League of American Orchestras

The New Landscape for Charitable Giving Incentives

June 2, 2026

LEAGUE OF AMERICAN ORCHESTRAS

The New Landscape for Charitable Giving Incentives

A session connecting Washington decisions to hometown fundraising strategy — equipping orchestra champions with the tools to navigate a transformed giving landscape.

Presenters: Sally Schaeffer, Kathleen Gregory, CFRE, and Karen Isble

Turning Federal Change into Fundraising Strategy

Why We're Here

Policy shapes the environment in which we fundraise. Every tax provision, every regulatory shift, every congressional signal ripples directly into how donors give — and how we ask.

What You'll Walk Away With

This session connects Washington decisions to hometown strategy. We'll move from **federal tax policy changes** to **donor conversations** to upcoming **advocacy opportunity** — a complete playbook for what comes next.

PART ONE

Overview of Charitable Giving Tax Changes

Big picture. No overlawyering. No bill numbers overload. This section highlights what was changed by Congress last year.

The Rules of Charitable Giving Have Changed

The world of charitable giving is going through its **biggest tax change in decades**. Starting in 2026, OBBBA creates a new set of rules for giving — offering more incentives for everyday donors while adding new limits on large and corporate gifts.

> 👉 **This is more than a tax change — it will change behavior.** How and when Americans give is about to shift, and fundraisers need to lead that conversation.

Three Big Changes

1

Expanded Giving Base

A new **universal charitable deduction** — $1,000 for single filers, $2,000 for joint filers — opens giving incentives to the roughly **90% of taxpayers** who don't itemize.

2

New Limits on Major Giving

High-capacity donors now face a **0.5% minimum income threshold before charitable deductions apply**, paired with a cap - **limits tax value of deductions for taxpayers in 37% bracket to 35% marginal rate**.

3

Corporate Giving Reset

A new **1% minimum income threshold before deductible corporate charitable giving applies** changes the math for institutional donors.

What Changed — and What Didn't

The OBBBA changes some giving rules — but it does not end charitable giving. Knowing what stayed the same is just as important as knowing what changed.

What Changed

- New **universal deduction** for non-itemizers — a permanent tax break for everyday donors
- New **limits on major gifts** with a minimum threshold before deductions apply and a 35% marginal rate limit
- New **1% floor on corporate giving**

What Didn't Change

- The charitable deduction was **expanded — not eliminated**
- The **60% AGI cash giving limit** — the cap on how much cash you can deduct — is now made permanent
- **Estate and planned giving incentives** remain fully preserved
- **Qualified Charitable Distributions (QCDs)** — tax-free transfers from retirement accounts directly to charity — are unchanged and now even more useful

The Data Pulse

Small donor participation has eroded significantly

AFP/GivingTuesday's Fundraising Effectiveness Project Q4 2025 – released April 21st (www.fepreports.org)
The total charitable dollars raised grew by 5%, the strongest growth the sector has seen in five years.
💲 However, the number of donors fell 3.6%, signaling the growth was driven by larger gifts.
💲 Dollars up, donors down - micro donors decline shared with policymakers
A new non-itemizer deduction offers a direct response:

• Steep declines among small and first-time givers

• The pipeline challenge reinforces the value of a new deduction

Universal Charitable Deduction Returns... Permanently

Starting in 2026, non-itemizing taxpayers can claim a permanent above-the-line deduction for charitable gifts:

Individual Filers

Up to $1,000 deduction for single taxpayers who do not itemize.

Joint Filers

Up to $2,000 deduction for married couples filing jointly who do not itemize.

This reinstated and **permanent deduction** creates an opportunity to engage the 90% of Americans who do not itemize, potentially expanding your donor base and fostering a democratization of giving.
Fundraisers can begin promoting this tax benefit NOW — especially those earning between $30,000 and $100,000 — to encourage year-round giving from donors who previously had no tax incentive to give.

⚠ **Key exclusions:** Gifts to Donor Advised Funds, supporting organizations, and non-cash gifts do not qualify; additionally, the deduction is not inflation-indexed.

Universal Charitable Deduction: An Advocacy Victory

< 10%

Americans Itemizing

$74B

COVID-Era Boost

$4.39B-$19B+/yr

Projected Impact

After 2017 tax law changes, fewer than 10% of taxpayers itemize deductions, thereby limiting incentives for charitable giving.

A temporary charitable deduction during the COVID-19 pandemic led to a significant increase in charitable giving.

Expected increase in new charitable giving over the next decade due to the reinstated deduction.

+8 million new households giving

> The Charitable Giving Coalition's persistent advocacy, backed by compelling data and stories from across different types of nonprofits, such as League of American Orchestras, helped to secure this important win. The research demonstrated that tax incentives influence giving behavior, including among middle-income donors.

New Itemized Deduction Floor and Cap (Effective 2026)

Minimum Threshold: Itemizers must give at least 0.5% of AGI before deducting charitable gifts. Non-itemizers are not subject to this new floor. This may inspire mid-level donors to give more to receive tax benefits. This provision served as the "pay for" mechanism for the $1k/$2k charitable deduction for non-itemizers. (May reduce giving by $2.43B/year) (Lilly School)

Maximum Deduction: Limit value of deductions to 35% marginal rate may suppress major giving from high-income donors and reduce giving by $6.1B/year from these donors (Lilly Family School of Philanthropy).

Cash Gift Limit: The 60% AGI limit for cash donations is **now permanent** for individual donors. It previously was set to expire at the end of 2025.

Even though you can give up to 60% of AGI in cash, your ***total* deduction** is still limited to 35% of AGI if you itemize.

These changes will affect how and when itemizing donors make charitable contributions, potentially shifting giving patterns toward year-end when donors can better calculate their AGI thresholds.

Corporate Giving – New 1% Floor (Effective 2026)

Policy Changes

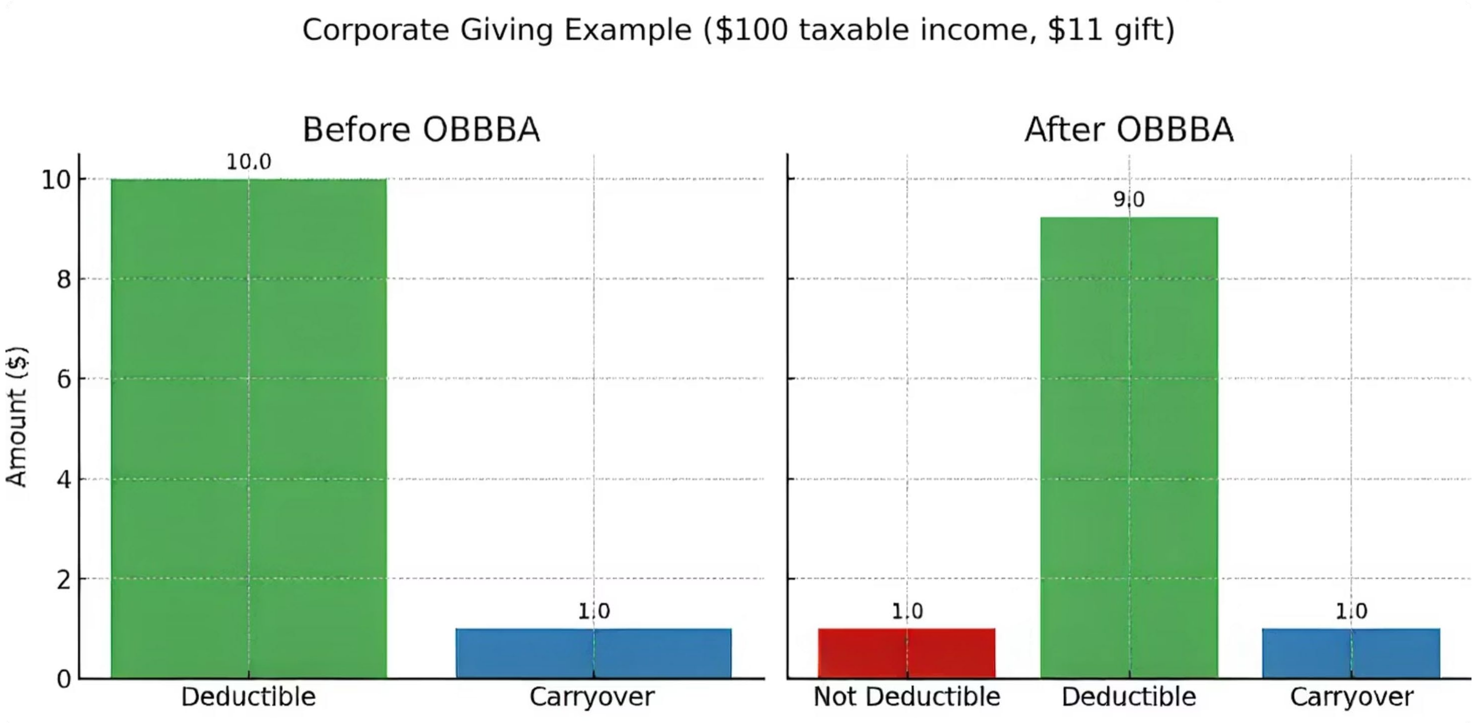
- **1% Floor:** Corporations can only deduct charitable gifts **that exceed 1% of their taxable income**
- **10% Ceiling:** The maximum deduction remains capped at **10% of taxable income**
- **5-Year Carryover:** Unused deductions may be carried forward

Fundraising Implications

- May **reduce overall corporate giving** by $1.55B/year (-3.5%) (Lilly School estimate)
- Corporations may **bundle larger gifts** to exceed the floor, rather than spreading small donations; small and mid-sized businesses may decrease giving.

Example – How the 1% Floor Works

Scenario: Company with $100 taxable income, $11 gift



Fundraising Takeaway: Encourage corporate partners to **bundle gifts above the 1% floor**. Begin corporate renewal conversations earlier in the year and again consider bundling or multi-year structures.

Estate and Gift Tax

Permanently extends the estate and lifetime gift tax exemption to $15 million for single filers and $30 million for married filing jointly, and indexes the amount exempted for inflation moving forward.

Donors could reduce their estate and lifetime tax liability by making charitable donations. This will provide certainty in estate planning.

A Smart Way for Seniors to Give: QCDs After OBBBA

- **QCDs are still a great way to give.** If you're 70½ or older, you can give directly from your IRA to organizations like an orchestra. You can donate up to $111,000 per person in 2026, and this amount will adjust each year.
- **Helps with Required Minimum Distributions (RMDs).** If you're 73 or older, these gifts can count toward your RMDs. This means you can meet your withdrawal requirements without increasing your taxable income.
- **Avoids new giving limits.** Unlike regular cash donations, QCDs don't have to meet the new 0.5% Adjusted Gross Income (AGI) minimum or the 35% limit on itemized deductions that start this year.
- **Good even if you don't itemize.** Even if you take the standard deduction, you can still benefit from QCDs. They lower your AGI, which is more beneficial than relying on itemized deductions.
- **Flexible for your giving plans.** For seniors who want to support charities, QCDs are now often the best way to give from a tax perspective.
- **Special option: Charitable Gift Annuity.** Seniors can make a one-time QCD of up to $55,000 to set up a Charitable Gift Annuity (if they haven't done one before). This provides the senior with lifetime income.

Here's an example for a 73-year-old donor (this isn't tax advice):

A $50,000 cash gift would be affected by the new 0.5% AGI minimum and the 35% cap on deductions.

A $50,000 QCD, however, could help you meet all or part of your RMD, meaning you would withdraw less money from your IRA that is then taxed.

CHEAT SHEET

Charitable Giving Provisions Effective 2026

Positive Changes

Universal Deduction for Non-Itemizers

A new above-the-line deduction for non-itemizing taxpayers, encouraging broader participation in charitable giving.

60% AGI Cash Gift Limit Permanently Extended

The temporary 60% AGI limit for cash contributions by individual donors is now permanently extended.

Legacy Gifts Preserved, with QCDs Becoming a More Valuable Giving Tool for Seniors

Even though QCD rules did not change, the new tax law makes them a smarter option than ever for older donors. They sidestep the new 0.5% AGI floor and the 35% deduction cap, making them one of the few tools left to give generously and tax-efficiently; especially for those who do not itemize.

Negative Changes

0.5% AGI Floor for Itemizers

Itemizers must now give at least 0.5% of their Adjusted Gross Income (AGI) before deducting charitable contributions.

35% Itemized Deduction Cap

A new 35% cap is introduced on overall itemized deductions, potentially impacting major gifts from high-income donors.

1% Floor on Corporate Giving

Corporations can only deduct charitable gifts exceeding 1% of their taxable income, potentially altering giving strategies.

What Didn't Happen — Because the Sector Engaged

Several harmful ideas were proposed — and ultimately **stopped** because nonprofit professionals, advocates with the League, and other sector advocates showed up. This is a clear example of why policy engagement matters.

❌ No Tax on Combined Federal Campaign (CFC) Giving

Combined Federal Campaign (CFC) contributions were preserved — keeping this workplace giving program for federal employees available at the time as one of the most accessible giving channels.

❌ No Excise Tax Hike

A proposed increase to the **private foundation excise tax** — a tax on private foundations — was blocked, helping protect philanthropic infrastructure for large-scale grant-making.

❌ No New Tax on Nonprofit Activities

No new tax on income from activities outside a nonprofit's core mission was added to **common nonprofit activities** — a major operational victory for the sector.

❌ No Status Revocation

Proposed new authority to revoke nonprofit status was **not enacted** — preserving organizational stability and donor confidence.

Moving Forward: Sustaining Charitable Giving Incentives Through Implementation of H.R. 1

Floors and ceilings on charitable giving create artificial limitations on the incentive to give. League of American Orchestras is a member of the Charitable Giving Coalition (CGC). Both groups remain committed to supporting and expanding tax incentives for charitable giving, opposing limits on individual and corporate generosity, and promoting policies that encourage all Americans to give.

Building on past successes, such as the retroactive repeal of the UBIT "church parking tax:"

- Focus on removing the 35% cap on itemized charitable deductions and the 1% corporate giving floor. Helpful if we observe reductions in gifts from small and mid-sized companies, especially those in rural areas.
- Closely track the impact of the 0.5% floor on itemizers, including impact on in-kind or property gifts.

Signals to the Sector

Beyond the specific provisions, the legislation sends powerful signals about where the government stands on charitable giving — and where it's headed.

Giving Reaffirmed as a Public Good

Congress chose to expand — not eliminate — incentives for charitable behavior. That's a meaningful endorsement of the sector's role in civic life.

But Adds New Limits on Generosity

Floors and caps signal that limitless giving deductions are a thing of the past. Policy now shapes **how much** and **when** donors give.

Scrutiny and Visibility Are Increasing

The era of charitable giving flying under the radar is over. Expect heightened attention from regulators, media, and the public.

> "Policy now creates both **opportunity** and **planning pressure**."

New Lilly School Report Projection: More Donors, Less Giving Overall

+8M

Households newly giving

+$4.39B/yr

From the universal deduction

-$2.43B/yr

From the 0.5% AGI floor

-$6.1B/yr

From the 35% deduction value cap

-$1.55B/yr

From the corporate giving floor

-$5.69B/yr

Net effect on total giving

This is not a crisis — but it is a strategy moment.

What This Means for Fundraisers

Early analysis points to a nuanced outcome: **more donors entering the giving system, but slightly less total giving overall** as major and corporate gift structures adjust to new constraints. This is a turning point — not a crisis, but a call to adapt.

More Donors Entering the System

The universal deduction brings millions of donors who take the standard tax deduction back into the giving conversation.

Pressure on Major & Corporate Gifts

The new income thresholds and limits on deductions will require deeper donor education, revised proposal timelines, and more flexible gift vehicles for top-tier supporters.

Timing & Structure Matter More

Gift bundling, Donor-Advised Fund (DAF) strategies, QCDs, and year-end planning conversations will become essential skills — not just advisor talking points.

Success now depends on strategy — not just generosity. The organizations that thrive will be those that meet donors where the new rules place them.

PART TWO

Practical Donor & Corporate Strategies

With the policy landscape established, it's time to translate those shifts into **real - world donor and corporate conversations**. This section is about the practical — what to say, when to say it, and how to structure giving in the new environment.

Strategic Implications for Fundraisers

Here's a preview of the strategic territory this policy opens up for individual donors.

1 Small-Dollar Gifts and Monthly Giving

Small-dollar donors who do not itemize now have a stronger tax incentive to increase their one-time gifts to the $250–$2,000 range or to give monthly.

2 Mid-Level Donor Reactivation

The universal deduction creates a compelling new reason to re-engage lapsed donors in the $250-$2,000 range who previously saw no tax benefit.

3 Earlier Major Gift Conversations

With new floors and caps, major gift planning conversations need to begin months earlier than before — ideally in Q1, not Q4.

4 IRA Giving Becomes More Attractive

For donors over 70½, qualified charitable distributions offer a compelling alternative pathway that sidesteps the new limitations.

Educating Donors about the Non-Itemizer Deduction

Did you know? A 2025 tax law change includes a charitable deduction for those who take the standard deduction. You can now receive a tax benefit of up to $1,000 (or $2,000 if married filing jointly) for your cash donations to public charities—including the Public Justice Center. This new above-the-line deduction is a great way to reduce your tax liability and maximize your impact for economic and racial justice.

Four Moves for the New Giving Environment

Policy changes are only as powerful as the conversations they inspire. The most effective fundraisers won't just understand the new rules — they'll use them to deepen relationships and drive giving decisions forward.

1 Focus on Impact

Focus conversations with donors on the transformative impact of their generosity on your mission, while educating them on the tax benefits. Highlight tangible outcomes and compelling stories of change.

2 Build Authentic Relationships

Cultivate deeper connections by understanding donor motivations, passions, and values. Move beyond transactional appeals to truly engage their hearts and minds.

3 Empower Strategic Giving

Educate donors on the full spectrum of giving vehicles like DAFs, QCDs, and gift bundling. Position these as tools to maximize their philanthropic effectiveness, not just tax savings.

4 Personalize Engagement

Tailor outreach and stewardship to individual donor profiles and preferences. Generic "deduction" messages are less compelling than a personalized vision for change.

Educating Donors about QCDs

If you're 70½ or older, an IRA charitable rollover is one of the most powerful ways to support the Public Justice Center — and one of the smartest financial moves you can make.

Give up to $110,000 directly from your IRA ($222,000 for married couples both age 70½+), and you'll avoid taxes on the transfer, satisfy your required minimum distribution (for donors age 73+), and reduce your taxable income* — all while fueling PJC's fight for systemic change.

Maximum impact. Minimum taxes. Real justice.

From Deduction to Dialogue

Policy changes are only as powerful as the conversations they inspire. The most effective fundraisers won't just understand the new rules — they'll use them to deepen relationships and drive giving decisions forward.

Timing Question

"How are you thinking about giving timing in 2026? The new provisions create some interesting windows for maximizing impact."

Bundling Question

"Would bundling gifts across two years help you maximize both your tax benefit and your philanthropic impact?"

IRA Question

"Have you explored IRA giving? For many donors, qualified charitable distributions are now the most efficient path."

These aren't sales pitches — they're **consultative questions** that position you as a trusted philanthropic partner — and remember that fundraisers can provide education and suggestions, but we are NOT our donors' financial advisors.
Lead with curiosity, not urgency.

Major Donor Planning Examples

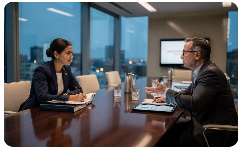
The new floors and caps mean major donors must plan more intentionally. Here are four strategies that turn policy complexity into philanthropic opportunity:

Multi-Year Acceleration

Front-load gifts into a single tax year to surpass the AGI floor and maximize the deduction benefit before the 35% cap applies.

DAF Bundling

Use donor-advised funds to bundle several years of giving into one large contribution, distributing grants to charities over time.



Advisor Inclusion

Bring financial advisors and estate planners into gift conversations early. The complexity of the new rules demands collaborative planning.

Year-End Planning Shifts

Year-end asks must start earlier. With new limits in play, December conversations should begin by September at the latest.

Corporate Strategy in a 1% Floor Environment

The new 1% corporate giving floor introduces a baseline that changes how companies think about charitable engagement. Here's what your corporate partnership conversations should address:

1

Bundling Pledges

Encourage corporate partners to consolidate multi-year commitments to meet or exceed the floor strategically, maximizing recognition and impact.

2

Multi-Year Commitments

Lock in 2–3 year partnership agreements that provide predictable revenue for your organization and planning clarity for the company.

3

Treasury vs. Foundation Strategy

Help corporate partners evaluate whether direct giving or foundation giving offers the best alignment with the new rules.

4

Small Corporate Gift Risks

Alert partners that small, one-off gifts may not meet the floor threshold — potentially creating compliance and optics issues.

Skill Building Exercise

In small groups:

(5 min)

How do we make this critical donor education compelling, understandable and approachable for our constituents?

1. Choose a constituent: Small/Mid-Level Donor — Major Donor — Corporate Donor/Sponsor
2. How might you communicate with them about one or more of these tax law changes in relation to their giving to your orchestra? What language might you use to approach them?
3. What medium(s) might be most effective as you approach your specific constituent?

TRANSITION

Policy Doesn't End in Washington

Who Protects the Giving Environment?

Answer: We do.

Federal policy sets the framework — but it's fundraisers, Board members, volunteers, and staff who translate that policy into local reality, and who advocate for the conditions that make generosity possible. Let's talk about how.

PART THREE

Advocacy: How League Members Engage

Advocacy doesn't require a law degree or a lobbying firm. It requires **relationships, local stories, and a willingness to show up**. The League makes it easy to engage with confidence and impact.

Advocacy: Not Just at the Federal Level

Advocacy Amplified

News & Updates from the Cultural Advocacy Network of Michigan

Dear Advocates,

As the Michigan House of Representatives begins budget negotiations, the Speaker of the House has taken direct aim at our sector. He recently labeled Michigan Arts and Culture Council (MACC) grants as **"very wasteful"** and has targeted them for elimination above almost all other budget priorities.

This is a direct attack on our communities…

House leadership is currently proposing a **100% cut** to MACC funding, which would fully eliminate the $11 million in annual grants that support local theaters, museums, youth education, and community festivals in every county in Michigan.

While the Governor and the Senate support the arts, we cannot rely on them alone. Legislators need to hear from the people who actually live, work, and create in member districts.

Take Action: Tell Your Representative and Senator the Arts Are Essential

Please contact your State Representative and State Senator today. Remind them that MACC grants aren't "wasteful," but are a high-return investment in Michigan's communities and economy.

Why This Matters to Fundraising

Advocacy and fundraising aren't separate disciplines — they are deeply interconnected. Every hour invested in advocacy directly strengthens the environment in which you raise money.

Protects the Charitable Deduction

The universal deduction exists because advocates fought for it. Without continued engagement, these provisions could erode or expire.

Protects Nonprofit Independence

Advocacy ensures that regulatory changes respect the autonomy and operational freedom nonprofits need to serve their missions.

Signals Professionalism to Donors

Donors respect organizations that engage in the policy process. It demonstrates sophistication, seriousness, and long-term thinking.

Stabilizes the Fundraising Environment

Consistent advocacy creates a predictable policy landscape, making it easier to plan campaigns, set goals, and build donor pipelines.

> "Advocacy isn't separate from fundraising. **It protects it.** "

Policy Example: 20 Years of Growth in Qualified Charitable Distributions (QCDs)

The Evolution of Retirement-Based Charitable Giving

2006 — Pension Protection Act

Creates the IRA Charitable Rollover (QCD). Allows individuals age 70½+ to make tax-free charitable gifts directly from an IRA. Annual limit: $100,000.

2015 — PATH Act

Makes QCDs permanent after years of temporary extensions. Gives nonprofits confidence to invest in planned giving outreach.

2019 — SECURE Act

Raises Required Minimum Distribution (RMD) age. Preserves QCD eligibility beginning at age 70½. Maintains charitable giving opportunity despite retirement changes.

2022 — SECURE 2.0

Indexes QCD limit for inflation. Creates new one-time option to fund charitable gift annuities and certain charitable remainder trusts. Further modernizes charitable giving rules.

2026 — QCD Limit = $111,000

Inflation-adjusted growth from original $100,000 cap.

Congress has expanded—not restricted—retirement-based charitable giving for two decades. The Charity Parity Act represents the next step in that bipartisan progression.

The Next Step — The Charity Parity Act (H.R. 8783/S. 4511)

Expanding Charitable Giving Beyond IRAs

Today — Current Law

✅ Traditional IRAs eligible for QCDs
❌ 401(k)s
❌ 403(b)s
❌ Other employer-sponsored retirement plans

Proposed — Charity Parity Act

- Allows tax-free charitable rollovers from employer-sponsored retirement plans
- Creates parity between IRAs and workplace retirement accounts
- Helps donors give from the retirement assets where many Americans now hold the majority of their savings

Why It Matters for Orchestras

Expands the universe of potential retirement-giving donors

Creates new planned giving conversations with loyal patrons

Reaches donors who may not maintain a traditional IRA

Builds on a charitable giving tool with a long bipartisan track record

The Charity Parity Act is not a new concept — it extends a proven charitable giving policy to additional retirement accounts.

Supported by a broad coalition including the League, AFP, American Heart Association, Independent Sector, United Philanthropy Forum, The Nonprofit Alliance, and many other charitable organizations.

CLOSING

From Big-Picture to Practical

Policy Shapes Generosity

The federal landscape sets the conditions for how, when, and why donors give. Understanding it is no longer optional.

Fundraisers Translate Policy into Impact

You are the bridge between legislation and local communities. Your conversations with donors turn policy into real-world change.

Advocacy Protects the Environment

Advocacy makes generosity possible. By engaging, you safeguard the charitable ecosystem for the next generation of giving.

What You Can Do

Track Local Impact

Monitor how changes to corporate and in-kind giving rules and changes to individual giving incentives affect your organization and community partners

Document specific examples to share with policymakers and the League's advocacy staff (Heather and Najean)

Engage Congress

Invite representatives to see your work firsthand

Educate them on philanthropy's role in your community

Share compelling donor and recipient stories

Respond to the League's take action messages

League Resources

Following are a few links that point to specific League resources:

Charitable Giving Advocacy Campaign

Playing Your Part

Philanthropic Trends

Connecting with Congress at Home

Q&A

Thank you!

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