MAYA HEALTH ALLIANCE
WUQU' KAWOQ

MAXIMIZING YOUR DONATIONS – AND TAX BENEFITS

Rules for tax deductions for charitable donations continue to shift. Below are some highlights about the situation today and changes coming in 2026. Maya Health Alliance Board Treasurer David Sterman, a Certified Financial Planner, shares some tips for making the most of your donations to your favorite nonprofit organizations and saving on taxes in the process!

Note: These are meant as ideas to get you started and not as financial advice; please speak with your accountant or financial planner for advice on your particular situation.

The Basics: Securing Tax Breaks for Charitable Donations

Not all charitable efforts lead to a tax deduction. In recent years, to take advantage of these gifts in terms of lower taxes, you would usually need to use the "itemized" deductions on your tax return. Many people do not have enough deductions to itemize, so they take the standard deduction (which in 2025 is $15,750 for single filers, $23,625 for Head of Households, and $31,500 for married filers). Deductions are often taken on items such as state and local taxes, mortgage interest, and other items.

If you don't have enough deductions to itemize, you can pursue a "bunching" strategy. This involves tripling up on your charitable donations every third year. If you make three years' worth of donations in one year, the amount—when combined with other deductions—may be just enough to enable you to take the charitable giving tax deduction.

A New Twist in 2025

In addition to the rules just noted, recent legislation created a new wrinkle for charitable donors—one that will begin in 2026 and expire at the end of 2028. For people who don't itemize deductions on their taxes (and therefore would be challenged to write off donations), there is now a chance to deduct up to $2,000 for donations (or $1,000 for single tax filers)—while still taking the standard deduction. Again, this is just for the next few years, so longer-term, the rules noted earlier will apply. To qualify, the donation must be cash, not stocks, funds, or other items.

Meanwhile, starting in 2026, people who do itemize deductions will be required to give at least .5 of their income (for example $500 for an income of $100,000) to qualify for charitable deductions, and those donations deductions will be capped at 35% of their income vs. the current cap of 37%

Here again, talk to your accountant or financial planner to understand the best options for your particular situation.

DAFs: Save on Taxes and Set Yourself Up for Generosity

A growing number of people are taking advantage of Donor Advised Funds (DAFs), which allow you to receive a tax deduction when you fund them. You can establish a DAF at most major investment firms, such as Vanguard, Fidelity, Charles Schwab or other firms. Once the DAF account is opened, you can transfer investments into it, and that money can then be donated to qualified charities in amounts that you determine.

You will receive an immediate deduction on your taxes whenever you put money into a DAF, as long as you itemize deductions on your taxes. Even if you do not itemize and you use the standard deduction, DAFs can still be a great idea: You can deposit cash or non-cash assets like stocks, bonds, or crypto, and as those investments grow in value, their gains are not subject to taxes while in the DAF. Any investments that have done well for you (i.e., that have realized "gains") are a good choice to put in the DAF because you will avoid ever having to pay the capital gains taxes that you would pay if you had sold the investments.

There is usually no minimum amount to open and fund a DAF, though a few firms do require an initial funding of $10,000 or more. Lastly, while it can be enjoyable to see the DAF account grow as the stock market rises, it's wise to donate money to charities from the DAF account on a regular basis rather than leaving it sitting in the account. Once in the habit of supporting charities through DAFs, many people stop writing checks to charities and instead give straight from their DAFs.

QCDs: A Win/Win for Charities and Their Donors

During your working years, your ability to support your favorite charities has some constraints. You want to be generous but also be sure you are saving enough for old age. Once in retirement, your future financial picture becomes clearer. If your financial situation is strong enough, you can more comfortably enhance your level of charitable giving. And a hidden part of the federal tax code shows us an ideal strategy to create a win/win situation.

Qualified Charitable Distributions (QCDs) enable a direct transfer of funds from your Individual Retirement Account (IRA) to a qualified charity, known as a 501c(3). These transfers can be counted toward satisfying the deductions you must take from your IRA once you are in your 70s. The specific age for required minimum distributions varies based on the decade you were born. But you can start making QCDs starting at age 70 1/2, even if the date when you are required to make distributions is not for a few years. Normally, distributions from your IRA are taxable as ordinary income. But if you donate part of the distribution to your favorite charity (or charities), you won't owe any taxes on the amount you donate.

The maximum annual amount that can qualify in 2025 for a QCD is $108,000. This applies to the sum of QCDs made to one or more charities in a calendar year. If, however, you file taxes jointly, your spouse can also make a QCD from his or her own IRA within the same tax year for up to $108,000. Note that partial donations of your required minimum distribution result in only a partial tax break.

Please also know that to qualify for the tax deduction, you need to donate directly to a charitable organization. You cannot donate to:

- Private foundations
- Supporting organizations: i.e., charities carrying out exempt purposes by supporting other exempt organizations, usually other public charities
- Donor-advised funds, which public charities manage on behalf of organizations, families, or individuals

Donating Appreciated investments

Another way to support your favorite 501(c)3 is by donating an investment from a brokerage (i.e. non-retirement) account, such as shares of a stock. If you have a stock or other investment that has risen in value (known as a "gain"), then you will owe capital gains taxes on that added value.

Donating part of all of that investment brings two great benefits: The total value of the donated investment can be used as a deduction on your taxes. And the receiving organization receives a really helpful financial boost. These donations can be made with stocks or stock funds. Donating bonds isn't as beneficial as bonds don't really gain in value very much.

Estate Planning: Securing your legacy and strengthening your community

While we're on the topic of retirement and charities, you may also want to consider favored charities in your estate plans or will. Legacy-focused charitable giving is one of the best ways to ensure that future generations will live in a more equitable and supportive environment.

Identifying how much you would like your estate to disburse to a charity upon your passing can be expressed in two ways: in dollar terms, or as a percentage of your assets. Or you can think of it in terms of ordering. For example, some people leave some money to a charity and the remainder of their estate to loved ones (or vice versa).

Talk to your attorney, financial planner, your local Community Foundation or your favorite charities about how you can support them through your estate plans!

Maya Health Alliance | Wuqu' Kawoq is a 501c(3). Our EIN is 20-8741625

We welcome and facilitate all of the giving options outlined above.

To learn more, please visit wuqukawoq.org/donate.