COMMUNITY GIVING FOUNDATION'S

PROFESSIONAL ADVISOR NEWSLETTER

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Your 2026 charitable checklist, the power of DAFs, and a QCD case study.

Happy New Year from the Community Giving Foundation! We are honored to kick off another year working with so many attorneys, CPAs, and financial advisors to help you serve your philanthropic clients. There's a lot trending as 2026 rolls in. Our team closely watches for developments impacting charitable giving. We share the curated highlights with you, which saves you time as you keep up with everything else related to your clients' tax, financial, and estate planning matters. Here's what's happening as the new year dawns:

- Don't get caught off guard by 2026 tax adjustments—including Social Security COLA increases, higher standard deductions, updated tax brackets, QCD limits, and new non-itemizer charitable deductions. Each of these changes can impact which **charitable strategies you recommend** to your clients. The Foundation is here to help translate technical tax changes into meaningful charitable outcomes.

- Even after the flurry of "bunching" activity at the end of 2025, **donor advised funds remain a powerful planning tool** despite the new charitable deduction floor and cap that took effect in 2026. Donor advised funds at the Foundation are especially valuable to your clients thanks to our team's local expertise, the administrative simplicity we offer, and our ability to support a client's evolving legacy and estate planning goals.

- We are always happy to share realistic case studies illustrating how Qualified Charitable Distributions (QCDs) can reduce a client's taxable income while supporting meaningful philanthropy in retirement. Notably, our team is happy to provide **examples of language you can use** to explain to a client why QCDs cannot flow into donor advised funds and how alternative Foundation fund options can still meet the client's goals. Work with our team to turn complex tax rules into compliant, values-driven charitable strategies.

Our Foundation team is here for you! We are honored to partner with you to support your clients' efforts to achieve meaningful, well-informed, and enduring impact—separate and distinct from purely tax-driven outcomes

Alyssa Meyers-Sanonu, Foundation Director of Philanthropy
570-850-3504 (cell) • ameyers-sanonu@csgiving.org

What's new: A checklist for charitable tax rules in 2026.

Well before 2025 made way for 2026, you were no doubt already tracking the various IRS thresholds that are subject to adjustment, as well as the new tax laws' impact on planning techniques. But have you thought about how each of these thresholds might relate to your clients' charitable giving? Here are pointers to keep handy as you inform your clients about changes in 2026 and help them tee up their charitable giving plans for the coming year.

Social Security COLA Increases
The Social Security Administration announced a cost-of-living adjustment (COLA) increase effective January 1, 2026. This increase reflects inflation's trajectory and affects many retirees who also engage in philanthropy.

Importance to charitable giving: Retirees are a unique group when it comes to tolls and techniques related to charitable giving. Given that a high percentage of older cohorts give to charity each year, discussing your clients' Social Security benefits is a logical juncture to also bring up charitable giving plans for 2026 and beyond.

Standard Deduction Increases
For tax year 2026, the standard deduction increased to $16,100 for single taxpayers, $24,150 for heads of households, and $32,200 for married couples filing jointly.

Importance to charitable giving: The standard deduction is a key factor in charitable giving strategies. If a client's total itemized deductions—including charitable gifts—exceed the standard deduction, they are eligible to itemize. Reviewing this threshold and considering a "bunching" strategy (accelerating multiple years of giving into one tax year) can help maximize charitable support through 2026 and beyond.

Tax Brackets

Though the tax rates remain at a range from 10% to 37%, the income levels that define each bracket for 2026 have shifted.

Importance to charitable giving: Examining tax brackets with clients presents a timely opportunity to discuss their charitable giving strategies. With the new limitations on itemized deductions that took effect in 2026 (specifically the 0.5% floor and the 35% cap), it's important to help clients plan carefully so that their philanthropy remains tax-efficient.

Qualified Charitable Distributions (QCDs)

For tax year 2026, the per-taxpayer limit for Qualified Charitable Distributions (QCDs) has been increased for inflation to $111,000, up from $108,000 in 2025. And, the limit for a one-time QCD from an IRA to a split-interest vehicle has been adjusted for inflation to $55,000, up from $54,000.

Importance to charitable giving: Because clients age 70 ½ or older can direct IRA distributions to charity without including them in taxable income (a "Qualified Charitable Distribution"), these clients can reduce their AGI and, if applicable, satisfy all or part of their required minimum distributions (RMDs). A QCD to a qualified fund at the Foundation (such as a designated or field of interest fund, but not a donor advised fund) remains one of the most tax-efficient ways to support charity.

Non-Itemizer Charitable Deductions

Beginning with tax year 2026, a single-filer taxpayer who does not itemize deductions will be allowed to deduct up to $1,000 in cash donations to qualified charities (excluding donor advised funds and private foundations). Non-itemizing joint filers may deduct up to $2,000.

Importance to charitable giving: Despite the relative inflexibility of the new deduction (e.g., gifts of appreciated stock don't count and neither do gifts to donor advised funds), this provision for non-itemizers could help encourage people to begin their charitable giving journey, especially in the case of young professionals. To that end, you might consider mentioning this new deduction to your high income-earner clients who have adult children. The Foundation can help by offering non-donor advised fund options to receive the $1,000 or $2,000 gifts as well as offer opportunities for family learning and hands-on involvement.

As 2026 gets into full swing, please reach out to the Foundation. We are honored to be your first call on all matters related to charitable giving as we help you serve your clients.

Keep going: Why donor advised funds are still essential.

For many CPAs, estate planning attorneys, and financial advisors, the end of 2025 brought a whirlwind of charitable planning activity among high-earner clients. That's because many taxpayers wanted to maximize the tax benefits of their charitable donations before the 0.5% "floor" and 35% "cap" on charitable deductions kicked in on January 1, 2026 under new tax laws. Donor advised funds in particular played a big role in many late-2025 planning strategies because affected taxpayers could transfer assets to the fund in 2025, achieve optimal tax results, and then thoughtfully recommend grants to favorite charities from the fund in 2026 and beyond.

So, what now? Should you still recommend that your clients establish and use donor advised funds at the Foundation to organize their charitable giving?

Absolutely yes! Donor advised funds remain a highly relevant and strategic tool for your clients. The IRS's new deductibility limits may reduce the marginal tax benefit of giving for some of your clients, but nothing has changed about the donor advised fund's broader planning advantages for all of your charitable clients. Here's why:

- Fundamentally, regardless of tax benefits, your clients' charitable intent is driven by values, legacy, and a desire for community impact. (No one gives away a dollar to save 35 cents!) That's why you want to offer your clients the most effective charitable planning vehicles available to achieve charitable goals. A donor advised fund at the Foundation often plays a crucial role in a client's overall philanthropy structure.

- A donor advised fund still allows clients to separate the timing of their charitable deduction from the timing of their actual grants to favorite charities, thereby preserving flexibility in years when income is unusually high or coming in handy when planning around liquidity events, even if the deduction is partially constrained under new laws.

- Foundation donor advised funds, in particular, provide benefits that extend well beyond the tax code. That's because of our team's local expertise, deep knowledge of regional nonprofits, and ability to help your clients align their giving with real community needs.

- When you work with the Foundation, you can confidently recommend a donor advised fund because you know the client will receive administrative simplicity, top-notch service, and plenty of opportunities for deep community connections and multigenerational philanthropy.

In short, donor advised funds at the Foundation support your clients' holistic wealth and legacy planning goals. The Foundation makes it easy for you, as the advisor, to integrate a donor advised fund into a client's estate plan, use it to smooth charitable giving over time as a client's income ebbs and flows, and lean on it as a platform for strategic philanthropy that can evolve alongside a client's unique life and financial circumstances.

A Qualified Charitable Distribution (QCD) conversion in action.

If you know the basics of **Qualified Charitable Distributions (QCDs)** but have a hard time envisioning exactly what to say and do when they come up in a client conversation, you are not alone! Whether you are an attorney, CPA, or financial advisor, at some point you will find yourself in the middle of a QCD conversation. Here's a case study to help you be prepared.

Margaret, a 74-year-old widow and longtime client of your practice, scheduled a meeting early in the year to discuss her charitable giving plans. In the email Margaret sent to set up the meeting, she mentioned that she was now taking required minimum distributions from her IRA and her taxable income was higher than she expected or needed.

As you reviewed Margaret's file prior to the meeting, you were reminded that Margaret had established a donor advised fund at the Foundation several years ago. You recall from prior conversations that Margaret not only has enjoyed using the donor advised fund to organize her charitable giving to dozens of favorite charities, but she's also appreciated the many opportunities to tap into the Foundation's expertise, events, and educational opportunities.

During the meeting, Margaret shared, "I've read about this thing called a Qualified Charitable Distribution. If I'm going to give to charity anyway, I want to understand whether doing a QCD in 2026 makes sense, especially if I want the gift to go through the Foundation where I already do all of my giving."

You nod and explain that a QCD does indeed allow individuals like her who are age 70 ½ or older to transfer funds directly from an IRA to a qualified charity without including that amount in taxable income. You mention that this can be especially powerful after age 73, when required minimum distributions begin, because the QCD can satisfy all or part of the RMD while keeping adjusted gross income lower. "This can help address Medicare premiums, taxation of Social Security, and overall tax efficiency," you continue. "With the annual QCD limit increasing through inflation adjustments to $111,000 in 2026, it's a timely strategy to consider."

Margaret was glad to hear all of this. Then she asked, “I already have a donor advised fund at the Foundation. Can I simply direct my QCD straight into that fund?” You are prepared for this question! It’s a common point of confusion. “That’s a great question. Unfortunately, under current IRS rules, QCDs can’t be made to donor advised funds, even if they’re housed at a Foundation.”

Seeing her puzzled expression, you continue with a broader explanation. “QCDs are limited to certain types of charitable recipients,” you say. “They can go directly to public charities that are ‘operating’ nonprofits, and in limited cases to certain split-interest arrangements like a charitable git annuity or a charitable remainder trust, subject to specific rules. Donor advised funds are excluded, evidently because the IRS doesn’t want the money to flow into account where the taxpayer retains advisory privileges. Donor advised funds are of course entirely dedicated to charity, so the rule doesn’t make a lot of sense. Yet here we are.”

Margaret frowned slightly. “That feels frustrating,” she said. “I love the donor advised fund because it gives me flexibility and lets me support multiple causes over time.” You acknowledge her concern. “I understand. The good news, though, is that the Foundation offers other types of funds that do qualify for QCDs and can still accomplish many of the same goals.”

You go on to explain that instead of directing the QCD to her donor advised fund, Margaret could direct the QCD to a designated fund at the Foundation that supports specific charities she already knows she wants to help, or to a field of interest fund focused on causes she cares about deeply (such as education or the arts), or to an unrestricted fund to support the community as a whole. “Those types of funds are fully managed by the Foundation, without your advisory role after setup, which makes them eligible recipients of a QCD while still aligning with your charitable intentions,” you say.

Margaret paused, considering the options. “I don’t want to make the wrong choice,” she said. “I also want to be sure the fund is set up properly and really reflects what I care about.” You agree that is exactly the point where collaboration matters most. “This is where I’d recommend looping in the Foundation,” you say. “They can help us think through which type of fund fits best, provide a fund agreement document, and enable me to fulfill my professional duty to ensure that the structure complies with QCD rules.”

You go on, “The Foundation knows the nuances of the fund options and the local charitable landscape. That’s a great match for the legal and tax obligations on my side of the transaction. Together we can help ensure that your QCD in 2026 is clean, compliant, and aligned with your values.” Margaret smiled, clearly relieved. “That makes sense. I don’t want this to be just about taxes. I want it to be meaningful.”

By the end of the meeting, you and Margaret have agreed on next steps: you said you would review Margaret’s IRA custodian requirements for executing a QCD, and the Foundation will set up a fund to receive the distribution. The plan will allow Margaret to use her required minimum distribution to support the community she loves, reduce her taxable income, and create a charitable structure she feels confident about.

As Margaret leaves your office, you can tell she feels reassured that she didn't have to navigate the rules alone. The conversation had clarified not only why a QCD in 2026 made sense for her financially, but also why working collaboratively with you and the Foundation was essential.

If Margaret's situation sounds familiar, or if you anticipate any type of charitable giving conversation with a client, the Foundation is here for you! We are always happy to collaborate as you explore solutions to achieve your clients' charitable goals. In nearly every situation, the Foundation can help. At the very least, we will point you in the right direction.

Pro Tip: As you talk with clients over the coming weeks, keep in mind that tax laws are always subject to change—and sometimes for the better. Case in point related to Maragaret's situation: a small, bipartisan tax law change has been proposed that would allow QCDs into donor advised funds. Fingers crossed!

The team at the Community Giving Foundation is a resource and sounding board as you serve your philanthropic clients. We understand the charitable side of the equation and are happy to serve as a secondary source as you manage the primary relationship with your clients. Learn more at csgiving.org/professional-advisors. This newsletter is provided for informational purposes only. It is not intended as legal, accounting, or financial planning advice.

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The Community Giving Foundation is a 501(c)(3) organization that develops, manages, and distributes funds for charitable purposes in communities across the Central Susquehanna region of Pennsylvania.

725 West Front Street • Berwick, PA 18603 • 570-752-3930 • csgiving.org