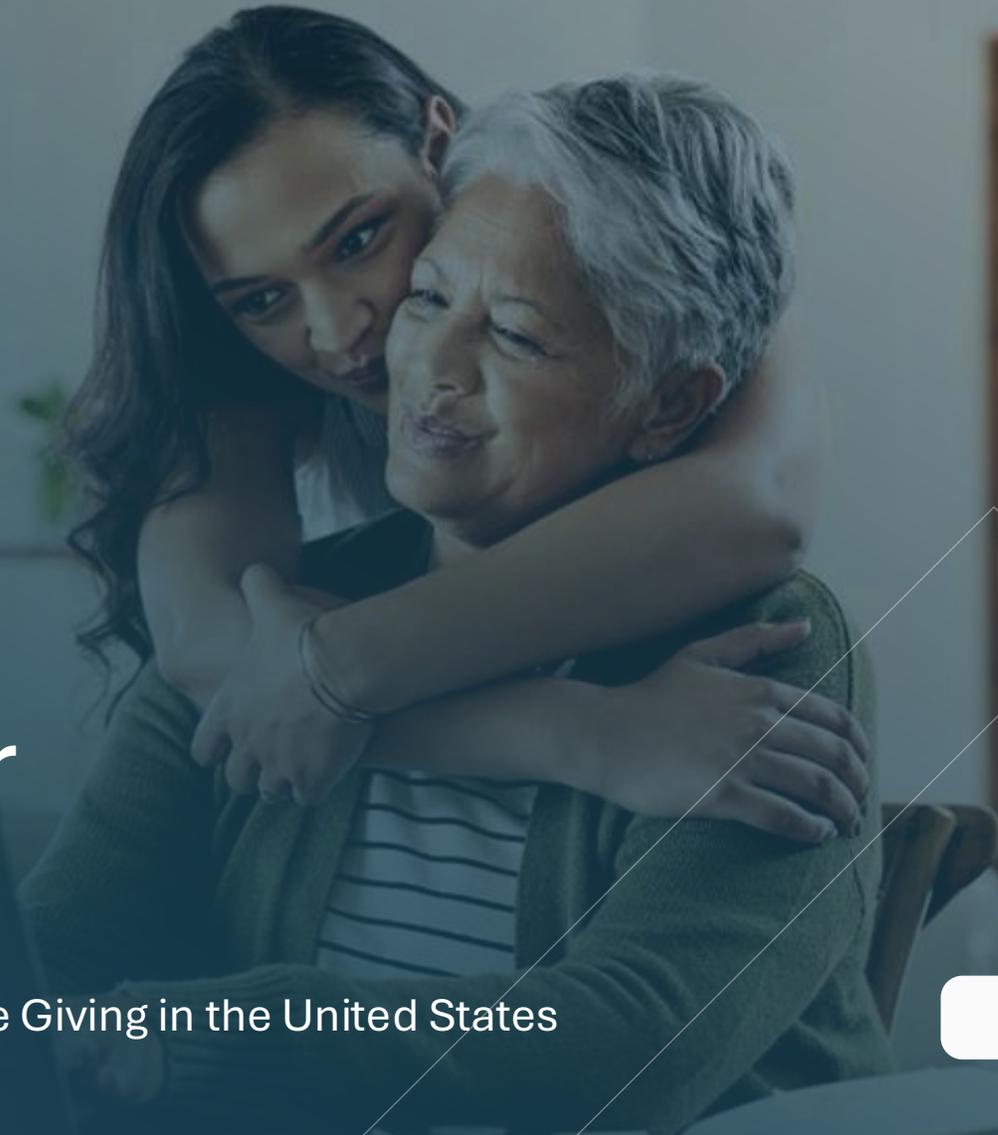




Philanthropy Outlook Webinar Presentation

How 2025 Tax Reform Could Affect Charitable Giving in the United States

2026 & 2027



Today's Conversation

Developed with the Indiana University Lilly Family School of Philanthropy.

Built on national IRS and survey data using established economic modeling.

Projections estimate how donors may respond to tax changes.



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**WE ARE HONORED TO
BE RECOGNIZED AS ONE OF**



The Realities Nonprofit Leaders Are Managing Today

-  Doing more with limited resources
-  Making a credible, relevant case for support
-  Navigating leadership transitions
-  Diversifying revenue streams
-  Managing geopolitical and political dynamics
-  Attracting and retaining talent

Four Primary Policy Changes Shaping the Outlook

Policy 1: Universal Deduction → Increases the donor base and small-to-moderate gifts

Non-itemizers can deduct up to \$1,000 (\$2,000 joint) in cash gifts.

Policy 2: 0.5% AGI Floor → Reduces giving among itemizing households

Only gifts above 0.5% of income are deductible.

Policy 3: 35% Deduction Cap → Reduces the benefit for top donors

High-income donors receive a smaller tax incentive.

Policy 4: 1% Corporate Floor → May reduce corporate giving below the threshold

Corporations must give above 1% of taxable income to deduct charitable contributions.

A Shift in the Giving Landscape

The modeling suggests a rebalancing of charitable giving.

The universal deduction expands participation and brings new households into giving.

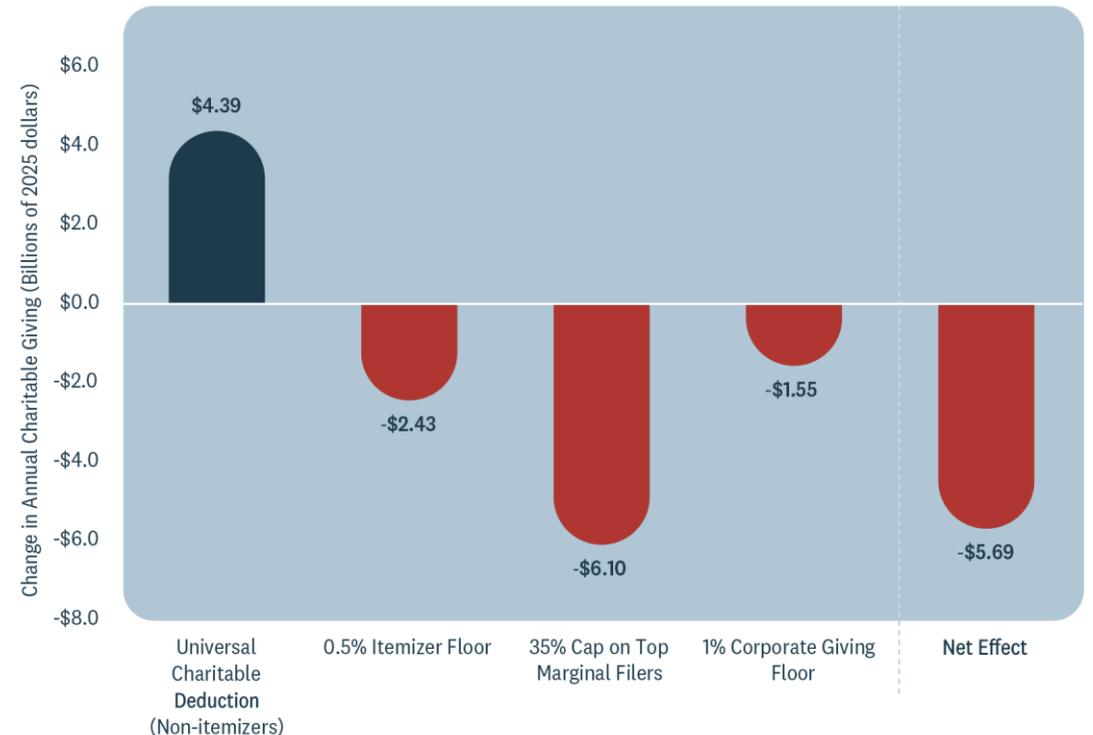
Changes affecting high-income and corporate donors shift incentives at the top.



TAKEAWAY

Expect giving to shift across donor groups, not collapse overall.

Estimated Net Effect of H.R.1 Provisions on Total Annual Charitable Giving



The Impact of H.R.1 on Household & Corporate Giving

Policy 1: Universal Charitable Deduction Expands Participation

The universal deduction allows non-itemizers to deduct up to \$1,000 (single) or \$2,000 (married) in charitable contributions.

Nearly 90% of households take the standard deduction and previously received no permanent tax incentive.

Modeling projects increased giving from non-itemizers and new participation from households that previously did not donate.



TAKEAWAY

Prioritize entry-level donor acquisition and reengage lapsed supporters.

Projected Annual Impact

6–8.7M

New donor households projected annually

+\$4.39B

Projected annual increase in charitable giving
Range: +\$1.96B to +\$4.39B

\$3.05B

Increase from higher giving among existing donors

\$1.34B

Increase from first-time or newly participating donors

Policy 2: The 0.5% Floor Raises the Deduction Threshold

Itemizing households may deduct only charitable gifts that exceed 0.5% of income.

Most itemizing donors already give above that level, so only a small share of total itemized giving is affected.



TAKEAWAY

Plan for more year-to-year variability and educate donors on tax-aware giving strategies.

Projected Annual Impact

-\$2.43B

Projected annual change in giving
Range: -\$1.83B to -\$3.02B

0.6%

Projected decline in total household giving

Policy 3: 35% Cap Reduces the Value of Itemized Deductions

High-income households account for a large share of itemized giving.

The 35% cap reduces the tax value of charitable deductions for top marginal filers.

Because giving is concentrated among these households, even modest changes can affect total giving.



TAKEAWAY

Prioritize major donor relationships and lead proactive, tax-aware conversations.

Projected Annual Impact

-\$6.10B

Projected annual impact of the 35% cap
Range: -\$4.1B to -\$8.2B

57%

Share of itemized giving from households
earning \$500K+

48%

Share of itemized giving from households
earning \$1M+

Policy 4: The 1% Floor Is Estimated to Reduce Corporate Giving

Corporations may deduct charitable contributions only above 1% of pre-tax profits.

Gifts below that level remain charitable but are not deductible.

Because most corporate dollars come from firms already above 1%, the impact on total giving is smaller than the share of firms affected.



TAKEAWAY

Plan for uneven corporate revenue and strengthen multi-year corporate partnerships.

Projected Annual Impact

-\$1.55B

Central estimate of reduction in corporate giving
Range: -\$0.93B to -\$2.49B

26%

Share of corporate giving that may lose deductibility

40%

Of corporations anticipate adjusting timing or structure of gifts (CECP)

Corporate Giving is Highly Concentrated

Most companies give less than 1% of pre-tax profits. A smaller group gives at or above that level and drives most corporate giving.

Because large firms account for most dollars, concentration shapes how policy affects total giving.

Corporate Giving Concentration

28.2%

Of firms in the CECP sample give $\geq 1\%$ of pre-tax profits

89.2%

Of total giving in the CECP sample comes from those firms

~70%

Of total U.S. corporate giving represented by CECP respondents (Giving USA)

Additional Changes Shaping the Outlook

Policy 5: Standard Deduction and SALT Limit Increase

Raises the standard deduction while temporarily increasing the cap on state and local tax deductions.

Policy 6: Charitable Deduction Limit Raised to 60% of AGI

Allows higher-income donors to deduct a larger share of income in a single year.

Policy 7: Effects on Charitable Bequest Giving

Permanently raises estate tax exemption levels, affecting only very large estates.

Policy 8: Education Freedom Tax Credit

May redirect some charitable dollars depending on donor participation and state adoption.

Key Takeaways & Action Steps

Donors Will "Bunch" Gifts in Key Tax Years

Some high-income households and corporations will “bunch” gifts into certain tax years to maximize tax benefit.

High-income households and large corporations account for a large share of total giving.

What is Bunching?

Bunching is when a donor combines multiple years of charitable gifts into a single tax year, itemizes deductions in that year to increase tax savings, and then claims the standard deduction in other years.

Source: [Charles Schwab](#)

KEY DONOR BEHAVIOR



Plan for uneven revenue and strengthen multi-year strategy.

Positioning for the Policy Shift

01

Reinforce Major Donor Relationships

- The 35% cap drives the largest projected reduction in giving.
- Engage top donors and their advisors early.

02

Activate and Retain the Broad Base

- The universal deduction expands participation.
- Reengage lapsed donors and build early loyalty.

03

Plan for Revenue Variability

- Bunching may shift revenue across tax years.
- Build best-, mid-, and worst-case scenarios.

04

Prepare Leadership and Boards

- Clarify timing risks and opportunities with boards.
- Equip donors and staff to navigate deduction and planning changes.

What Nonprofits Can Do Right Now

01

Review your top 25–50 donors

Assess exposure to the 35% cap and timing shifts.

02

Flag donors likely to bunch or accelerate gifts

Prepare tailored outreach before year-end planning.

03

Adjust your 2026 solicitation calendar now

Plan for clustered major gifts.

04

Send clear donor guidance before changes take effect

Explain how the deduction changes affect their giving.

05

Strengthen mission-first messaging

Reinforce impact and value in every appeal.

Discussion & Questions

Thank You

Access the full
Philanthropy Outlook 2026
report now:

