

COMMUNITY FOUNDATION

2026

TAX-EFFICIENT GIVING STRATEGIES

To learn more about how your gifts can make a lasting impact at the Community Foundation of Herkimer and Oneida Counties, contact: Nick Grimmer, CFRE; (315) 525-6584, ngrimmer@foundationhoc.org.

This article includes insight from Russell James, J.D., Ph.D., CFP, Professor of Charitable Financial Planning at Texas Tech University. It was edited for content and republished with permission. The information provided is for educational and general informational purposes only and should not be construed as financial, tax, legal, or investment advice. Please consult with a qualified financial advisor, tax professional, or attorney before making any financial decisions or taking any action based on this content.

BUNCHING STRATEGY AND DONOR-ADVISED FUNDS

MAXIMIZE TAX SAVINGS.
INCREASE CHARITABLE IMPACT.



What Does "Bunching" Mean?

A bunching strategy is a tax-planning approach that allows donors to combine multiple years of charitable giving into a single tax year in order to exceed the standard deduction and itemize their deductions.

To take advantage of bunching, a donor contributes two or more years' worth of charitable donations into a donor-advised fund (DAF) during a single tax year. The donor receives an immediate tax deduction for the full amount contributed to the DAF that year. Donors can further accelerate the tax benefits of bunching by gifting appreciated securities directly to a DAF in order to avoid long-term capital gains.

In subsequent years, the donor recommends grants from the DAF to their favorite charitable organizations - on their own timeline - while taking the standard deduction.

Bunching ensures that your giving stays consistent over time, but the timing of the tax deduction changes in your favor.

Why Use a Donor-Advised Fund at the Community Foundation?

- Immediate tax deduction in the year of the contribution
- Ability to support charities over time
- No annual spending requirement, unlike a charitable trust or private foundation
- Opportunity for tax-free investment growth within the fund
- Streamlined recordkeeping and consolidated tax receipts
- Personalized support from knowledgeable staff

TAX-EFFICIENT GIVING STRATEGIES FOR 2026

Maximize Appreciated Asset Gifts

What's in it for you?
By donating appreciated assets directly to your donor-advised fund (DAF), you can claim a full charitable tax deduction and completely avoid paying capital gains tax—allowing you to give more at no extra cost.

Things to consider:
Don't sell then give. If you do, you'll have to report the income and pay the capital gains tax. Instead, give before the sale. The Community Foundation pays no capital gains tax when it sells and neither do you—and the net proceeds of the sale are deposited directly into your DAF.

Try a Charitable Swap Strategy

What's in it for you?
By donating appreciated stock and repurchasing it with cash, you keep your portfolio the same but eliminate existing capital gains and reset your cost basis—reducing future taxes without triggering any waiting period.

Things to consider:
Since this sale is not a loss, the "wash sale" rule—which applies when a security is sold at a loss and repurchased within a 61-day window (30 days before or after the sale)—doesn't apply, so there's no waiting period to buy the stock back.

Supercharge Your IRA Giving

What's in it for you?
If you're 70½ or older, giving directly from your IRA lets you support charities while reducing your taxable income, satisfying annual required minimum distributions (RMDs), protecting valuable deductions, and potentially lowering your Medicare premiums and other income-based taxes.

Things to consider:
Starting at age 70½, you can make qualified charitable distributions (QCDs) of up to $111,000 per year, even if you're not yet required to take RMDs. These funds go straight to charity, never touch your taxable income, and can make a real impact in your community.

Utilize Retirement Accounts

What's in it for you?
By leaving part of your retirement account to a fund at the Community Foundation, you can make a lasting charitable gift while avoiding the income taxes your heirs would owe—making it one of the most tax-smart ways to give.

Things to consider:
It's often more tax-efficient to leave after-tax assets (like cash or stock) to heirs instead.

Pair Giving with Lifetime Income

What's in it for you?
By funding a charitable gift annuity (CGA), you can turn a one-time IRA gift into guaranteed lifetime income, receive an immediate tax deduction, and count the gift toward your RMD—letting you give, save on taxes, and secure steady income all at once.

Things to consider:
CGA's can be a smart way to give even outside of an IRA. There are no size limits on a normal CGA, and it creates an immediate up-front tax deduction!

Combine Roth Conversions and Giving

What's in it for you?
A Roth conversion can lock in tax-free growth for the future and by pairing it with charitable strategies like DAFs, CGAs, or multi-year pledges, you can offset the immediate taxable income and maximize your tax benefits.

Things to consider:
Coordinating Roth conversions with charitable gifts can boost tax efficiency, but conversions may raise taxable income and affect your tax bracket or Medicare premiums.

The 2026 tax rules create a one-time window to maximize giving and minimize taxes prior to December 31. For many donors, this means bunching gifts, giving appreciated assets, or using retirement accounts strategically. Always coordinate with your tax advisor to find the best fit for your situation.