Wake Up Call: OBBBA Changes and Client Conversations

For many attorneys, CPAs, and financial advisors, the tax law changes under the One Big Beautiful Bill Act are old news. That is not the case for many of your clients! While you've been busy reading dozens of articles and evaluating how the changes will impact your clients, many of your clients are just now learning about the changes, especially as issues came to the forefront for them during tax season. Even if you've been talking with clients about the changes for months, don't stop. For many clients, now is the first time they'll really be listening.

Here are three things to know:

- Mainstream media is picking up the pace in its coverage of charitable planning techniques. For example, the *Wall Street Journal* recently published an article about donor-advised funds as a tool for tax savings and community impact. Many clients may not realize that the Chester County Community Foundation offers donor-advised funds, along with other options for structuring a charitable giving plan to support their favorite causes and address critical community issues. Be sure to reach out to the Community Coundation whenever a client asks you about setting up a donor-advised fund.
- Thoughtful planning is especially important in light of the new floor on itemized charitable deductions. Starting in 2026, to be eligible for a deduction, a client's qualified deductions must exceed 0.5% of adjusted gross income, essentially raising the threshold at which charitable giving produces a tax benefit. This could make it advantageous for some of your clients to "bunch" charitable contributions through a donor-advised fund, allowing the client to front-load donations into a single tax year to cross the threshold.
- At the same time, under a "cap" provision in the new law, if a client is in the 37% federal income tax bracket, itemized charitable deductions are now capped at the 35% tax rate. In simplified terms, depending on other factors, this means that if a client donates $10,000, the tax break would be $3,500 instead of $3,700. In short, the floor and the cap add extra complexity to helping clients plan their charitable contributions.
- The new tax laws have changed the landscape for not only your clients who itemize deductions but also for those who do not itemize. Non-itemizers are now eligible for an "above the line" deduction of $1,000 for single filers and $2,000 for joint filers. Be aware, however, that the new deduction for non-itemizers does not apply to noncash gifts or gifts to donor-advised funds. Because both noncash gifts and gifts to donor-advised funds are important tax planning tools for many clients, this limitation is worth noting in your discussions.
- Finally, remember that donating appreciated stock held for more than one year is usually more tax-efficient than writing a check. That's because it allows your client to avoid capital gains tax on the appreciation. What's more, clients who itemize deductions will be eligible to claim a tax deduction for the full fair market value.

Please reach out to the Chester County Community Foundation anytime. We know the new tax laws add a lot to your plate, and we are always happy to point you in the right direction as you conduct research and offer counsel to your clients. And remember, you don't have to jump headfirst into the complexity during your client discussions. Even talking about philanthropy in the simplest terms can help strengthen your client relationships and grow your practice.

For more information, contact the Chester County Community Foundation:
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