Philanthropic Insights

Year-end Charitable Giving 2025

MARQUETTE UNIVERSITY

Dear alumni, parents, and friends,

As we enter this season of gratitude, we are reminded of the extraordinary generosity that shapes the mission and momentum of Marquette. Your support fuels opportunities for our students to learn, discover and thrive. We remain deeply grateful for all you make possible through your support. This year also brings significant updates to federal tax law with the enactment of **H.R.1 - 119th Congress (2025-2026): One Big Beautiful Bill Act (OBBBA)** on July 4, 2025. The legislation preserves several donor-friendly provisions of the 2017 Tax Cuts and Jobs Act (TCJA) while introducing new rules that take effect in 2026. These upcoming changes may influence how you choose to structure your charitable giving between now and the end of 2025.

To help you plan effectively, we have prepared an overview of the most relevant provisions and what they may mean for your year-end giving and long-term philanthropic goals.

New Deduction Rules Beginning in 2026

Higher deduction floor for itemizers

Starting in 2026, charitable deductions for taxpayers who itemize will apply only when annual giving exceeds **0.5 percent of adjusted gross income (AGI)**. For example, an individual with $150,000 in AGI would need to give more than $750 before receiving any itemized charitable deduction. This new floor may encourage donors to "bunch" multiple years of giving into a single year to clear the deduction threshold.

Deduction ceiling for taxpayers in the highest bracket

Individuals in the 37 percent tax bracket will have total deductions capped at 35 percent of income beginning in 2026. Charitable gifts will continue to count fully toward the cap, but the tax benefit will be modestly reduced. Donors considering larger gifts may find 2025 an especially advantageous year to act. *Note: any unused deduction carried over to 2026 due to AGI limitations is subject to the new 35 percent cap.*

Universal charitable deduction for non-itemizers

Beginning in 2026, taxpayers taking the standard deduction may claim an additional above-the-line charitable deduction of **up to $1,000** for individuals or **$2,000** for married couples filing jointly for *gifts of cash* made directly to qualified charities. This provision offers nearly all households the opportunity to receive a direct tax benefit for giving.

Key TCJA Provisions Made Permanent

Federal income tax brackets

Beginning in 2025, the current bracket structure — 10, 12, 22, 24, 32, 35, and 37 percent — is permanent, providing increased stability for long-term financial and philanthropic planning.

Higher standard deduction

For 2025, the standard deduction rises to **$15,750 for single filers** and **$31,500 for married couples filing jointly**. Many households will continue to find the standard deduction more advantageous unless charitable and other itemized deductions exceed these thresholds. Consolidating gifts and other itemized deductions into select years may increase the effectiveness of itemizing.

60 percent AGI deduction limit for charitable cash gifts
The ability to deduct up to 60 percent of AGI for cash gifts to 501(c)(3) public charities is now permanent. This provides flexibility for donors making significant annual cash contributions. *Note: the deduction limit for long-term, non-cash assets (held longer than one year) remains at 30 percent of AGI. Any unused deduction amount may be carried forward for up to five years.*

Estate and gift tax exemption
The federal exemption remains nearly double the pre-TCJA amount and is now permanent at **$15 million per single filer** or **$30 million per married couple filing jointly** beginning in 2026. With more than 99 percent of estates falling below this threshold, lifetime charitable planning becomes a meaningful strategy for supporting valued philanthropic priorities.

State and local tax (SALT) deduction
The SALT deduction cap increases to **$40,000 in 2025**, rises slightly each year through 2029, and returns to $10,000 in 2030. The increased cap phases out for households with AGIs above $500,000. Donors may see improved benefits when combining SALT deductions with charitable contributions.

IRS Deadlines

For donors to receive a charitable income tax deduction in tax year 2025, donations must comply with IRS rules. Donors wishing to make a 2025 Qualified Charitable Distribution (QCD), also referred to as an IRA Charitable Rollover, should submit the request to their IRA administrator *as soon as possible* to ensure the gift is *received* by Marquette by December 31. **Review this year's charitable deadlines and IRS timing rules on our year-end giving page.**

Additional 2025 Charitable Planning Opportunities

As you evaluate your year-end strategies, several giving approaches may provide significant tax advantages:

Qualified Charitable Distributions (QCDs)
If you are age 70½ or older, you may direct up to **$108,000** in 2025 — or $216,000 for married couples filing jointly with individual retirement accounts (IRAs) — from a traditional IRA directly to qualified charities without paying income tax on the distribution. For donors taking required minimum distributions (RMDs), QCDs can be a particularly effective way to reduce taxable income. Please visit our website for Marquette's QCD instructions. *Note: If donors wish to take funds from their IRAs to contribute more than $108,000 to Marquette, the additional amount will* not *be excluded from their gross income. Instead, donors can deduct the additional contribution to the full extent of the AGI limits.*

Gifts of appreciated securities
Donating appreciated stock, mutual funds or other securities held for more than one year instead of cash allows you to avoid capital gains tax and deduct the full fair market value up to 30 percent of AGI, subject to the new deduction rules starting in 2026. Market-value depressed assets may also be harvested strategically for tax benefit before repurchasing or giving. Please visit our website for Marquette's stock transfer instructions.

Donor-advised funds (DAFs)
DAFs continue to offer flexibility for donors wishing to receive an immediate tax deduction while recommending grants over time. Opening or adding to a DAF in 2025 may be advantageous ahead of the new deduction rules in 2026. Grant recommendations to Marquette by DAF donors are always appreciated. In addition to making annual grants to Marquette, please consider naming the university as a beneficiary of your DAF or designating it as a permanent annual grant recipient if you choose to convert your DAF to a permanently endowed designated fund. Marquette's DAF information and DAFPay form can be found *here*.

Charitable gift annuities (CGAs) and charitable remainder trusts (CRTs)
CGAs and CRTs remain attractive options for donors seeking guaranteed income for themselves or a loved one now or in the future while providing a gift of the remainder to the cause you care about at Marquette. In addition to receiving a fixed or variable stream of income, donors may also receive a charitable income tax deduction. If the gift is funded with appreciated securities or other appreciated assets, they may also reduce the capital gains tax due. *Note: Donors are now allowed to make QCDs directly to charity to fund a CGA, subject to the following stipulations:*

- *All QCD rules stated above apply.*

- *The 2025 transfer is capped at $54,000 per individual and must be made in a single calendar year.*
- *Spouses can combine their individual gifts to create a $108,000 CGA for both of their lives.*
- *The $54,000 life-income gift transfer counts toward both the annual $108,000 QCD limit and the donor's RMD.*
- *Life-income payments can only benefit the donor and spouse; no other payment recipients are allowed.*
- *Payments must begin in the year the gift is made; they cannot be deferred to a later start date.*

Gifts of real estate
Real estate may be donated outright, used to fund life-income gifts or transferred through a retained life estate, offering potential capital-gains avoidance, reduced taxable income, and meaningful support to Marquette.

Charitable bequests
Naming Marquette in your will or trust or as designated beneficiary of your retirement account, insurance policy, or bank or investment account allows you to shape the future of the university while preserving assets during your lifetime. If you are considering or have already planned a bequest to a cause at Marquette, we appreciate you notifying us so we can ensure your gift can be used as you intend. *Tip: Since tax-deferred retirement assets are taxed heavily if left to your heirs, consider instead giving them assets from your estate to receive a step-up in basis and then name Marquette as beneficiary of your IRA to receive the full value of the account.*

Offsetting deductions
Significant taxable events in 2025 — such as a ROTH conversion, sale of a business, exercise of a stock option and more — can be offset by deductions from charitable gifts. However, starting in 2026, the new deduction rules may make it more beneficial to delay a charitable gift until a year following the significant taxable event when income has returned to normal levels. Please consult your tax advisor for the best strategy to minimize your taxes.

We Are Here to Help

The OBBBA introduces many opportunities for thoughtful, strategic giving. Whether you are considering a year-end contribution, evaluating options for 2025 and 2026 or simply want a clearer picture of how the new rules may affect you, our team is here to support your goals.

Please contact Marquette's planned giving team below or visit our Marquette University Planned Giving webpage:

- Cathy Steinhafel, managing director of development, 414-288-6501 or catherine.steinhafel@marquette.edu.
- Eileen Jennings Strachota, director of development, (414) 288-0344 or eileen.jennings@marquette.edu.
- Sara Harvey-Berner, director of development, (414) 288-4766 or sara.harveyberner@marquette.edu.

Thank you for your commitment to Marquette. You make a profound difference in the lives of our students and in the work we do every day to support them.

In warm appreciation during this holiday season,

Tim

Tim McMahon
Vice President, University Advancement

Exemption, Exclusion, Contribution and Standard Deduction Limits		
	2024	**2025**
Estate and gift tax lifetime exemption	$13.61 million per person $27.22 million per married couple	$13.99 million per person $27.98 million per married couple
Annual gift tax exclusion	$18,000 per person $36,000 per married couple	$19,000 per person $38,000 per married couple
401(k) contribution limit (not IRAs)	$23,000 for employee contributions $69,000 for combined employee and employer contributions*	$23,500 for employee contributions $70,000 for combined employee and employer contributions*
Standard deduction – single filers or married filing separately**	$14,600	$15,750
Standard deduction – married filing jointly**	$29,200	$31,500
Standard deduction – head of household**	$21,900	$23,625
ROTH contribution limits	$6500 if under age 50 $7500 if age 50 or older	$7000 if under age 50 $8000 if age 50 or older

** Excluding allowable catch-up contributions of $7500 for age 50+ and $11,250 for ages 60-63 (if plan allows).*

***New for 2025, seniors who are 65+ by the end of the year may also be eligible to deduct up to an additional $6,000 if they meet certain modified adjusted gross income (MAGI) limits ($75,000 or less for single filers and heads of household; $150,000 or less for Joint filers and surviving spouses). Joint filers who both meet the age and income qualifications can double their additional deduction to $12,000. For taxpayers whose income exceeds the threshold, the $6,000 additional deduction is reduced by 6 cents for every dollar that exceeds the income limit, resulting in some high-income seniors not qualifying for the full benefit or not qualifying at all.*