Many individuals who have a history of charitable giving may find themselves in an unfamiliar situation due to the current standard deduction. Under the current tax law, the standard deduction that can be subtracted from your taxable income without itemizing is $12,200 for individuals and $24,400 for married couples.

Experts suggest that people who give regularly to charity may want to consider a practice called bunching to take best advantage of the tax laws. In practice, bunching simply means that the donors “bunch contributions”. In the example below, every third year the donors contribute to their donor advised fund with an amount equal to the total needed for three years. In that year, the donors itemize their deductions when filing their tax return. In the next two years, the donors make their contributions from the donor advised fund and claim the standard deduction on the tax returns for those years. This method allows the donor to maximize the tax benefit of their charitable contributions.

Donors Receive $8,600 in Additional Tax Deductions Every Third Year
Note that this graph is to be used as an example only. THCF does not offer accounting or legal advice. Standard Deduction is an additional $1,300 per person for individuals over 65.

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