

2025 Action Required: Last Call for Current Tax Rules

As you counsel clients through year-end tax planning, the Chester County Community Foundation encourages you to remind them that 2025 presents a critical window of opportunity for charitable giving before major provisions of the One Big Beautiful Bill Act (OBBBA) take effect on January 1, 2026. The new law could significantly [reshape](#) the tax treatment of charitable contributions in ways that may reduce the tax value of gifts made after this year.



Here are three things you need to know:

- Beginning with the 2026 tax year, clients who itemize will face a new 0.5% of adjusted gross income floor for charitable deductions, meaning that only the portion of their giving that exceeds that threshold will be deductible. In addition, high-income clients will see the value of their deductions capped at 35 cents on the dollar, even if they are in a higher marginal tax bracket.
- Your clients may be aware of another new law effective in 2026 allowing taxpayers who take the standard deduction to claim a modest “above-the-line” charitable deduction—up to \$1,000 for single filers and \$2,000 for married couples filing jointly. While helpful, this limited deduction provides far less benefit than itemizing under current rules.
- Because of upcoming changes, 2025 is shaping up to be an especially important year for charitable planning. Your clients who itemize their deductions may benefit from “accelerating” or “bunching” contributions into their donor-advised funds at the Community Foundation this year to take full advantage of the current, more favorable rules.

Here are two bonus “must-knows”:

- The OBBBA did not change the rules for Qualified Charitable Distributions, which continue to allow individuals aged 70½ or older to give up to \$108,000 in 2025 directly from an IRA to an eligible charity, bypassing taxable income and counting toward required minimum distributions (if applicable). Certain types of funds at the Community Foundation, such as designated funds, unrestricted funds, field-of-interest funds, and scholarship funds (but not donor-advised funds), may receive QCDs.
- Because a QCD reduces adjusted gross income rather than functioning as an itemized deduction, it will remain unaffected by the OBBBA’s new 0.5% AGI floor and the 35% cap that will apply to itemized charitable deductions starting in 2026. As a result, QCDs may become even more valuable next year, offering a tax-efficient charitable giving option at a time when traditional deductions will be more limited for some of your clients.

Our team at the Chester County Community Foundation is here to support you as you help clients navigate these shifting rules. We are happy to serve as a resource for evaluating giving strategies, structuring multi-year plans, and helping clients use tools such as donor-advised funds, designated funds, or field-of-interest funds to make the most of their 2025 contributions. Please reach out as soon as you can. We are honored to collaborate with you in serving your charitably minded clients to achieve year-end giving goals.

For more information, contact the Chester County Community Foundation:

Jason Arbacheski, CAP – Gift Planning & Stewardship Director – jason@chescofcf.org

Karen Simmons – President/CEO – karen@chescofcf.org

The team at the Chester County Community Foundation is a resource and sounding board as you serve your philanthropic clients. We understand the charitable side of the equation and are happy to serve as a secondary source as you manage the primary relationship with your clients. This newsletter is provided for informational purposes only. It is not intended as legal, accounting, or financial planning advice.