

# Charitable Giving in 2026: Two Key Tax Provisions for High Earners

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 may impact charitable giving strategies for high-income individuals.

Below are two specific provisions that apply to individuals who itemize deductions for charitable contributions.

### ITEMIZED DEDUCTIONS LIMITED TO 35% FOR TOP TAX RATES

Starting in 2026, individuals subject to the highest marginal tax rate (37%) will see their itemized deductions capped at 35%.

For example, a \$100,000 charitable gift would yield \$37,000 in tax savings in 2025, but only \$35,000 in 2026.

### 0.5% FLOOR ON CHARITABLE DEDUCTIONS

A new 0.5% AGI floor will apply to charitable deductions for itemizers, before the standard AGI limits.

For example, a donor with \$1,000,000 AGI may only deduct contributions exceeding \$5,000. A \$100,000 gift of appreciated assets would be reduced to \$95,000, subject to the 30% AGI limit.

## Impact of New Tax Provisions on Charitable Giving

For example, two 60-year-old Donors have an estimated adjusted gross income of \$2,000,000 and are in the highest federal tax bracket of 37% in 2025 and 2026. They plan to make a \$100,000 charitable contribution in 2025 and 2026.

CONTRIBUTION TO CHARITIES OR DONOR-ADVISED FUNDS (DAFS)	2025	2026
Amount contributed to Charities/DAFs	\$ 100,000	\$ 100,000
Subject to 0.5% floor on charitable deductions in 2026	\$ –	\$ (10,000)
Allowable charitable deduction	\$ 100,000	\$ 90,000
Itemized deductions limited to 35% for top tax rates in 2026 <sup>1</sup>	\$ 37,000	\$ 31,500
<b>Difference in allowable deduction for gift to charity made in 2025 vs. 2026</b>		<b>-\$ 5,500 -17.46%</b>

CONTRIBUTION TO A U.S. LEGACY INCOME TRUST® (U.S. LIT)	2025	2026
Amount contributed to U.S. LIT	\$ 100,000	\$ 100,000
Estimated charitable deduction on two 60-year-old Donors/Income Beneficiaries <sup>2</sup>	\$ 34,019	\$ 34,019
Subject to 0.5% floor and limited to 35% for top tax rates in 2026 <sup>3</sup>	\$ 12,587	\$ 8,407
<b>Difference in allowable deduction for gift to a U.S. LIT made in 2025 vs. 2026</b>		<b>-\$ 4,180 -49.73%</b>

**BOTTOM LINE:** For clients in a higher bracket, making a charitable deduction or claiming more itemized deductions in 2025 will produce a higher benefit than in 2026.

In 2025, the top federal tax bracket of 37% will have an income threshold of \$626,351 for single filers and \$751,601 for married filing jointly. As of September 2025, the income thresholds for 2026 hasn't been released yet.

<sup>1</sup> In 2026, the allowable charitable deduction is multiplied by the 35% marginal tax rate.

<sup>2</sup> For contributions made in 2025, U.S. LIT utilizes a rate of 4% to calculate the charitable deductions. This rate is determined annually, based on the history of the Trusts and the highest annual average 7520 rate over the prior three years. Based on the October 2025 7520 rate, we are projecting that the U.S. LIT rate for 2026 charitable contributions will remain at 4%.

<sup>3</sup> In 2026, the estimated charitable deduction for two 60-year-old donors/income beneficiaries are multiplied by the 35% marginal tax rate.

Consult with your tax or financial advisor to determine how the 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](http://uscharitablegifttrust.org).**

#### **IMPORTANT INFORMATION**

**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 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 it established 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, the Information Statement and the completed Donor Contribution Forms submitted by each Donor. The Gift Trust's Board of Directors of the Gift Trust (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 Statement 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](http://www.uscharitablegifttrust.org)**