

## 2025 New Tax Law Changes That May Impact Your Individual Charitable Giving

Recent Federal Income Tax law changes may impact you and your charitable giving to the University of the South. We have summarized some key points for your information as you make your charitable giving plans.

1. **Permanent Standard Deduction.** The Standard Deduction for 2025, will be \$15,750 for single filers/\$31,500 for married couples filing jointly. This amount will be indexed for inflation going forward.
2. **Permanent Non-Itemizer Charitable Deduction.** Beginning in 2026, if you do not itemize, and take the standard deduction, you can now deduct up to \$1,000 for single filers/\$2,000 for married couples for charitable donations. Note: Gifts to Donor Advised Funds (DAFs) and supporting organizations are excluded.
3. **New Charitable Deduction Floor for Itemizers.** Beginning in 2026, if you itemize, you will need to give at least 0.5% of your adjusted gross income (AGI) to claim a charitable deduction. For example, if you make \$100,000 AGI, you would need to make a charitable donation of at least \$500 to claim a charitable deduction for any amount over the \$500.
4. **Permanent Deduction Limits for Cash Gifts.** You may still deduct cash gifts for up to 60% of your AGI.
5. **Cap on Itemization for Top Bracket.** If you are in the top tax bracket, your tax benefit for deductions will decrease in 2026 to 35 cents/dollar, instead of the current 37 cents/dollar.
6. **Tax Benefits from Giving Non-Cash Assets.** Consider gifts of stock to avoid capital gains tax or qualified charitable distributions from your IRA, if you are age 70 ½ or older, to avoid paying income tax on the direct distribution of those funds to the University.
7. **Permanent Estate Tax and Gift Tax Exemption.** Beginning in 2026, the Estate and Gift Tax Exemption remains intact, and it will increase to \$15 million per individual/\$30 million per married couple filing jointly.

Contact us for more information:

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This information is not intended as tax, legal or financial advice. Consult your personal financial advisor for information specific to your situation.