Strategic Philanthropy in 2025

How to Maximize Your Charitable Giving and Tax Efficiency

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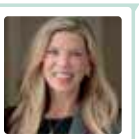

Individuals and families who have accumulated significant wealth often see philanthropy as an important part of their legacy. Charitable giving can also be a key element of a comprehensive wealth management strategy. Whatever your reason for giving, acting strategically can help you maximize both your impact and your tax efficiency. With a clear vision and a trusted advisor, you can create a giving strategy aligned with your values and long-term goals. Here are a few smart strategies that can help boost your annual charitable giving.

DONATIONS THROUGH APPRECIATED ASSETS

One effective way to give is through appreciated assets such as stocks, bonds, or mutual funds. Under IRS tax rules, you can donate almost any personal property in good condition. Two general restrictions apply to tax deductions: cash gifts are allowed up to 60% of the donor's adjusted gross income (AGI), and long-term appreciated asset donations are permitted up to 30% of AGI.

Donating these assets can be a practical and tax-efficient charitable giving strategy. When donating securities, ensure that the asset has been held for at least one year so it qualifies as a long-term capital gain holding. This allows for a deduction at fair market value and avoids capital gains tax. On the other hand, short-term capital gain positions have their deduction limited to cost basis and not current market value.

DONOR-ADVISED FUNDS: FLEXIBLE AND TAX-SMART GIVING

Donor-advised funds (DAFs) are one of the most popular options for strategic philanthropy. A DAF is a 501(c)(3) charitable vehicle that allows you to contribute assets, receive an immediate tax deduction, and then recommend grants to qualified charities over time. Since the DAF is a public charity, the donor can sell assets inside the account with no tax consequence.

Another advantage of using a DAF is that it provides an option called "bunching." Bunching is when the donor makes multiple years' worth of charitable gifts into the DAF to take a deduction in the current year. Then, the donor can spread out grants to end charities over time. In the following years, the taxpayer takes a standard deduction before bunching to itemize again in a future year.

DAFs are powerful tools for high-net-worth donors who want flexibility, control, and tax efficiency in their charitable giving.

QUALIFIED CHARITABLE DISTRIBUTIONS (QCDS): A SMART STRATEGY FOR RETIREES

If you are at least 70 ½ years old and have an IRA, a qualified charitable distribution (QCD) is worth considering. For 2025, the IRS allows individuals who are 70½ years or older to donate up to $108,000 ($216,000 for married couples) directly to public charities tax-free, even before the required minimum distribution (RMD) age of 73.

This strategy allows retirees to support charities while reducing taxable income and meeting RMD requirements. However, QCDs must be made directly to qualifying charities—not to DAFs or private foundations—and should always be reviewed with your wealth advisor.

WHY 2025 MAY BE A PIVOTAL YEAR FOR CHARITABLE PLANNING

With tax landscapes shifting, 2025 maybe a pivotal year for charitable giving. The new One Big Beautiful Bill Act introduces changes for 2026, including charitable deduction floors

that may reduce flexibility for some donors. Acting now can help lock in favorable giving and tax conditions before these updates take effect.

CRAFTING A LONG-TERM STRATEGIC PHILANTHROPY PLAN

There is no one-size-fits-all approach to charitable giving and philanthropy. Effective planning begins with defining your mission, researching qualified charities, and coordinating with financial and tax advisors who understand your portfolio and goals.

Working with a trusted wealth advisor will ensure your giving is both meaningful and maximized for your finances, your family, and the causes you care about most.

Is there a wealth planning topic you would like to learn more about? Email us at wagner@wwmadvisors.com, and you may see your questions answered here.

Wagner Wealth Management has offices in Greenville, Anderson, and Oconee counties. Call us at 864-236-4706 or visit www.wagnerwealthmanagement.com to learn more about our firm.

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