



The 2017 Tax Cuts and Jobs Act set a new threshold for charitable deductions, making itemizing unnecessary for many charitably-minded taxpayers. The strategy known as ‘bunching’ provides a way to increase giving in one year to itemize a higher deduction and then claim the standard deduction in the second year. When giving to a donor advised fund (DAF) or Gift Account (GA) at the Community Foundation of Shelby County, you can consistently support other charities, while taking advantage of tax law.

Standard deduction amounts

Filing Status	Tax Year 2017	Tax Year 2022	Tax Year 2023	Tax Year 2024
Single	\$6,350	\$12,950	\$13,850	\$14,600
Married filing jointly	\$12,700	\$25,900	\$27,700	\$29,200

How Does Bunching Work?

Let’s imagine a couple (with no dependent deductions) decides to give \$10,000 a year to their favorite charities. Scenario A outlines their charitable deductions and other deductions, like state and local taxes, mortgage interest, etc. Because the total of deductions is less than the standard deduction, their giving, while extremely important to their favorite charities, doesn’t have a tax impact.

Scenario B shows the effect of bunching by giving two-year’s worth of charitable gifts and itemizing in the first year as they have exceeded the standard deduction. The second year shows no deductible charitable gifts, so the couple takes the standard deduction. The overall result for the two-year period is an increased deduction of \$9,300!

If you give in the first year to a donor advised fund or Gift Account at the Community Foundation, we send you a charitable gift acknowledgement for your amount given, which you deduct in that first year. Then, you recommend grants from the donor advised fund or Gift Account over the next two years, so your favorite charities have consistent support. Please contact Ashliegh Maurer, Donor Relations Director, at amaurer@commfoun.com for more information.

Tax year	Scenario A Take the Standard Deduction		Scenario B Bunch your Charitable Deduction	
	2023	2024	2023	2024
Charitable deductions	\$12,000	\$12,000	\$24,000*	\$0
Other deductions	\$13,000	\$13,000	\$13,000	\$13,000
Total deductions	\$25,000	\$25,000	\$37,000	\$13,000
Deduction option	Standard deduction	Standard deduction	Itemized deduction	Standard deduction
Deductible amount	\$27,700	\$29,200	\$37,000	\$29,200
Total 2023 and 2024 deduction	\$56,900		\$66,200	
Favorite charities receive	\$10,000	\$10,000	\$10,000**	\$10,000**

*Gifts into a DAF or GA are deductible in the year given.

**Grants out of the DAF or GA to qualified charities result in no additional deduction, but enable you to consistently support charities throughout multiple years.

The above is for illustration purposes only and is not tax advice. Please consult your legal or tax advisor before making a gift to ensure it is done in the most advantageous way for your personal situation.