

Giving Smarter: A Guide to Charitable Giving Strategies for Nonprofits and Donors

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Updated for the 2026 tax year



How a gift is made can matter as much as the gift itself. Between advising individual donors on their financial planning and working directly with nonprofits on philanthropic strategy, we consistently see the same gap: organizations are good at making the case for **why** someone should give, and far less equipped to talk about **how**. That gap costs both sides. Donors give in the way that's easiest, not the way that's best for them, and nonprofits leave larger, better-timed gifts on the table without ever knowing it.

Brighton Jones doesn't provide individualized tax or legal advice, and nothing here should be read as a specific recommendation for your situation. But understanding this landscape can help nonprofits have more informed donor conversations and help donors bring sharper questions to their own advisors.

Who This Guide Is For

If you work with or lead a nonprofit: you don't need to become a tax expert. Recognizing when a donor's situation might call for one of these strategies, and knowing what to do operationally when it comes up, can lead to larger, more consistent, and better-timed gifts.

If you're a donor, or thinking about your own giving: these strategies may help you support the causes you care about while reducing taxes, avoiding capital gains, or freeing up cash for other goals. None of this means giving less. Often it means the opposite.

2026 Numbers at a Glance

Tax rules around charitable giving changed for 2026 under the One Big Beautiful Bill Act (OBBBA), so figures that were accurate a year or two ago may no longer be. As of this update:

- **Standard deduction:** \$16,100 (single), \$32,200 (married filing jointly)
- **Qualified Charitable Distribution (QCD) limit:** \$111,000 per person, age 70½ and older
- **Non-itemizer charitable deduction:** up to \$1,000 (single) or \$2,000 (married filing jointly) for cash gifts, new for 2026, even if you take the standard deduction
- **New 0.5% AGI floor:** itemizers can no longer deduct the first 0.5% of their adjusted gross income given to charity each year
- **Cash gift deduction limit:** 60% of AGI for gifts to public charities, now permanent
- **Appreciated stock deduction limit:** generally 30% of AGI for gifts to public charities, with a five-year carryforward for anything above that

Source: [IRS, 2026 tax inflation adjustments](#); [Congressional Research Service on QCDs](#). These figures adjust periodically, so treat them as a snapshot rather than a permanent reference.

A Quick Self-Check for Donors

This guide covers eight strategies donors can consider when looking to maximize the impact of a gift and/or reduce their tax burden. Use this quick guide to identify strategies that may apply to your situation or objectives.

If this describes you...	Consider looking at...
You're 70½ or older with an IRA	Qualified Charitable Distributions
You usually take the standard deduction	Bunching
You hold stock, funds, or crypto that's grown a lot in value	Appreciated securities, or a Charitable Remainder Trust for a very large position
You just sold a business, exercised options, or had an unusually high-income year	Pre-liquidity planning, and possibly Bunching
A large chunk of your net worth sits in one company's stock	Concentrated stock giving, or a Charitable Remainder Trust
You own a privately held business and a sale might be a few years out	Private business interests
You want ongoing income from an asset you also want to give away	Charitable Remainder Trust
You give to several causes and want flexibility on timing	Donor-Advised Fund

1. Give the Investment, Not the Cash

Say a donor wants to support a cause and is also sitting on stock that's grown significantly in value. If they sell the stock first and donate the proceeds, they may owe capital gains tax on the growth before the gift ever reaches the nonprofit.

In plain terms: instead of selling an investment and donating the cash, give the investment itself, directly to the charity or a donor-advised fund. The nonprofit can then sell it (charities generally don't pay capital gains tax), and the donor may avoid recognizing the embedded capital gain that would generally result from selling the investment (subject to applicable tax rules and limitations).

Hypothetical example (for illustration only): a donor bought stock years ago for \$10,000, and it's now worth \$50,000. Selling first and donating the cash means a portion of that \$40,000 gain could be taxed before it reaches the charity. Donating the shares directly may avoid that tax, within the 30%-of-AGI limit described above, with the excess carried forward for up to five years. Actual outcomes depend on individual tax circumstances.

How this typically works: a donor's advisor or brokerage generally handles this by transferring shares "in kind" to the nonprofit's brokerage account, or to a donor-advised fund, using a form the custodian provides. It generally needs to happen before the sale, not after, so this is worth raising with an advisor ahead of time rather than after the fact.

2. Donor-Advised Funds: Give Now, Decide Later

Some donors want to support several causes but don't want to make a dozen separate decisions every year. Others have a big income year and want the deduction now, even if they're not ready to decide exactly where every dollar goes.

In plain terms: a donor-advised fund (DAF) works like a charitable savings account. The donor contributes money or investments, which may be eligible for a tax deduction in that year (subject to applicable tax rules and limitations). They can then recommend grants to specific charities whenever they're ready, whether that's next month or over the next decade.

Important note: DAF contributions are irrevocable. The donor may retain advisory and granting privileges, but the sponsoring organization has legal control of the assets.

This tends to work well for donors who:

- Support multiple organizations
- Prefer to decide on grants gradually
- Have income that varies year to year
- Want to contribute appreciated investments rather than cash
- Have a wealth event that makes opening a DAF advantageous (additional details on this below)
- Are philanthropically minded and want to engage in sustained, values-aligned giving

How this typically works: DAFs are generally offered through custodians and community foundations, and can often be opened online. A donor's advisor can help decide where to open one and whether funding it with appreciated stock, rather than cash, makes sense alongside the strategy above.

Worth knowing: DAF contributions don't qualify for the new \$1,000/\$2,000 non-itemizer deduction described above; that provision applies to direct cash gifts only. DAF's are also a great way for donors to have their charitable assets invested in the community they care about by selecting a DAF provider that is aligned with their values.

3. “Bunching” Gifts to Clear the New Threshold

Many donors no longer see a tax benefit from giving every year, since most taxpayers take the standard deduction rather than itemizing. Starting in 2026, there's a reason to think about timing: the new 0.5% AGI floor means the first slice of every year's giving doesn't generate any deduction at all, even for itemizers.

In plain terms: instead of giving \$10,000 a year for five years, a donor contributes \$50,000 to a donor-advised fund in one year. That's more likely to clear both the standard deduction and the new AGI floor in that one year (potentially increasing the amount eligible for a charitable deduction in that year), while the money still grants out to charities over the following years, at the donor's own pace.

This tends to work well in years with:

- A large bonus or stock compensation payout
- A Roth conversion
- A business sale
- A large retirement plan distribution
- Any other unusually high-income year

The donor's giving to the causes they care about doesn't change. The tax treatment of that giving, and now, whether it clears the new floor, might.

4. Major Liquidity Events: Timing Matters

A donor selling a business, exercising stock options, or otherwise having an unusually large income year is often in a higher tax bracket than usual that year, which can make a charitable deduction more valuable than in a typical year (subject to applicable rules and limitations).

A donor anticipating a business sale, for example, may consider contributing assets to a donor-advised fund before the transaction closes. This can help build a charitable reserve for future giving while potentially generating a meaningful deduction in that higher-income year.

The most important detail: timing. This kind of planning generally needs to happen before a sale becomes locked in. Once an agreement is signed, many of these opportunities become far more limited, so the conversation needs to start months, not weeks, ahead.

Cautionary note: Donors should involve qualified tax and legal counsel before the transaction is substantially certain or legally binding, as assignment-of-income principles may limit the intended tax treatment.

5. Concentrated Stock: Turning Risk into Impact

Some donors end up with a large portion of their wealth tied up in a single company's stock, whether through founder's shares, stock options, restricted stock units (RSUs), or years of holding a stock that's done well. That concentration creates both financial risk and a future tax bill if they ever sell.

In plain terms: rather than selling the stock and paying capital gains tax, a donor can give some of those shares directly to a charity or donor-advised fund, similar to the strategy above, but specifically as a way to reduce an oversized position.

Potential benefits: avoiding capital gains tax on the shares given away, a charitable deduction (subject to applicable rules and limitations), a reduction in the donor's concentrated position, which may be part of a

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broader diversification strategy, and the ability to support a cause without touching cash reserves.

6. Giving Private Business Interests

Some of the most significant charitable gifts come not from cash or public stock, but from a piece of a privately held business. Business owners often have most of their net worth tied up in the company itself, with limited cash on hand.

In the right situation, an owner may be able to contribute a portion of their ownership stake to a charitable vehicle before a sale takes place. Potential benefits may include a charitable deduction, a reduction in the taxable gain, and the ability to make a significant gift without using cash.

Worth being candid about: these transactions are highly technical, often take months to structure properly, and require close coordination among attorneys, CPAs, valuation professionals, and financial advisors well before a sale is finalized. This isn't a same-week decision.

7. Qualified Charitable Distributions: A Retiree's Tool

For donors age 70½ or older, a Qualified Charitable Distribution (QCD) can be an efficient way to give.

In plain terms: a QCD lets a donor send money directly from their IRA to a qualified charity. While the distribution is generally reported from the IRA, if all QCD requirements are satisfied, the qualifying amount is excluded from taxable income. It can mean that the gift effectively bypasses the donor's tax return.

Note: The donor does not claim a separate charitable deduction for the QCD.

Potential benefits:

- The distribution isn't counted as taxable income
- It can satisfy some or all of a required minimum distribution (RMD), the minimum amount retirees are generally required to withdraw from certain retirement accounts each year
- It lowers adjusted gross income (AGI), a number used to determine eligibility for various tax benefits, which can in turn help reduce Medicare premium surcharges and taxation of Social Security benefits

How this typically works: a QCD generally needs to be requested from the IRA custodian specifically as a QCD, not a regular withdrawal, with the check going directly to the charity; if the money passes through the donor's hands first, it no longer qualifies. For 2026, up to \$111,000 per person qualifies (up from \$108,000 in 2025), and a married couple can each use their own limit if each has an IRA. An advisor or tax professional can confirm the mechanics with a given custodian.

Two details worth knowing: a QCD can't be directed into a donor-advised fund or a private foundation, and for 2026, donors can also use up to \$55,000 of their QCD, one time, to fund a charitable gift annuity or charitable remainder trust.

8. Charitable Remainder Trusts: Giving While Keeping Income

For donors with a highly appreciated asset, like stock, real estate, or a business interest, a charitable remainder trust (CRT) offers a way to give, generate income, and manage taxes at the same time.

In plain terms: a donor transfers an asset into a trust, the trust can, in some cases, sell it without triggering an immediate capital gains bill. (Although taxable gain may be recognized by the income recipient as distributions are made.) The donor receives income from the trust for life or a set number of years, and whatever remains eventually goes to charity.

This tends to appeal to donors holding a concentrated stock position, investment real estate, a closely held business interest (a company that isn't publicly traded and is owned by a small group of people), or any other appreciated asset they'd like to diversify out of gradually and tax-efficiently.

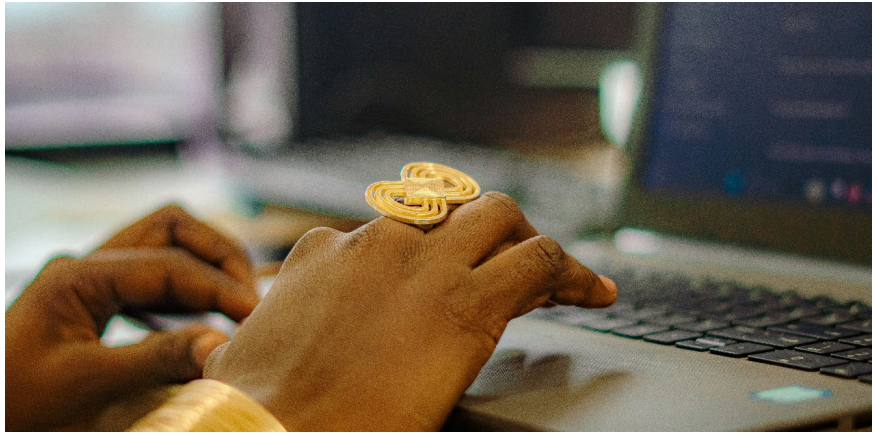
Two flavors:

- **Charitable Remainder Annuity Trust (CRAT):** pays a fixed dollar amount every year, regardless of how the trust's investments perform. Predictable, but no ability to add more assets later.
- **Charitable Remainder Unitrust (CRUT):** pays a fixed percentage of the trust's value each year, recalculated annually. Payments can rise or fall with the market, but the trust generally allows additional contributions over time.

Worth being candid about: CRTs involve real legal, tax, and setup costs, and they're irrevocable. They tend to make the most sense for larger gifts, not smaller ones. Donors should work closely with qualified professionals before setting one up.

What Nonprofits Can Do

Nonprofits aren't expected to be tax advisors, and shouldn't try to be. A few concrete, low-lift steps can make a real difference in whether donors actually use these strategies:



- **Listen for the cues.** “I just sold my company,” “I’m turning 70 this year,” “most of my net worth is in company stock,” and “I usually just take the standard deduction” are all natural openings to say, “you might want to loop in your financial advisor on how to structure this gift.”
- **Create a simple gift acceptance policy** covering stock, real estate, and business interests, so staff aren’t deciding case by case whether to accept something unusual. (If you have a legal counsel, they may be able to help.)
- **Open a brokerage account** (or a relationship with a custodian) so your organization can receive stock or fund gifts directly, not just cash and checks
- **Put stock-transfer instructions on your donate page**, so an advisor doesn’t have to call and ask
- **Learn how DAF grants show up.** They typically arrive as a check or wire from the sponsoring organization, not from the donor by name, and the donor already took their deduction when they funded the DAF. A standard thank-you acknowledgment is appropriate; a tax-deduction letter generally is not, since the donor can’t deduct the grant a second time. *NOTE: DAFs give donors the option to remain anonymous, so you may not always know who made the gift.*
- **Add a DAF-giving widget to your website.** Several free or low-cost tools let a donor recommend a grant to your organization without leaving your site, including DAF Direct and options built into broader donation-page platforms. It’s worth checking what your existing donation platform already supports before adding a new one.
- **Add a stock-gift notification form.** Stock transfers often show up in a nonprofit’s brokerage account with no donor name attached, since the transfer itself carries little identifying information. A short form on your website (“I just transferred stock, here’s who I am”) saves a lot of back-and-forth and makes sure the right person gets thanked and receipted. **Information Security Note:** The form should collect only the information necessary to identify and acknowledge the gift, use an appropriately secured submission method, and avoid requesting account numbers or other unnecessary financial information.
- **Make your legal name and EIN easy to find.** Stock transfers, QCD checks, and DAF grants all require this information, and burying it in a PDF somewhere slows every one of these gifts down.

Worth being candid about: accepting non-cash gifts isn’t free. It can take a broker relationship, occasional legal review, and patience before an asset converts to usable cash. For smaller nonprofits without that infrastructure yet, partnering with a local community foundation to receive and liquidate these gifts on your behalf is often a reasonable middle step.

Quick Reference

Strategy	In plain terms	Often a fit for
Appreciated securities	Give the investment, not the cash, to skip the capital gains tax	Donors with stock or funds that have grown in value
Donor-advised fund (DAF)	A charitable “savings account,” deduct now, grant later	Donors who give to multiple causes or want flexibility
Bunching	Combine several years of giving into one, to clear the standard deduction and new AGI floor	Donors who usually take the standard deduction
Pre-liquidity planning	Give before a big income event, when the deduction is worth more	Donors expecting a business sale or similar event
Concentrated stock	Give shares to reduce risk and avoid capital gains tax	Donors with a large position in one company
Private business interests	Give a portion of the business before it's sold	Business owners planning a future sale
Qualified Charitable Distribution (QCD)	Send IRA funds straight to charity, tax-free, up to \$111,000 in 2026	Donors age 70½ and older
Charitable Remainder Trust (CRT)	Give an asset, get income for life, remainder to charity	Donors with a large appreciated asset who also want income

Giving Smarter, Together

The strongest donor relationships are built on trust, education, and partnership over time. For most supporters, the question was never whether to give. It's whether they're giving in the way that works best for them and for the causes they care about.

Nonprofits: you don't need all the answers. Knowing these strategies exist, recognizing the cues, and having your operational basics in place is often enough to unlock a bigger or better-timed gift.

Donors: if any of this sounds relevant to your situation, it's worth a conversation with your financial advisor or tax professional before you give, as these strategies may affect the your tax treatment and the amount available for charitable purposes, depending on the strategy and circumstances. What feels like a small adjustment in how you give can meaningfully change how much actually reaches the causes you care about.

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