FIDELITY Charitable®

One Big Beautiful Bill Act: Impact on charitable planning

Introducing Fidelity Charitable®

In 2024:

Largest grantmaker in the United States

352,000
donors

217,000
charitable accounts

213,000
nonprofits

Discussing philanthropy is good for business

Advisors who engage clients in charitable planning have on average:

20%
more growth

1.5x
AUM

Source: 2023-2024 Fidelity financial advisor community—profile survey.

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One Big Beautiful Bill Act summary

One Big Beautiful Bill Act (OBBBA) summary

The OBBBA has a net cost of $3.4 trillion (decreases in direct spending of $1.1 trillion and a decrease in revenues of $4.5 trillion through tax policy changes).


Defense spending


Immigration


Medicare/Medicaid/ACA


Tax policy

One Big Beautiful Bill Act

Changes to individual tax provisions

	Tax Cuts and Jobs Act (2017)		One Big Beautiful Bill Act (2025)
Marginal tax rates	37% top rate	▶	Permanently extended
Standard deduction	$12,400 (single) / $24,800 (married)	▲	$15,750 (single) / $31,500 (married)
Child tax credit	$2,000/child	▲	$2,200/child (beginning in tax year 2025, permanently indexed for inflation starting in 2026)
Personal exemption	Eliminated	✖	Permanently repealed
State and local tax (SALT) deduction	Capped at $10,000	▲	Increased cap from 2025–2029 to $40,000, with phase out for incomes above $500,000; cap reverts to $10,000 in 2030

One Big Beautiful Bill Act

Changes to individual tax provisions

	Tax Cuts and Jobs Act (2017)	One Big Beautiful Bill Act (2025)
Estate and gift tax exemption	$13.92 million per individual in 2025	Permanently increases to $15 million, indexed for inflation, starting in the 2026 tax year
Mortgage interest Deduction	Interest on mortgage and home equity debt up to $750,000	Permanently extended
Qualified business income deduction *(Section 199A)*	Up to 20% for pass-through business income	Permanently extended
Trump campaign tax promises	Did not exist	No tax on tips (from 2025–2028, with $25,000 limit and phase out for those making > $150,000) No tax on overtime (from 2025–2028, with $12,500 limit and phase out for those making > $150,000) New $6,000 deduction for seniors (subject to phase out for those making more than $75,000)

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Changes to the charitable sector

	Tax Cuts and Jobs Act (2017)	One Big Beautiful Bill Act (2025)
Excise tax on investment income of private colleges and universities	1.4% tax on net investment income for private colleges with ≥500 students and ≥$500K assets/student	Tiered tax for colleges with ≥3,000 students and ≥$500K in student-adjusted endowment: • 1.4%: $500K–$750K • 4%: $750K–$2M • 8%: >$2M
Executive compensation for tax-exempt orgs	Tax on top 5 earners making >$1M	Tax on any employee earning >$1M, regardless of role or employment status (effective 2026)

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One Big Beautiful Bill Act

Changes to the charitable sector

	Tax Cuts and Jobs Act (2017)	One Big Beautiful Bill Act (2025)
Individual charitable deduction	Itemizers can deduct contributions, subject to limits by type.	1. Only contributions >0.5% of base deductible (2026) 2. 60% of adjusted gross income cash contributions limit made permanent 3. Non-itemizers can deduct up to $1,000/$2,000 (2026)
Corporate charitable deduction	Deductions allowed with type-based limits.	New 1% minimum threshold for deductions (2026)

Notable OBBB provision potentially impacting the charitable sector:

- **Itemized deduction cap:** 35% cap on total itemized deductions, including charitable contributions

Impact on charitable planning

Understand your clients' giving goals

New to philanthropy

First-time givers

Unfamiliar with the philanthropic landscape

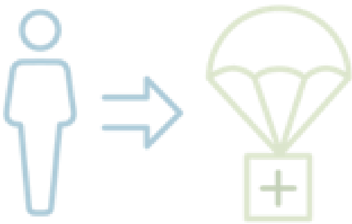
Casual givers

Give when asked
(charity walks, fundraiser events, etc.)

Responders

Moved by events
(natural disasters, etc.)

Giving varies year to year



Strategic givers

Annual giving plan

Strong nonprofit relationships

Routine granting

Evaluate client portfolios for tax-smart assets

Long-term appreciated securities
(e.g., stocks, mutual funds, bonds)

Complex non-publicly traded assets
(e.g., private business interests, crypto)

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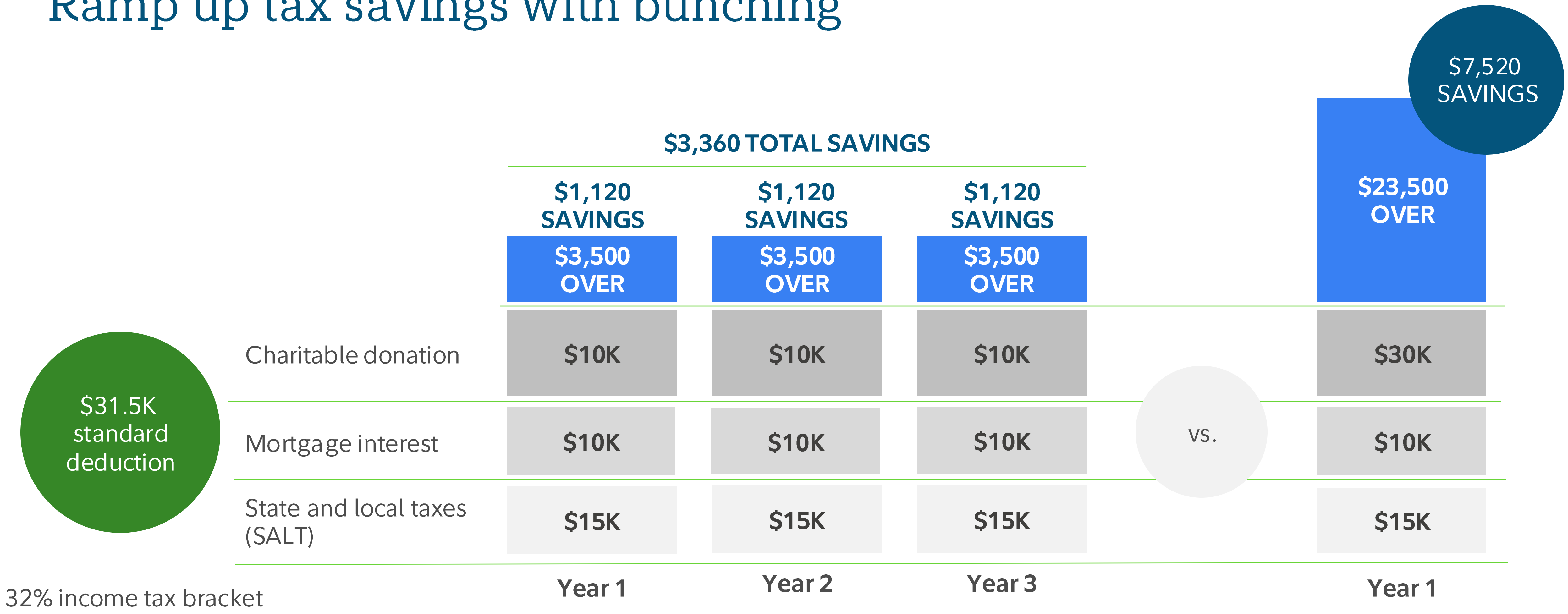
Accelerate 2025 gifts

- Charitable deductions capped at 35%
- New "floor" on charitable deductions (corporate & individual)

Ramp up tax savings with bunching



$4,160 MORE SAVED

This is a hypothetical example for illustrative purposes only. This chart assumes a married filing jointly couple who contribute a cash gift. The tax savings referenced here are specific to the charitable donation made above the new 2025 $31,500 standard deduction. This scenario does not account for provisions that go into effect in the 2026 tax year. Information herein is not legal or tax advice. As with any tax-planning strategy, there may be additional considerations that pertain to your client's personal situation. Other strategies may provide more flexibility and similar savings. Please consult your tax advisor.

Popular ways to give

Gifts directly to nonprofits

Donor-advised funds

Designated funds

Qualified charitable distribution

Field of interest funds

Planning implications for 2026 and beyond

Estate tax exemption

Impact of the SALT deduction

Above-the-line deduction

Impact of the new floor

The impact of waiting to give

Adjusted gross income (AGI)	$2.5M
Charitable contribution	$200K

	2025 charitable donation	2026 charitable donation
Value of charitable donation	$200K	$187.5K with new 0.5% AGI floor *($2.5M AGI x 0.5% = value reduction of $12.5K)*
Tax savings	$74K *($200K x .37% tax rate)*	$65.6K with new 2% deduction limitation for 37% tax bracket *($187.5K x .35% tax rate)*

$8,375 less in potential tax savings by waiting until 2026

*In addition to assumptions noted in the chart, this example assumes a married couple, filing jointly, and a fully deductible donation at fair market value to a qualified public charity. It does not take into account state or local taxes, the alternative minimum tax, or limitations on deductions for taxpayers in higher income brackets. The charitable deduction is only available at the federal level if you itemize deductions. Charitable contributions of capital gain property held for more than one year are usually deductible at fair market value. Deductions for capital gain property held for one year or less are usually limited to cost basis. This is a hypothetical example for illustrative purposes only. Results will vary depending on an individual's tax situation.

Disclosures

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