



Russell James, J.D., Ph.D., CFP®
Professor of Charitable Financial Planning
at Texas Tech University

Top 10 ways to give smarter with the 2025 tax law

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1. Last chance! Move charitable deductions into 2025 before their value drops.

Itemized charitable deductions will be worth less next year. You'll lose the deductions below 0.5% of income (AGI). And if you're in the 37% tax bracket, they'll count at only 35%, not 37%. Neither of those penalties apply this year. If you've got flexibility, then pulling charitable gifting into 2025 makes more sense.

2. Perfect timing! Target 2025 as an itemizing year

Bunching means giving more in a target year and less in off years. In the big giving year, you itemize deductions and in the off years you don't. (You can bunch gifts by paying a multi-year pledge in advance or moving assets into your donor advised fund.)

Example: You give \$10,000 each year for four years with no other deductions. If the standard deduction was \$15,000, this creates no tax benefit. But if you bunch all that giving in the first year, you deduct \$40,000 in the target year and then take the standard deduction in the off years. This bunching increases your tax deductions by \$25,000.

2025 is the perfect target year for bunching your gifts. Itemized charitable deductions are worth more in 2025 than afterwards. Also, it can be easier to surpass the standard deduction now because more State and Local Taxes are deductible (up to \$40,000 instead of \$10,000). And after bunching gifts in 2025, you'll have even more flexibility for gifting in the off years. Why? Starting in 2026, you can deduct gifts up to \$1,000 if you aren't itemizing. (Also, in future years itemizing becomes a trade-off because you'll lose that \$1,000 deduction. But, itemizing in 2025 has no such tradeoffs, so it's a better year to target big giving.)

3. Bigger and better! Appreciated asset gifts just got more powerful

Even if you never itemize, you can still get tax benefits from your charitable giving. Giving appreciated assets (stocks, real estate, etc.) instead of selling them means no capital gains income or taxes. Keeping reported income low protects new 2025 tax benefits, like the senior bonus deduction and the higher State and Local Tax deduction. And if you are itemizing, you still get to use the full charitable tax deduction, too! If you're targeting 2025 as a big giving year, appreciated assets gifts are a great way to do it.

Remember: Don't sell then give. If you do, you'll have to report the income and pay the capital gains tax. Instead, give before the sale. The nonprofit pays no tax when it sells and neither do you. (If your favorite nonprofit can't accept or sell the asset, use a donor advised fund instead.)

4. Try the charitable swap! Give appreciated investments WITHOUT changing your portfolio

Donating appreciated assets creates TWO tax benefits. The tax deduction is the same size as a gift of cash. (The asset must have been owned for a year or more.) PLUS, you avoid paying capital gains tax.

With a charitable swap, instead of giving cash, you give appreciated stock. Then use the cash to buy the same stocks again. Your portfolio doesn't change, but the capital gain disappears. (The newly purchased shares have no gain. And there is no waiting period because this is not loss property, so the "wash sale" rule doesn't apply.)

5. New and improved! IRA gifts got more powerful, too

Even if you never itemize, you can still get tax benefits from your charitable giving. If you're age 70½ or older, you can give directly from your IRA or IRA rollover. This is money that you've earned, but now you never have to report it as income (or pay taxes on it).

This is even better than a tax deduction because it keeps your income lower (AGI/MAGI).

For example, reporting \$75,000 of income is better than reporting \$100,000 of income and then deducting \$25,000. Why? Because reported income (AGI/MAGI) qualifies you for various tax benefits.

In 2025, a senior age 65+ with \$75,000 income gets the new \$6,000 bonus deduction. But if their income was \$100,000, they would get only a \$4,500 bonus deduction. That higher income phases them out of the new deduction (down to \$0 at \$175,000). Also in 2025, State and Local Taxes can now be deducted up to \$40,000, not just \$10,000. But that new benefit also phases out if your income is too high.

Keeping income lower protects many other tax benefits. This matters for high income (e.g., AMT exemption), low income (e.g., Social Security benefit tax reduction), and special circumstances (e.g., medical expense deductions). Keeping income low even helps keep your Medicare Part B premiums lower.

6. Younger than you think! Make IRA gifts @ age 70½ +

Those aged 73+ must take Required Minimum Distributions (RMDs) from their retirement accounts like IRAs or IRA rollovers. These distributions count as income. But direct IRA or IRA rollover gifts to charity do not, and they reduce your RMD. It's a great way to give!

Even though RMDs don't start until 73, direct donations from your IRA or IRA rollover are allowed starting at age 70½. This earned income is never taxed because it goes directly to the nonprofit. This makes it a smart way to give. Anyone age 70½+ can give up to \$108,000 per year this way regardless of their RMD size.

Note: To make direct gifts with a 401(k) or 403(b), you must first convert the account into an IRA rollover. But conversion requires taking any RMD for that year from the 401(k) or 403(b) first. And you must pay

taxes on that year's distribution. You can avoid that tax by converting the account well before you turn 73. Then, you'll be set up to make future donations from your IRA rollover whenever you want.

7. Stay safe! Make an IRA gift and get income for life

Have an RMD but not sure if you really need the income? You can hedge your bets by making a one-time IRA gift to a nonprofit in exchange for lifetime income from a charitable gift annuity (CGA). For a person aged 75, a CGA normally pays 7% per year for life. This one-time transfer also counts as RMD but is capped at \$54,000 per person.

Of course, a CGA can be a smart way to give even outside of the IRA. There are no size limits on a normal CGA, and it creates an immediate up-front tax deduction. The best time to take that big deduction? 2025!

8. Make a smarter estate gift! The IRA/401(k) beneficiary

Many people like to include a charitable gift in their will to support a cause that has been important in their lives. One tax smart strategy is to leave part of an IRA, 401(k), or 403(b) account to a nonprofit. (It's easy to change account beneficiaries online.)

Why is this smart? Because heirs pay income taxes on this money, but charities don't. So, if you're leaving anything to a nonprofit, use these accounts first.

9. Deduct today for a gift tomorrow! Take an immediate deduction for donating inheritance rights

Many people like to include a charitable gift in their will. But you can donate the inheritance rights to farmland or a home using a special deed instead. Doing this creates an immediate income tax deduction. It's deductible because, unlike a will, you can't change your mind once the deed is recorded.

Example: In August of 2025, a 65-year-old donor deeds the inheritance rights to \$100,000 of farmland to a nonprofit. The donor can take an immediate income tax deduction of \$44,526. The donor keeps the right to use or rent out the property for the rest of their life. (You can take a similar deduction for any other assets using a Charitable Remainder Trust.)

The best time to take that big deduction? 2025!

10. Time for a Roth conversion! (And combine it with charitable planning)

A Roth conversion moves money from a standard IRA into a Roth IRA. The benefit: all distributions from the Roth IRA, even future earnings, are tax free. The downside: all money moved into the Roth IRA counts as immediate income. But anytime you have a big income spike, charitable planning can create a deduction spike to help offset it. This can include strategies like Donor Advised Funds, Charitable Gift Annuities, Charitable Remainder Trusts, Life Estate Deeds, or paying a multi-year pledge early.

This won't work as well if you do it after 2025. Why not? Because you'll lose charitable deductions below 0.5% of income (AGI). And if you're in the 37% tax bracket, those deductions count at only 35%, not 37%.

Remember: These are just a few ideas to discuss with your tax advisor. They may not apply in your situation.