U.S. Charitable
Gift Trust®

Charitable-Giving Tax Incentives

Reductions in Allowable Itemized Deductions Coming in 2026

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was signed into law, making certain provisions of the Tax Cuts and Jobs Act (TCJA) permanent and introducing new rules that, beginning in 2026, will reduce charitable-giving tax incentives for individual taxpayers who itemize deductions.

Below are two new tax provisions applying to individuals who itemize deductions for charitable contributions.

35% CAP ON ITEMIZED DEDUCTION TAX BENEFITS

Starting in 2026, individuals subject to the highest marginal income tax rate of 37%[1] will see their allowable itemized deductions capped at an effective rate of 35%.

For example, itemized deductions of $100,000 for a top-bracket individual taxpayer will be reduced by up to $5,405 (= 2/37) beginning in 2026.[2]

0.5% AGI FLOOR ON CHARITABLE DEDUCTIONS

Starting in 2026, charitable gifts by individuals will be allowed as itemized deductions only to the extent they exceed 0.5% of adjusted gross income (AGI) annually.

For example, an individual with $1,000,000 annual AGI may deduct charitable gifts made in 2026 or thereafter only to the extent they aggregate over $5,000 annually.

Impact of New Tax Provisions on Allowable Itemized Charitable Deductions

For illustrative purposes, assume an individual taxpayer with $2,000,000 annual AGI and in the highest federal income tax bracket[1] is considering making an outright charitable gift of $100,000 or, alternatively, a $100,000 contribution to fund a U.S. Legacy Income Trust® account with two 60 year-old income beneficiaries. How would the allowable itemized charitable deductions compare if made in 2025 vs. 2026?

CONTRIBUTION TO A DONOR-ADVISED FUND (DAF) OR OTHER QUALIFIED CHARITY	2025	2026
Amount contributed to DAF or other qualified charity	$ 100,000	$ 100,000
2026 reduction in allowable itemized deduction from 0.5% AGI floor	$ –	$ (10,000)
2026 reduction in allowable itemized deduction from 35% rate cap[2]	$ –	$ (4,865)
Allowable itemized charitable deduction	$ 100,000	$ 85,135
Increase in allowable itemized deduction for charitable gift made in 2025 vs. 2026	**$ 14,865**	**+17.46%**

CONTRIBUTION TO A U.S. LEGACY INCOME TRUST® (U.S. LIT) ACCOUNT	2025	2026
Amount contributed to U.S. LIT account	$ 100,000	$ 100,000
Allowable itemized charitable deduction before 2026 adjustments[3]	$ 34,019	$ 34,019
2026 reduction in allowable itemized deduction from 0.5% AGI floor	$ –	$ (10,000)
2026 reduction in allowable itemized deduction from 35% rate cap[2]	$ –	$ (1,298)
Allowable itemized charitable deduction	$ 34,019	$ 22,721
Increase in allowable itemized deduction for U.S. LIT contribution made in 2025 vs. 2026	**$ 11,298**	**+49.73%**

BOTTOM LINE: For high-income individual taxpayers who itemize their deductions, charitable contributions made in 2025 may provide substantially higher tax benefits than charitable contributions made in 2026 or thereafter.

[1] In 2025, the top federal marginal income tax rate of 37% applies to taxable income above $626,350 for single filers and taxable income above $751,600 for married couples filing joint returns. As of September 2025, the income thresholds for 2026 have not been released.

[2] Beginning in 2026, otherwise allowable itemized deductions for top-bracket individual taxpayers will be reduced by 2/37 of the lesser of the taxpayer's (i) itemized deductions and (ii) taxable income plus itemized deductions less the applicable 37% income tax rate threshold.

[3] Assumes that the interest rate required to be used in valuing contributions to pooled income funds with less than three years of history is 4.0% in 2026, unchanged from 2025.

Consult with your tax or financial advisor to determine how the U.S. Charitable Gift Trust Donor-Advised Funds or U.S. Legacy Income Trusts may best suit your wealth transfer and charitable planned-giving needs.
If you'd like more information, call us at 800-836-2414 or visit us online at uscharitablegifttrust.org.

IMPORTANT INFORMATION

Limitations on Federal Itemized Charitable Deductions. The itemized federal income tax deduction available to individual taxpayers in the tax year of contribution for qualified charitable gifts is generally limited to not more than 60% of AGI for cash contributions, 50% of AGI for gifts of appreciated property for which the donor elects to base the charitable deduction on the fair market value of the property less the amount of the property's appreciation from cost or other tax basis, and 30% of AGI for other gifts of appreciated property, with the balance carried forward for up to five years after the year the contribution is made.

State and Local Charitable Deductions and Tax Credits. In addition to the federal income tax deduction for qualified charitable contributions, 31 states and the District of Columbia permit, subject to applicable limitations, individual resident taxpayers to deduct or receive a tax credit for qualified gifts to charity.

U.S. Charitable Gift Trust® The U.S. Charitable Gift Trust (Gift Trust) is a tax-exempt public charity offering donor-advised funds. The Gift Trust is located at One Post Office Square, Boston, MA 02109. All Gift Trust activities and the participation of Donors in the Gift Trust are subject to the requirements of state and federal law, the terms and conditions of the Gift Trust's Declaration of Trust, the Gift Trust's current Gifting Booklet for Donor-Advised Funds (Gifting Booklet) and the completed Donor Contribution Form submitted by each Donor. The Gift Trust's Board of Directors (Board of Directors) reserves the right to modify the Gift Trust's program at any time, subject to the provisions of the Gift Trust's Declaration of Trust and state and federal law. Any contribution to the Gift Trust, once accepted by Eaton Vance Trust Company (Trustee), represents an irrevocable commitment. Contributions cannot be rescinded or changed, and are subject to the exclusive legal control of the Gift Trust, the Trustee and the Board of Directors. The tax consequences of contributing to the Gift Trust will vary based on individual circumstances. Prospective Donors should consult their own tax advisors. Nothing in this brochure should be construed as tax advice. The Gift Trust has not been registered under federal securities laws, pursuant to available exemptions. The Gift Trust is not guaranteed or insured by the United States or any of its agencies or instrumentalities. Contributions are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of, or guaranteed by, any depository institution.

U.S. Legacy Income Trusts® The U.S. Legacy Income Trusts (Trusts) are pooled income funds as described in Internal Revenue Code Section 642(c)(5) established in 2025 by the Gift Trust as part of the Gift Trust's U.S. Legacy Income Trust program, which began in 2019.

All Trust activities and the participation of Donors and income beneficiaries in the Trusts are subject to the requirements of state and federal law, the terms and conditions of the Trusts' Declarations of Trust and Information Statements, and the completed Donor Contribution form submitted by each Donor. The Board of Directors reserves the right to modify the Trusts' program at any time, subject to the provisions of the Trusts' Declarations of Trust and state and federal law.

Any contribution to a Trust, once accepted by the Trustee, represents an irrevocable commitment. Contributions cannot be rescinded or changed, and are subject to the exclusive legal control of the Trust, the Trustee and the Board of Directors.

Donors to the Trusts should be motivated by charitable intent. As charitable giving vehicles, the Trusts should not be treated as, and are not designed to compete with, investments made for private gain. An intention to benefit the Gift Trust and one or more qualified charitable organizations eligible for support by the Gift Trust should be a significant part of the decision to contribute to a Trust.

The tax consequences of contributing to a Trust will vary based on individual circumstances. Prospective Donors should consult their own tax advisors. Nothing in this brochure or the Information Statement should be construed as tax advice. Distributions to income beneficiaries are not guaranteed by any party, and are subject to investment risk. In considering potential changes in annual distribution rates, the Trustee will assess the Trusts' long-term earnings potential and seek to balance the interests of current and future income beneficiaries and the charitable remainder interests.

Neither the Trusts nor the Gift Trust has been registered under federal securities laws, pursuant to available exemptions.

Neither the Trusts nor the Gift Trust is guaranteed or insured by the United States or any of its agencies or instrumentalities. Contributions are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of, or guaranteed by, any depository institution.

Eaton Vance Distributors, Inc. is a paid solicitor of certain Trusts and the Gift Trust, and receives compensation as described in the Information statements of the U.S. Legacy Income Trusts and in the Donor-Advised Funds' Gifting Booklet.

NOT FDIC INSURED. OFFER NO BANK GUARANTEE. MAY LOSE VALUE. NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY. NOT A DEPOSIT.

To learn more, please visit www.uscharitablegifttrust.org

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