

Charitable Giving Strategies for 2026

with

Lou Mazawey & Russell Romanelli

April 2, 2026



Today's moderator



Katie Britton

Director of Development & External Relations
the Foundation for Peripheral Neuropathy



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Today's speakers



Lou Mazawey

Principal, Groom Law Group
Member of the FPN Board of Directors
PN Patient



Russell Romanelli

Director of Strategic Planning
Wintrust Financial Corporation



A patient's perspective and key tax considerations



Lou Mazawey

Neuropathy patient

Member of the FPN Board of Directors

One Big Beautiful Bill Act (OBBBA) Changes



- Increased standard deduction: Taxpayers aged 65+: \$17,750 single filer, \$33,100 joint filers
- Temporary additional increased standard deduction for those 65 and older at the end of 2025
 - \$6,000 for individuals with income up to \$75,000 (but phases out)
 - \$12,000 for couples with income up to \$150,000 (but phases out)
- Taxpayers who do not itemize may now deduct (above the line) charitable contributions up to \$1,000 (single) or \$2,000 (married) but excludes contributions to donor-advised funds

Strategy: “Bunching”

- Possible strategy: “Bunching” charitable contributions so they exceed standard deductions levels
- Adds new 0.5% floor of adjusted gross income (AGI) for itemizers beginning in 2026 so only contributions exceeding this threshold are deductible

EXAMPLE – couple with AGI of \$300,000 may only deduct charitable donations over \$1,500

- Tax benefit for all itemized deductions capped at 35% -- down from 37% for top-bracket taxpayers



Strategy: Give from your IRA/401k Plan



Inherited Assets	\$1,000,000
Estate or Income Taxes	\$0
Net to Heirs	\$1,000,000

- If you pass with less than \$15 million per individual or double for a married couple, no estate taxes are due on gifts.

IRA	\$1,000,000
Federal Income Tax (37%)	\$370,000
State Income Tax (10%)	\$100,000
Total Income Tax	\$470,000
Net to Taxable Heirs	\$530,000
Net to Charity	\$1,000,000

Inherited IRA/Plan beneficiary

- Pays income tax on distributions
- Must pay out distributions in 10 years

IRA Qualified Charitable Distributions



- Must Be at Least 70½ when making gift
- \$111,000 limit for all gifts in 2026 (each spouse eligible if they have separate IRAs)
- Direct distribution from IRA administrator to a charity
- No “other benefits” allowed
- No tax deduction, but no income tax either
- Distribution counts toward RMD (required minimum distribution)

Charitable giving strategies



Russell Romanelli

Director of Strategic Planning
Wintrust Financial Corporation

Key Changes in 2026

- **“Above-the-line” Deduction:** Individuals who do not itemize may deduct charitable contributions up to \$1,000 if a single filer/\$2,000 married filing jointly.
- **0.5% Floor:** Individuals who itemize may deduct charitable contributions only to the extent they exceed 0.5% of Adjusted Gross Income (AGI).
- **Overall Limitation:** Individuals, estates, and trusts in the top tax bracket must reduce itemized deductions (including charitable deduction) by 2/37ths.

What Stays the Same

- AGI-based ceiling (based on asset class and recipient) remains unchanged with permanent extension of 60% contribution limit for cash gifts to qualified charities
- Five-year carryforward is available for excess contributions
- Amounts limited under the 0.5% floor and overall limitation generally permanently lost unless they also exceed the AGI limitations under IRC Section 170(b)

IMPACT ON CHARITIES

The OBBBA may also disincentivize donations from high-income donors by effectively capping the value of itemized deductions for individual taxpayers in the highest tax bracket (37%) to 35 cents per dollar, versus 37 cents per dollar pre-OBBBA. This cap becomes effective starting in 2026.

Indiana University researchers examined the impact of this limit on high-income donors, who they characterize as exceptionally responsive to tax incentives. Such donors are responsible for more than half of all itemized charitable giving. Researchers project that the limit will reduce giving by at least \$4.1 billion per year and may jeopardize as much as \$6.1 billion.

Also, the OBBBA permanently increases the estate and lifetime gift tax exemption to \$15 million, or \$30 million for married couples, for 2026 (\$13.99 million and \$27.98 million for 2025). These amounts will be adjusted annually for inflation. Therefore, reducing estate tax liability is expected to play a minor role in motivating charitable donors.

CHARITABLE CONTRIBUTIONS OVERVIEW

Ways Individuals Can Make Charitable Contributions



Cash and non-cash gifts



Tax-advantaged vehicles for giving



Planned giving strategies

SUMMARY CHART OF AGI LIMITATIONS

TYPE OF PROPERTY	PUBLIC CHARITY INCLUDING DAF		PRIVATE FOUNDATIONS	
	Deductible Amount	AGI% Limitation	Deductible Amount	AGI% Limitation
1 Cash	Amount of Cash	60%	Amount of Cash	30%
2 Short Term capital gain property or ordinary income property	Tax Cost/Basis	50%	Tax Cost/Basis	20%
3 Long term capital gain property	Fair Market Value	30%	Tax Cost/Basis (Fair Market Value if publicly traded stock)	20%
Tangible personal property (i.e art) If used by the charity IN its exempt purpose	Fair Market Value	30%	Tax Cost/Basis	20%
Tangible personal property (i.e art) If it is NOT used by the charity in its exempt purpose	Tax Cost/Basis	50%	Tax Cost/Basis	20%



Cash, Check, ACH, Credit Card

- Payroll deductions
- Online giving platforms
- Text-to-give campaigns



Appreciated Publicly Traded Stocks

- Mutual funds and ETFs
- Avoid capital gains tax
- Deduction at fair market value



CASE STUDY – APPRECIATED ASSETS VS. CASH

Outright Gift of Asset-55% More Tax Saved

Appreciated Stock Gift	\$10,000 (Assume \$4,000 of Basis)
Ordinary Federal Income Taxes Saved (35%)	\$3,500 Deduction
Capital Gain Tax Saved (20%)	\$1,200 No gain to recognize
Obama care Tax Saved (3.8%)	\$228 No gain to recognize
Total Tax Savings	\$5,448
Tax savings if cash gift	\$3,500
Difference in Stock vs Cash	\$1,948... 55%

Other Property

Primary or Secondary Residences

- Rental properties
- Conservation easements
- Subject to appraisal requirements

Artwork and Collectibles

- Vehicles and equipment
- Related-use rules apply
- Qualified appraisal required

Closely Held Stock

- LLC or partnership interests
- Pre-sale planning opportunities
- Complex valuation considerations

Corporate Matching Gifts

Employer matches employee donations

- **Increases total contribution**
- **Often requires documentation**
- **Check employer policies**

Donor Advised Funds (DAFs)

- **Use of Donor Advised Funds will become popular**
- **Immediate tax deduction**
 - Allows for bunching multiple year's contributions into 1 year
 - Grant recommendations over time
 - Donate cash or appreciated assets
 - Multiple Charities
 - Simple to set up
 - Simplifies recordkeeping

Charitable Trusts

- **A Charitable Lead Trust (CLT) distributes a percentage of trust assets to charity first and remainder goes to beneficiaries**
- **A Charitable Remainder Trust (CRT) distributes a percentage of trust assets to beneficiary for up to 20 years and remainder goes to charity.**
- **Consider use of grantor vs. non-grantor trusts with a CLT to facilitate charitable giving**

Both can be used as an estate or tax deduction!

CASE STUDY: CHARITABLE REMAINDER TRUST

- Robert and Mary, ages 68 and 65, are unhappy with the net return they receive from a highly-appreciated but under-productive asset. They are concerned about their current and future financial security/income.
- The property has an appraised fair market value of \$500,000; a tax basis of \$100,000; and a net annual income of \$10,000 (2%). They are in a 32% combined federal and state marginal income tax bracket and 22% capital gain bracket plus 3.8% Obama care tax (when applicable) .
- They are considering selling the asset but there is an obstacle: the tax on the long-term capital gains due to market appreciation will result in a tax of approximately \$103,200 (\$88,000 + \$15,200).

Planning Dilemma: How can they convert this asset into income, without triggering the capital gains tax (\$103,200)?

CASE STUDY: CHARITABLE REMAINDER TRUST



Gift of Asset



6% Charitable
Remainder
Trust



Income for Life

Tax Deductions and Saving

- Income
- Capital Gain



Remainder to charity
at death of survivor

Results:

- 200% increase in income from \$10,000 to \$30,000
- Avoid capital gain taxes of \$103,200
- Entitled to a \$154,000 (assumed present value of remainder interest) charitable income tax deduction
- Created a future endowment for their favorite charities—Enables them to be *voluntary philanthropists* through their giving vs. an *involuntary philanthropists* through taxation.

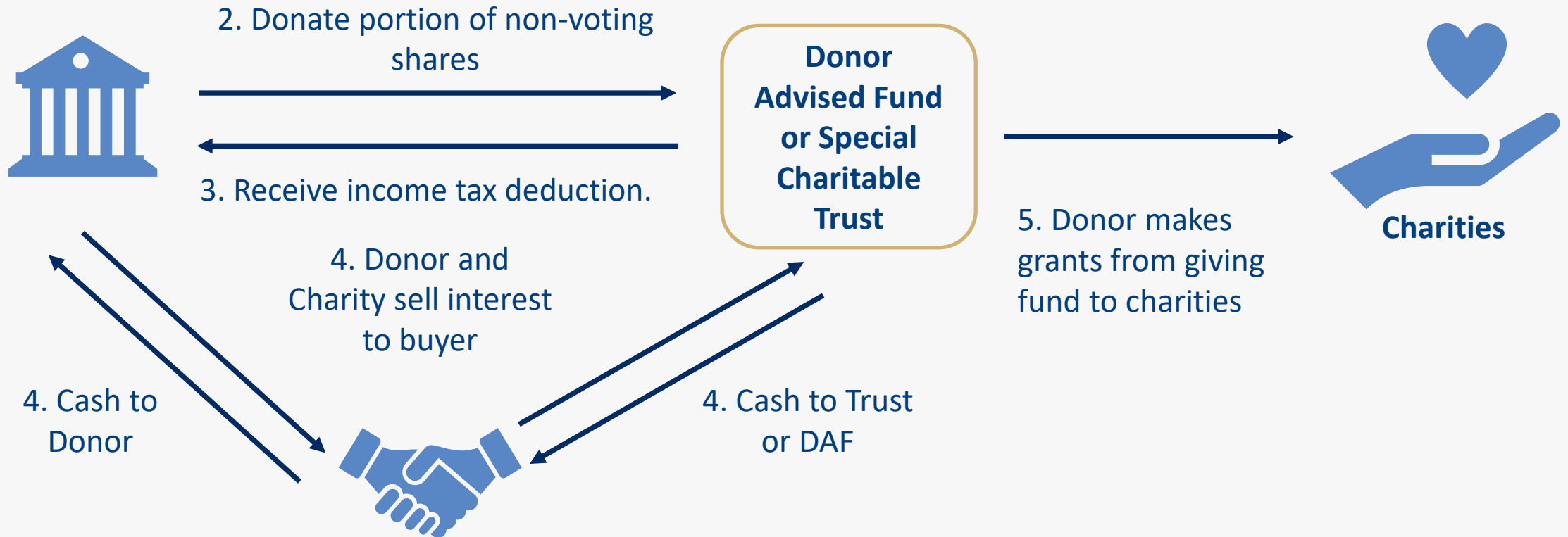
COMPARISON

	Utilizing Sale	Utilizing the CRT
1. Fair Market Value	\$500,000	\$500,000
2. Tax Basis	<\$100,000>	<\$100,000>
3. LTCG	\$400,000	\$400,000
4. Capital Gain Tax (20%)	<\$103,200>	<\$0>
5. Net Cash Proceeds [1-4]	\$396,800	\$500,000
6. Reinvest Cash/Capital at 6%	\$23,808	\$30,000
7. Increase/decrease over previous income	\$13,808	+\$20,000
8. Income Tax Savings on Residual Value	\$0	\$49,000 (\$154,000 at 32%)

CASE STUDY: TAX-FREE SALE

Gifting business shares into a charitable trust or DAF prior to a sales agreement to sell the business allows the business owner to avoid the capital gains and transfer tax dollars into charitable dollars.

1. Due diligence prior to implementing strategy.



Case Study:

A business has fair market value of \$10,000,000 and cost basis of \$1,000,000. The owner is in a combined federal and state income tax bracket of 40% and capital gain bracket of 22%.

An outright sale will result in a capital gains tax of \$2.5 million...a 25% loss of capital to taxes.

If prior to the sale the owner were to gift \$3.4 million in shares to a charitable trust or donor advised fund, the resulting income tax deduction and savings would offset the capital gains on the \$6.6 million of shares retained and sold by the owner.

	Sale, No Gift	Gift, Then Sale
Business Value	\$10,000,000	\$10,000,000
Sale Portion	\$10,000,000	\$ 6,600,000
Gift Portion	\$ 0	\$ 3,400,000
Allocated Basis to Sale	\$ 1,000,000	\$ 660,000
Net Gain	\$ 9,000,000	\$ 5,940,000
Tax on Gain	\$ 1,980,000	\$ 1,306,800
Taxes Saved on Transaction	\$ 0	\$673,200
Taxes Saved on Charitable Contr		\$1,360,000
Net to Taxpayer	\$ 8,020,000	\$ 6,653,200
Net Charity	\$ 0	\$ 3,433,000
Net to Donor & Charity	\$ 7,480,000	\$10,053,200

RESULTS AND BENEFITS OF THIS STRATEGY

- **Receive an immediate charitable income tax deduction for appraised value of interest donated**
- **Avoid capital gains taxes on the shares donated into the CT or DAF**
- **Use the income tax savings generated by the charitable tax deduction to off-set capital gain taxes on the shares still held and sold by the business owner**
- **Receive “tax-free” proceeds from sale of business**
- **Turn tax dollars into charitable dollars**
- **Invest in the work of philanthropy by directing grants to his or her favorite charities**

Charitable Gift Annuities

Contract with charity

- Fixed lifetime payments
- Partial charitable deduction
- Backed by charity assets

Taxed-Advantaged Charitable Vehicles

Private Foundations

Separate legal entity

- Family governance control
- Annual distribution requirements
- More administrative complexity

Bequests

Gift through will or revocable trust

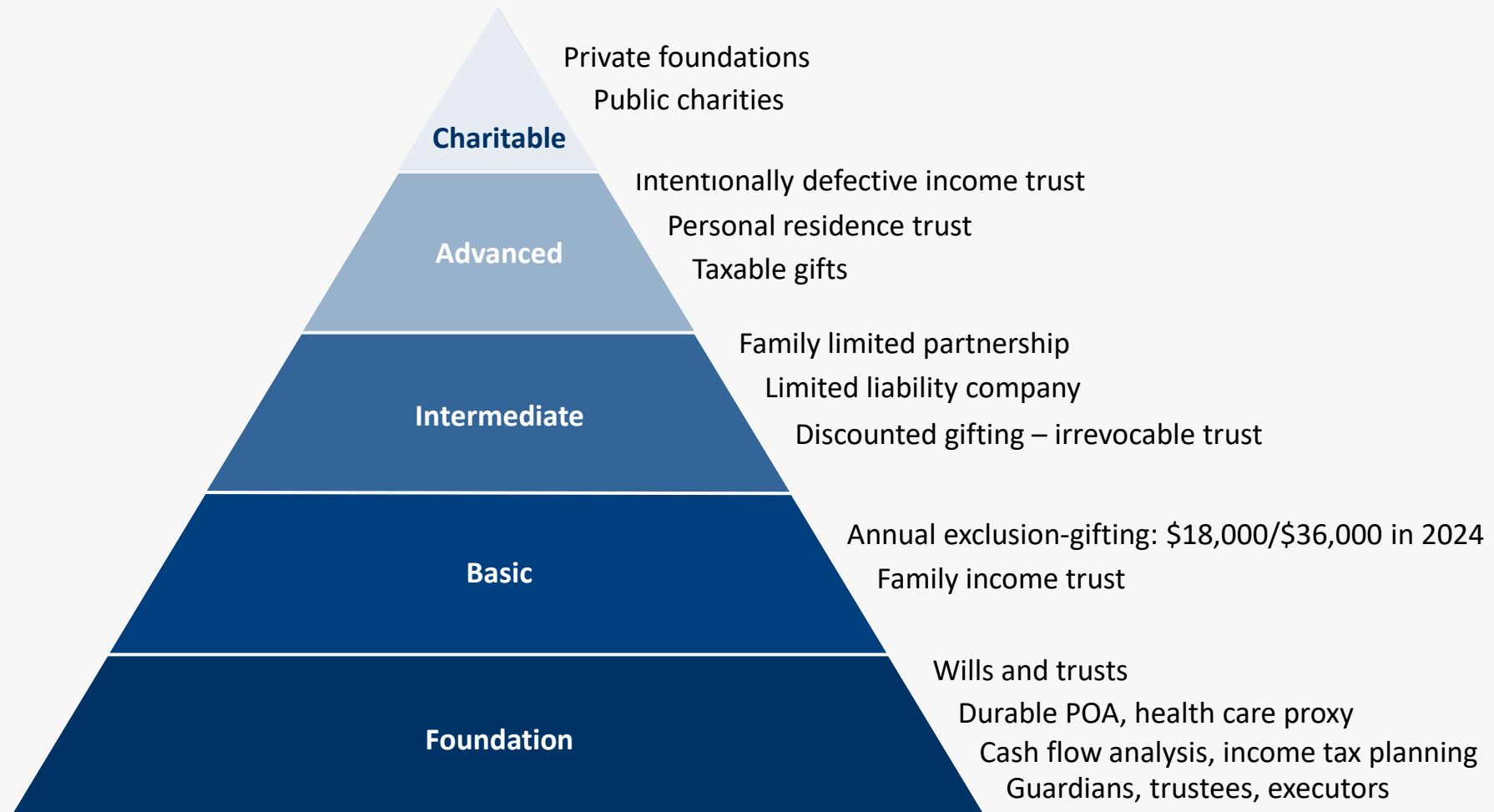
- Specific, percentage, or residuary
- Retain lifetime control
- Estate tax deduction

Beneficiary Designations

- IRA and retirement accounts
- Life insurance policies
- Payable-on-death accounts
- Simple and flexible planning tool

THE ESTATE PLANNING PYRAMID

Estate planning helps achieve personal and family goals while you're living and ensures efficient, tax-minimized wealth transfer upon death



Thanks for joining us!

ANY QUESTIONS?!



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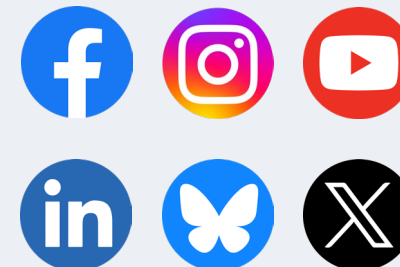


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