), charitable deductions will produce at most a 35% tax benefit per dollar donated
- This effectively reduces the “subsidy rate” for giving from the top bracket

OBBBA CHANGES – WHAT'S THE IMPACT?

For the highest income filers, the combination of the 0.5% AGI disallowance with the deduction rate cap of 35% will result in less tax savings starting January 1, 2026

Middle Income Donor
Eg. Single filer with $200,000 AGI

	Before OBBBA (2025)	After OBBBA (2026+)
Donation	$ 2,000	$ 2,000
Max Tax Bracket for Deduction	32%	32%
Disallowance	n/a	1,000
Total Deduction	**$ 640**	**$ 320**
		$ (320)

Result: Same giving → half the deduction/ half the tax savings.

High Income Donor
Eg. Jointly filing couple with $900,000 AGI

	Before OBBBA (2025)	After OBBBA (2026+)
Donation	$ 100,000	$ 100,000
Max Tax Bracket for Deduction	37%	35%
Disallowance	n/a	4,500
Total Deduction	**$ 37,000**	**$ 33,425**
		$(3,575)

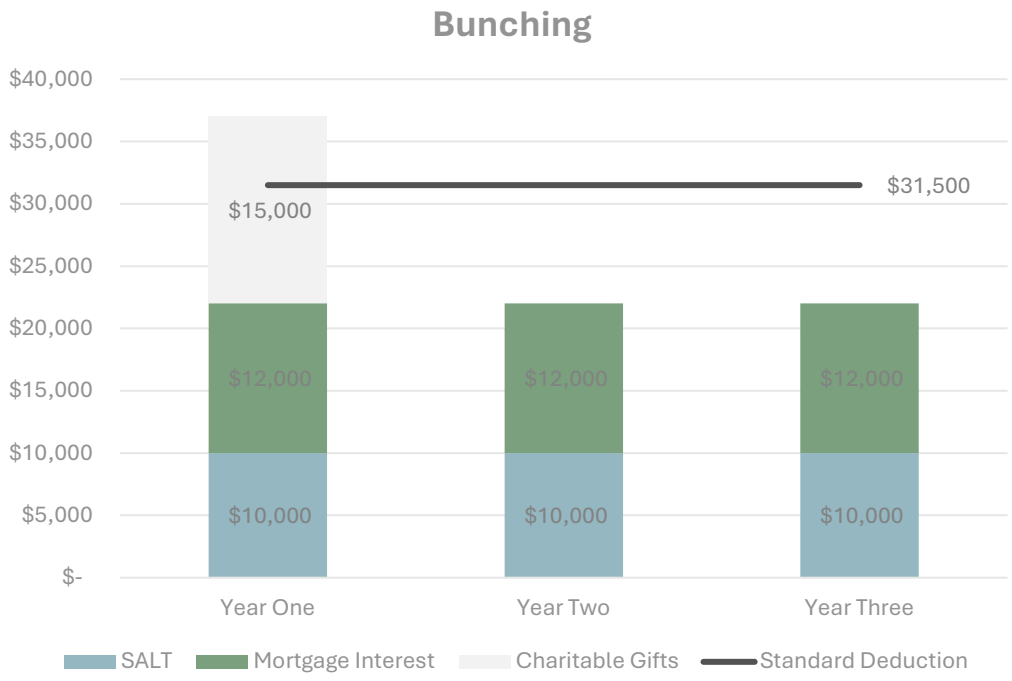
Result: $3,575 less in tax savings → effectively a higher "cost of giving."

This example is for illustrative and educational purposes only. Actual tax savings depend on multiple factors, including the type of gift, AGI limits for deductibility, state taxes, and other personal tax considerations. Always consult with a qualified tax professional.

WHAT ARE THE OPPORTUNITIES IN 2025?

Talk to your donors about bunching!

"Bunching" is a technique that encourages frontloading ***several years' worth of charitable contributions in a single tax year*** to exceed the standard deduction threshold, thereby maximizing tax benefits in that year.



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THE "BUNCHING' EFFECT

Annual Charitable Gift	**$ 5,000**	**$ 7,500**	**$ 10,000**
SALT	10,000	10,000	10,000
Mortgage Interest	12,000	12,000	12,000
Total Potential Deductions	$ 27,000	$ 29,500	$ 32,000
Standard Deduction	31,500	31,500	31,500
Tax Value of Deduction (35%)	*$ 11,025*	*$ 11,025*	*$ 11,200*
Bunch 3 Years	**$ 15,000**	**$ 22,500**	**$ 30,000**
Itemized Deduction	37,000	44,500	52,000
Tax Value of Deduction (35%)	*12,950*	*15,575*	*18,200*
Savings	***$ 1,925***	***$ 4,550***	***$ 7,000***

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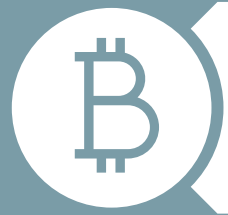
OTHER TAX SAVVY STRATEGIES

GIFTING APPRECIATED SECURITIES

QCDs



Cryptocurrency

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APPRECIATED SECURITIES

Double tax benefit and more money to charity!

- Do not pay capital gains tax.
- Get the charitable deduction at market value, not cost basis (if highly appreciated, much higher deduction for a fraction of the cost).

	Purchase Date	Donate Date
	10/16/2020	10/13/2025
Nvidia Share Price	$ 13.81	$ 181.60

	Sell Shares and Donate Cash	Donate Shares	
Market Value 100 Shares	$ 18,160.00	$ 18,160.00	
Cost Basis	$ 1,381.00	$ 1,381.00	
Capital Gains Tax (20%)	$ 3,355.80	$ -	
Net Donation	**$ 14,804.20**	**$ 18,160.00**	
Proceeds to Charity	**$ 14,804.20**	**$ 18,160.00**	
Taxes Paid	$ 3,355.80	$ -	
Charitable Tax Deduction	$ 14,804.20	$ 18,160.00	
Total Tax Savings (35% rate)	***$ 1,825.67***	***$ 6,356.00***	***248.1%***

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DISTRIBUTIONS FROM AN IRA

For donors aged 70½, a Qualified Charitable Distribution allows up to $108,000 to be given directly to charity

TAX EFFICIENT GIVING

Reduces taxable income

Counts toward Required Minimum Distribution

MAXIMIZES CHARITABLE IMPACT

100% goes directly to charity

No federal income tax on the transfer

SIMPLE & DIRECT

Paid directly from IRA to nonprofit

No need to chase tax receipts

STRATEGIC PLANNING TOOL

Helps manage AGI which may lower Medicare premiums & Social Security taxation

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GIFTING DIGITAL ASSETS: BITCOIN & BEYOND

- **Direct Digital Donations:** Donate cryptocurrencies like Bitcoin directly to nonprofits.
- **Tax Advantages:** Avoid capital gains tax on appreciated crypto (similar to donating stocks). Eligible for a charitable deduction based on fair market value.
- **Appealing to a New Donor Base:** Nearly 1 in 5 Americans have used some form of cryptocurrency. Many are younger, tech-savvy, and increasingly philanthropic.

BITCOIN MARKET SNAPSHOT

Market Cap	**~$2.3 trillion USD**
Global Crypto Owners	562 million (~6.8% of world population)
U.S. Bitcoin Owners	50 million (~14.3% of U.S. population)
Top Demographic	Ages 18–50, mid-to-high income brackets

Sources: CoinMarketCap, CoinLedger, Coinomist (Oct 2025)

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THE SAVVIEST DONORS ARE…

- **Bunching multiple years of projected donations prior to December 31, 2025**
- **Using highly appreciated securities**
- **Taking advantage of QCDs**