Greater Kansas City Community Foundation℠

Charitable Giving Tax Strategy

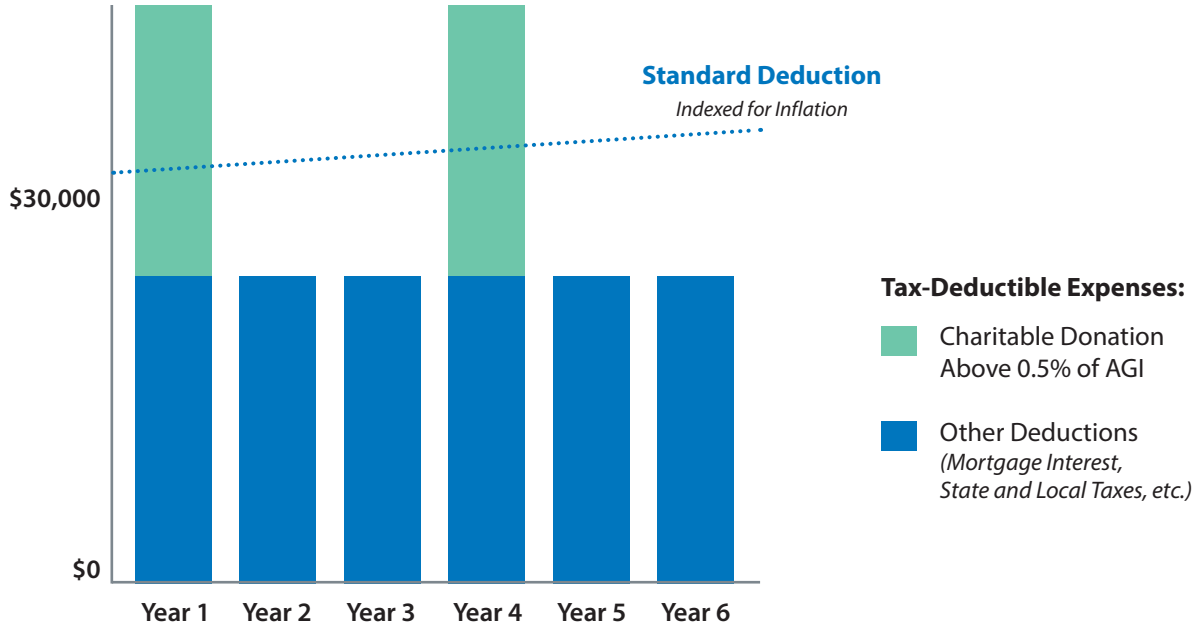
BUNCHING DONATIONS

IN DONOR-ADVISED FUNDS

You can use a donor-advised fund to bunch multiple years' worth of donations into a single year to maximize the tax benefits of your charitable giving. A bunching strategy allows you to exceed the standard deduction, so you can itemize and unlock additional tax savings.

Gifts to donor-advised funds are tax deductible, so you can combine two or more years of planned charitable contributions into a single year. By accelerating giving you already planned to make, you can exceed the standard deduction and itemize in that year for additional tax savings. You can then use the assets in the donor-advised fund to consistently support your favorite charities, even in years when you take the standard deduction.

The example below illustrates how a bunching strategy could benefit joint filers. In this scenario, a married couple contributes to their donor-advised fund in years one and four, allowing them to itemize deductions in those years. Then, in years two, three, five and six, they take the standard deduction, all while continuing to make grants from their fund to support 501(c)(3) public charities.



To learn more, contact us at info@growyourgiving.org or 816.842.0944.

The Greater Kansas City Community Foundation does not provide tax, legal or accounting advice. This is for informational purposes only.