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We’re here for you.

Your community foundation helps you serve your charitable clients.

Updates from Your Community Foundation Team for September 2025

Big picture tax tips, IRAs and QCDs, and corporate charitable deductions

Hello from the community foundation, and happy September!

The year is winding down, and it’s been eventful. We are honored to work with so many attorneys, CPAs, and financial advisors to help your clients achieve their charitable goals.

As you begin to consider year-end planning for your clients, keep in mind that our team keeps you informed of developments impacting charitable planning, and in many cases, the community foundation can offer solutions.

—We get it. Recently passed laws have thrown a curveball into the ways you approach tax and financial planning for a lot of clients. We're breaking down the most important points from the One Big Beautiful Bill Act, building on the detail we shared in our last newsletter.

—IRAs are excellent vehicles for many, many reasons, one of which is the role they can play in charitable giving. We're happy to answer FAQs about IRAs, QCDs, and the OBBBA.

—As tax advisors have had time to dig into the OBBBA's new rules for charitable deductions, it is beginning to dawn on many that the new limits for corporate deductions may throw a wrench into a lot of clients' plans. Learn why, and what to do about it.

Thank you for the opportunity to work together! We value our partnership.

—Your community foundation

THIS MONTH'S
TRENDING TOPICS

One Big Beautiful Bill Act: Three big picture pointers

by Staff Name, Director of Charitable Giving

"So what does it mean for charitable planning, really?" That's a question our team has been fielding from attorneys, CPAs, and financial advisors ever since the One Big Beautiful Bill Act became law on July 4, 2025. It's an understandable question, not only because the bill is so, well, big, but also because the roller coaster ride leading up to the final bill included many provisions that ultimately did not make it into law.

From a charitable giving perspective, here is a trio of high-level "must knows."

"I'll be back."

Although the One Big Beautiful Bill Act (OBBBA) has extended or "made permanent" many favorable tax provisions, notably the elevated estate tax exemption, this is no time to become complacent. Although no one knows what future tax legislation might look like, we all know that there will be tax legislation in the future. Today's tax advantages will not be tomorrow's tax advantages. During this so-called "tax summer," continue to talk with your clients about their charitable giving plans, staying alert and ready to help them make adjustments when the laws change again.

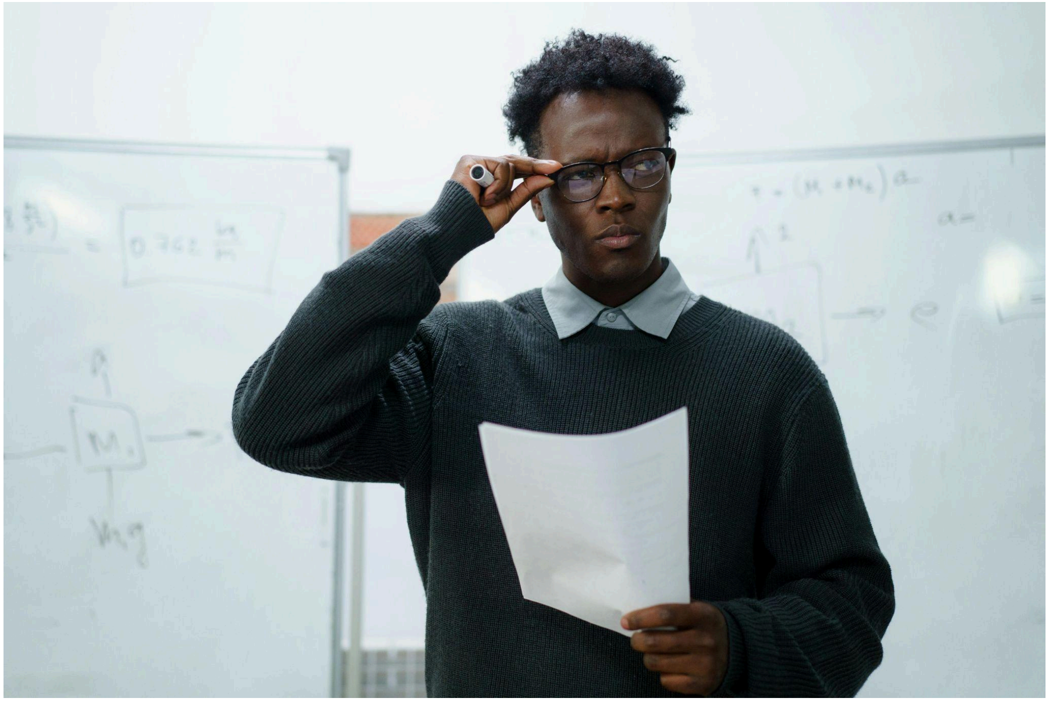
"Carpe diem."

If your practice includes clients who give to charity, it's crucial to get up to speed on the basics of the OBBBA's changes to charitable tax deductions. 2025 presents a window of opportunity for your clients who itemize deductions, in part because of the OBBBA's increases to the standard deduction in 2025 and in part because itemized charitable deductions will be subject to a floor and cap starting in 2026. "Bunching" using donor-advised funds at the community foundation is shaping up to be an important strategy this year. If you missed our last newsletter where we shared the details of these changes, please reach out. We'd be happy to send you a copy.

"Fundamentals. Fundamentals. Fundamentals."

Sure, a lot is changing, but a lot isn't! Appreciated stock is still likely to be a much more tax-savvy gift to charity than cash, and it's important to keep this top of mind. In addition, IRAs remain a powerful charitable planning tool. For instance, when your client names a fund at the community foundation as the beneficiary of an IRA, the gift avoids estate tax and income tax, both of which can hit heirs hard. Plus, for your clients who are 70 ½ or older, the Qualified Charitable Distribution ("QCD") is a great way to transfer up to $108,000 (2025's per-taxpayer limit) income-tax free to a qualified charity, including some types of funds at the community foundation.

Please reach out to the community foundation team. We're honored to be your first call when charitable giving pops up during your client conversations. Thank you for the opportunity to work together!



Tongue twister: OBBBA, IRAs, QCDs, and FAQs

by Staff Name, Director of Charitable Giving

If your head is spinning, it's for a good reason! Let's face it–the rules for using IRAs to give to charity were complicated before the OBBBA got thrown into the mix. Let's address five frequently asked questions we've been hearing from attorneys, CPAs, and financial advisors as you counsel your charitable clients.

"I have a lot of clients who are 70 ½ and older. I know the new tax laws are a big deal. Did the rules change for Qualified Charitable Distributions?"

This is a great question, and it's super important. The short answer is no–the One Big Beautiful Bill Act did not directly change the IRS's rules for Qualified Charitable Distributions, or "QCDs." Through a QCD, a taxpayer who is over the age of 70 ½ can direct up to $108,000 (2025 limit) from an IRA to an eligible charity, including some types of funds at the community foundation.

"I can tell there's more to the story. What else should I know to best guide my clients who are 70½ and older?"

We are glad you asked! QCDs are even more tax-savvy after the One Big Beautiful Bill Act because they bypass the new 0.5% adjusted gross income floor that will apply to itemized charitable deductions starting in 2026. Unlike other gifts, QCDs also avoid the 35% cap on deduction value for high-income taxpayers, preserving their full tax benefit. Because they reduce taxable income directly without requiring itemization, QCDs provide retirees a simple, consistent way to maximize charitable impact in a more restrictive tax environment.

“When should I call the community foundation if I have a client who is a good candidate for a QCD?”

Anytime! Several types of funds at the community foundation are eligible recipients of Qualified Charitable Distributions, including field-of-interest funds, designated funds, and unrestricted funds. Although your client’s donor-advised fund is not a permissible QCD recipient under IRS rules, our team is happy to work with you and your client to establish another type of fund alongside an existing donor-advised fund and set in motion an overall strategy that meets both the client’s financial and estate planning goals as well as the client’s goals for community impact.

“Remind me again why IRAs are such powerful legacy gifts to charity?”

Clearly, IRAs are tax-savvy savings vehicles during a client’s lifetime because contributions to traditional IRAs may be tax-deductible. Plus, the assets inside the account grow tax-deferred, allowing returns to compound. Leaving an IRA to charity at death, such as to a client’s fund at the community foundation, is also tax-savvy. The assets avoid income tax because the charity, unlike heirs, can withdraw the funds tax-free. The assets also escape estate tax because charitable bequests are fully deductible from the taxable estate.

“Does the whole QCD have to go directly to the charity?”

No! A special type of QCD allows your client to make a “split interest” gift to either a charitable remainder trust (CRT) or charitable gift annuity (CGA). The 2025 per-taxpayer limit for this so-called “legacy IRA” is $54,000. Note that the CGA option may be the most attractive option for your clients because of the significantly greater administrative burdens of setting up a CRT.

Please reach out to the community foundation anytime. We are happy to set up a charitable giving plan that allows your client to make QCDs to help achieve their charitable goals.

Floor to ceiling: Four factors that will influence corporate giving now and later by Staff Name, Director of Charitable Giving

At the community foundation, we work with business leaders and business owners to structure charitable giving plans that achieve the company's goals for its employees and the community. In many cases, corporate giving strategies include donating to local charities, whether directly or through a corporate fund at the community foundation.

If you run a business, you may have caught wind of the changes to the charitable deduction rules that apply to corporations. These tips are for you! Here's what you need to know:

A new "floor" on the deductibility of charitable donations is coming in 2026.

Starting in 2026, corporations can only deduct charitable contributions that exceed 1% of their taxable income. Donations below that threshold won't be deductible at all. This means, for example, that a company with $100 million in taxable income must give more than $1 million to take a charitable deduction–and even then, only donations above that $1 million are eligible for a charitable deduction. Many worry that this change in the law will negatively impact corporate giving, which reached an all-time high last year.

The "ceiling" stays in place–and it's trickier.

The IRS's ceiling on charitable deductions—allowing corporations to deduct up to 10% of taxable income—still applies. Starting in 2026, both the new 1% floor and the existing 10% ceiling will apply simultaneously, which makes things more complex. That means only amounts exceeding the 1% floor and up to the 10% ceiling are deductible. Both categories of "disallowed" giving can be carried forward for up to five years. In a carryforward year, the donation can only be deducted if the total giving in that year exceeds the 1% floor, and the carried-forward portion, together with current-year giving, doesn't exceed the 10% cap for that year. See? Tricky!

So what now? Here are two important takeaways:

Don't wait to address this issue.

Act quickly to review your company's giving strategies for the remainder of 2025 and look ahead to future years. In particular, please reach out to the community foundation to explore how you can use a corporate donor-advised fund to maximize your deductions for 2025 before the floor kicks in.

Consider sponsorship opportunities.

Keep in mind that your company can still deduct charity sponsorships as marketing expenses if the payment provides a direct business benefit, such as advertising, rather than being considered a pure charitable donation. Under IRS rules, your business will need to substantiate the benefit received. Note also that the charities you support will need to properly account for this support on their end of the transaction, including determining whether to report it as “unrelated taxable income.”

Please reach out to the team at the community foundation. We are happy to help!

The team at the community foundation is honored to serve as a resource and sounding board as you build your charitable plans and pursue your philanthropic objectives for making a difference in the community. This newsletter is provided for informational purposes only. It is not intended as legal, accounting, or financial planning advice. Please consult your tax or legal advisor to learn how this information might apply to your own situation.