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Year-End Giving Primer

Talking Taxes with Donors

2026 edition

For boards, executive directors, and development teams

General information, not tax advice. See the notice inside.

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Important notice

This primer is general information, not tax or accounting advice. Reading it does not create a professional relationship. Even if we are your CPA, please reach out to us for specific professional advice on your situation, since this primer cannot account for your facts. Tax rules change and apply differently case by case, so please consult a qualified tax professional before relying on any of this.

Why this matters

This primer is for board members, executive directors, and development staff of 501(c)(3) public charities. It is meant to help you bring taxes into year-end conversations with donors.

People give because they want to do good and believe in your mission. Taxes are not the reason. But tax savings can help a donor decide to give, give more, or give sooner, so they are worth mentioning.

You are raising awareness, not giving tax advice. Share the general idea, and encourage donors to check with their own tax advisor. Each section includes written language you can adapt for emails and letters. Please have your accountant or legal counsel review it before you send it.

Check: does this apply to your nonprofit?

Being a 501(c)(3) is necessary but not sufficient. Some 501(c)(3)s, such as supporting organizations and private foundations, don't qualify for the new rules. Check with your accountant to confirm.

What changed for 2026 and what it means

WHAT IT MEANS FOR YOUR DONORS

Giving is now easier and more rewarding for smaller donors. But larger donors need to plan better.

WHAT CHANGED

Donors who don't itemize

They can now deduct up to \$1,000 (\$2,000 if married filing jointly) in gifts of money, on top of the standard deduction. In the recent past, their gifts gave them no tax benefit.

Donors who itemize

They now get a deduction only for giving above 0.5% of their income. For someone earning \$200,000, the first \$1,000 they give in a year doesn't count.

The sections that follow are conversations to have with different types of donors.

Conversations to have

Donors who don't itemize

WHO THIS DONOR IS

Most people take the standard deduction rather than itemizing. That often includes renters and people without a mortgage. It can also include some higher-income homeowners, because the deduction for state and local taxes shrinks for high earners, which makes itemizing less worthwhile for them. In the recent past, these donors' gifts gave them no tax benefit. Starting in 2026, they do.

COPY AND ADAPT

"Good news for 2026: even if you take the standard deduction, you may be able to deduct up to \$1,000 in gifts to charity (\$2,000 if married filing jointly). Gifts of money count, whether by check, credit or debit card, online payment, bank transfer, or payment app. Gifts of stock, goods, or other property do not qualify for this deduction. Your year-end gift can do double duty."

GOOD TO KNOW

- This deduction is on top of the standard deduction. It isn't available to donors who itemize.
- Gifts to donor-advised funds don't qualify.

Donors who itemize

WHO THIS DONOR IS

Donors who itemize are often homeowners and higher earners. Their charitable deduction is now a little less of a benefit than before, because they only get a deduction for giving above 0.5% of their income, and that applies every year. So many will benefit from giving a larger amount every few years rather than a smaller amount every year. This is called bunching.

A donor who bunches can give you the full amount directly. That's the best outcome for you, because the money arrives now, and the donor can still direct how it's used, such as to a specific program or over several years. A donor who wants to keep control over timing can use a donor-advised fund instead. They take the deduction now and recommend grants to you over time.

COPY AND ADAPT · GENERAL

"Starting in 2026, itemized charitable deductions count only for giving above 0.5% of your income. Because this applies each year, combining several years of giving into one larger gift can help.

If you choose to give a larger gift to [Org] now, you can still shape how it's used. You can direct it to a specific program, ask that it be used over several years, or set the timing that works for you.

We're glad to put your wishes in writing. Please check with your tax advisor to see if this approach fits your situation."

COPY AND ADAPT · FOR DONORS WHO WANT MORE CONTROL

"If you'd like to combine several years of giving for tax purposes but prefer to decide later when and where your gifts go, a donor-advised fund may help. You contribute to the fund this year and take the deduction now, then recommend grants to [Org] and other causes you care about in the years ahead. Please check with your tax advisor to see if this fits your situation."

GOOD TO KNOW

- Use the general version for most donors. Save the donor-advised fund version for donors you know want to keep control over timing and recipients.
- Expect lumpy giving. Some donors will skip a year or two, then give a larger gift. Don't read that as lapsed support.
- In the years in between, these donors may take the standard deduction and still qualify for the \$1,000/\$2,000 deduction.

Donors 70½ and older with IRAs

WHO THIS DONOR IS

Once people reach 73 (75 if born in 1960 or later), they must take money out of their traditional IRA each year. This is called a required minimum distribution, and it is taxed as income. Many retirees don't need the money and would rather not pay the tax.

Donors 70½ and older can send money directly from their IRA to you. This is called a qualified charitable distribution. It counts toward the amount they must take out, and it isn't taxed. It works whether or not they itemize.

COPY AND ADAPT

"If you're 70½ or older, you can give directly from your IRA to [Org]. If you're required to take money out of your IRA each year and don't need it, this lets you avoid paying tax on that amount. It works even if you take the standard deduction. Ask your IRA custodian to send the gift directly to [Org], and allow extra time before year-end. Please check with your tax advisor."

SHORT VERSION · EMAIL OR SOCIAL

"Age 70½ or older? A gift directly from your IRA can lower your taxes. Contact your IRA custodian to give to [Org] this year."

GOOD TO KNOW

- The money must go directly from the IRA to you. If the donor withdraws it first, it doesn't count.
- It works for IRAs, not 401(k)s.
- It can't go to a donor-advised fund.
- The donor can't receive anything in return, such as event tickets.

NOTES FOR SMALL ORGANIZATIONS

You may not want the administrative hassle of accepting non-cash gifts, such as stock or planned gifts. There are many organizations and professionals that can help. We draw your attention to two:

- **Donor-advised funds.** A donor can give shares to their own DAF and recommend a cash grant to you. You don't need to build anything.
- **Community foundations.** A community foundation may accept stock on your behalf, sell it, and send you the proceeds. Some will also hold an endowment for your organization and work with donors on trusts and other planned gifts. Contact one in your area to learn what it accepts and charges.

Whichever route you choose, tell your finance team, and set it up before year-end.

Donors with stock

WHO THIS DONOR IS

These are donors who own stock that has grown a lot in value. They include long-time investors, early investors in or employees of companies that went public, and people who were given shares years ago. With the recent rise in the stock market and some large recent IPOs, there may be new donors in this group, including some you might not expect.

If they sell the stock and give cash, they pay tax on the gain. If they give the shares directly, they generally don't, and if they itemize, they can deduct the full value. Stock gifts don't count toward the \$1,000/\$2,000 deduction, so this mainly helps donors who itemize.

COPY AND ADAPT

"Has your stock grown in value? Consider giving shares instead of cash. If you've held the stock for more than a year and give it directly to [Org], you generally pay no tax on the gain, and if you itemize, you can deduct its full market value. Don't sell first, or you lose the benefit. Consult with your tax advisor, and let us know early, as stock transfers take time."

SHORT VERSION · EMAIL OR SOCIAL

"Own stock that has grown in value? Giving shares directly to [Org] may help you avoid tax on the gain. Let us know early, as transfers take time."

GOOD TO KNOW

- Stock that has lost value is better sold, with the cash given instead.
- Shares from an employer can come with extra rules. Donors should check with their advisor first.

Legacy donors

WHO THIS DONOR IS

A legacy donor is someone thinking about what happens after them. This may be a donor with deep ties to your organization, or someone who began thinking about legacy after a lifetime of work.

These donors are working through complex choices that involve taxes, family, and how their assets are held. A gift to you is one decision among many, and it works best as part of that larger conversation rather than a separate ask. Your role is to make it easy to include you, and to encourage them to involve their advisors and family.

Common ways to give include a gift in a will, naming your organization as the beneficiary of a retirement account, and trusts that pay the donor income for life and leave the rest to you.

COPY AND ADAPT

“Your support can continue beyond your lifetime. Many of our supporters include [Org] in their estate plans, and it can be as simple as one sentence in your will or naming [Org] as a beneficiary of a retirement account. Retirement accounts can be an especially tax-efficient gift, because your heirs would owe income tax on them, while we would not.

Planning a legacy involves your family, your assets, and your taxes, so we encourage you to talk with your CPA or estate attorney. For a second opinion, you’re welcome to reach out to our CPA, [CPA name or firm]. If you’ve already included [Org] in your plans, please let us know so we can thank you.”

SHORT VERSION · EMAIL OR SOCIAL

“Leave a legacy that lasts. Including [Org] in your will or retirement account can be a simple way to support our mission for years to come. Contact us to learn more.”

GOOD TO KNOW

- This is a longer conversation, not a year-end ask. Don’t tie it to Dec 31.
- Before offering your CPA as a resource, confirm they’re willing to speak with donors and how they’ll handle it, since they work for your organization, not the donor.
- Many donors don’t tell you they’ve included you. Ask, and thank them.
- For trusts and other complex gifts, work with qualified advisors or a community foundation rather than handling it yourself.

Special notes

Gifts with benefits

When a donor receives something in return for a gift, such as a gala ticket, a dinner, or a thank-you item, only the amount above the value of what they received is tax-deductible. For example, if a gala ticket costs \$250 and the dinner is worth \$100, the donor can deduct \$150. If a donor pays more than \$75 and receives something in return, you need to tell them in writing what the item is worth. Small token items, such as a mug or tote bag with your logo, generally don't count. Remember that IRA gifts can't include anything in return.

Business donors

Many donors run businesses set up as “pass-through” entities, meaning the business's profits show up directly on the owner's personal tax return. Most small and mid-sized businesses are probably set up this way. For these donors, there can be a choice between giving personally, giving through the business, or supporting you as a business sponsor, and these options can interact with their taxes in complex ways. Understanding these choices can help you shape a stronger ask and make it easier for the donor to say yes.

State tax benefits

Each state has its own rules for charitable giving, and they don't always follow the federal changes. For example, Colorado offers a state tax credit for gifts to approved homelessness projects, New York limits how much very high earners can deduct, and California mostly does its own thing, often ignoring federal tax code changes.

How Beancount can help

Beancount is a nonprofit-only firm, and we track these rules closely. We can help you understand your donors' choices, including business and state tax considerations, and strengthen your ask. Reach out to us for advice on structuring a campaign or a conversation with a funder. We specialize in Colorado, New York, and California rules, and we can refer you to others if you need help in other states.

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