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What Nonprofit Leaders Should Knowâ??and Shareâ??About 2026 Tax Changes

Federal income tax changes tied to 2025â??s One Big Beautiful Bill Act have reshaped the charitable deductions landscapeâ??not by removing incentives, but by rewarding donors who plan ahead.

For endowment, foundation, and nonprofit leaders, this creates a timely opportunity to help donors understand whatâ??s changing before the next giving year unfolds, and to position your organization as a steady, trusted partner in that process.

Read on for important information to share with donors to help them maximize their giving in 2026.

1. Every Donor Gets a Deduction, but Itemizers Face a New Hurdle.

What changed:

Previously, only donors who itemized could claim a charitable deduction. The new rules extend a limited deduction to standard filers and introduce a minimum giving threshold for itemizers.

- Donors who take the standard deduction can now deduct up to $1,000 (single) or $2,000 (married filing jointly) for cash gifts to public charities as an above-the-line deduction.
- Donors who itemize must give more than 0.5 percent of adjusted gross income (AGI) before charitable deductions could apply.
- Donors in the 37-percent marginal tax bracket will see their itemized deduction benefit capped at 35 cents for every dollar.

Why it matters:

For many small and midâ??level donors, this is the first time in years that charitable giving carries a direct tax benefit that impacts their AGI as an above-the-line deduction. At the same time, for higherâ??income donors, tax benefits now activate only after the 0.5 percent threshold is cleared.

What to know:

Under the new rules, giving may need to be more intentional. Donors who understand the new thresholds will be better positioned to give confidently and avoid surprises at tax time.

2. Bunching Now Has New Relevance.

What changed:

While *bunching* (the practice of combining multiple years of charitable giving into one year) was always a planning option, the new rules make it more important because donors must exceed a minimum giving level before itemized deductions apply.

Why it matters:

For donors hovering near the AGI threshold, bunching gifts into a single year may be the most effective way to preserve tax efficiency without increasing total giving.

What to know:

- Donors may combine two or three years of planned gifts into one year to exceed the AGI floor.
- Periods of higher giving may alternate with quieter years, even when donor intent remains the same.
- In no-gift years when the donor is not itemizing, they can still give a small amount that keeps them within the standard deduction and allows them to receive the new above-the-line charitable deduction mentioned above.

3. QCDs Are Still One of the Most Effective Tools Around.

What changed:

Nothingâ??and thatâ??s exactly why they matter. Qualified charitable distributions (QCDs) were not subject to itemized deduction limits before.

For donors between age 70 1/2 and their required begin date, QCDs from individual retirement accounts (IRAs) can reduce future required minimum distributions (RMDs) and, therefore, could reduce income taxes over their lifetimes.

For donors at or above RMD age, QCDs from IRAs can satisfy current RMDs while supporting charitable causes.

Why it matters:

Because QCDs are paid directly from an IRA to a qualified charity, they are considered an above-the-line deduction, and, therefore, continue to be one of the most tax efficient ways to give for eligible donors.

What to know:

- QCDs have no impact on AGI for people younger than RMD age.
- For donors at or above RMD age, QCDs provide a better benefit than itemized deductions
- They work best when planned early in the year.
- They align tax efficiency with values-based giving.

For many older donors, QCDs now stand out even more clearly against an otherwise more complex giving environment.

4. The New Rules Reward Planning Over Autopilot Giving

What changed:

Previously, donors could rely on habitual or evenly paced giving and still receive tax benefits. However, the new framework favors donors who intentionally plan the timing and structure of their gifts.

Why it matters:

This shift is both behavioral and technical. Donors who pause, plan, and coordinate their giving with broader financial goals are now more likely to see tax benefits.

What to know:

This creates an opening for earlier conversations, fewer last-minute decisions, and more durable donor relationships built around shared goals rather than transactions.

For nonprofits, itâ??s a chance to move upstream, from year-end appeals to year-round partnership.

What to Say When Donors Ask About 2026 Taxes

When donors ask about taxes, theyâ??re not always looking for technical answers. Often, they want reassuranceâ??and guidance on how to give thoughtfully under new rules.

These conversations donâ??t require tax advice. They benefit most from clarity, framing, and an invitation to plan.

- â??The rules changed, but generosity still matters,â?• or â??Tax incentives now reward planning over sporadic giving.â?•
- â??Timing can affect tax efficiency,â?• or â??The same gift, given differently, may have a different result.â?•
- â??Small gifts still count,â?• or â??Now, everyone gets a tax benefit for giving.â?•

- â??Some tools, like QCDs, work especially well under the new rules,â?• or â??For donors over 70 Â½, QCDs are worth a closer look.â?•
- â??Weâ??re happy to think this through with you.â?•

Nonprofits can be planning partners without giving financial or tax advice. Donors like to know what works best for the organizations they support so they can have a bigger impact.

Often, the most helpful thing you can offer isnâ??t an answer but an invitation to plan early and move forward intentionally. By focusing on timing, intention, and partnership, nonprofits can help donors transition from reactive, spontaneous giving to thoughtful longer-term planning.

Sources:

www.irs.gov

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