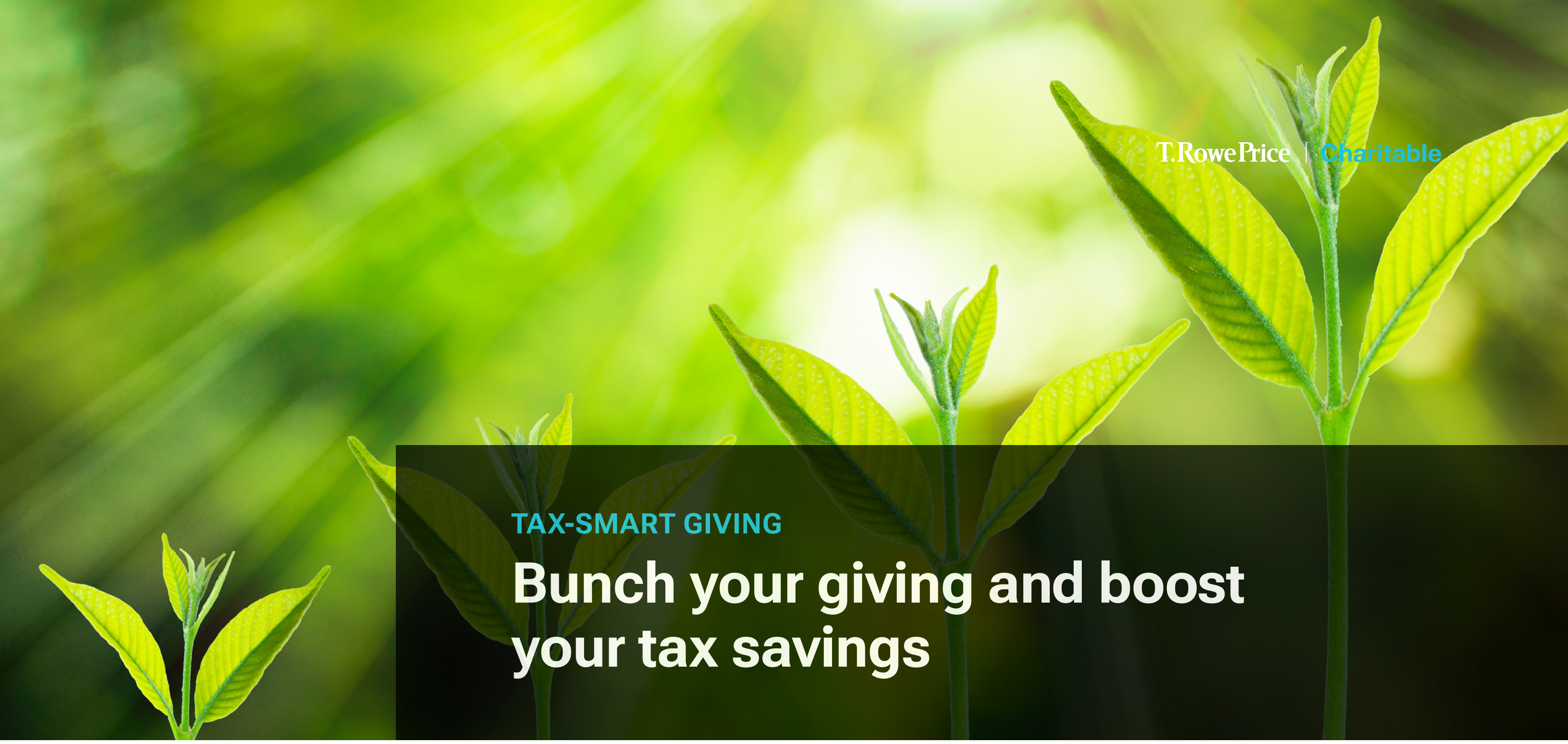



TAX-SMART GIVING

# Bunch your giving and boost your tax savings

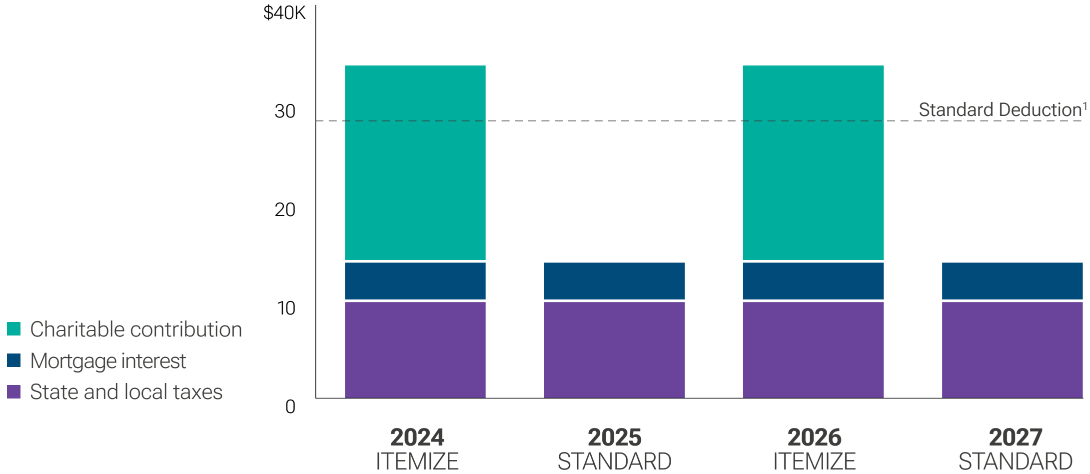
**Bunch up: Group your giving to qualify for itemized deductions**

After the 2017 tax law changes increased the standard tax deduction, many taxpayers no longer benefited from itemized deductions. The good news is that a strategy called **"bunching"** enables you to realize tax savings from itemization once again.

Rather than make yearly charitable contributions, **combine two or more years of contributions into one tax year to increase your itemized deductions for that year** above the applicable standard deduction. Then, for the off years, take the standard deduction.

## How bunching works

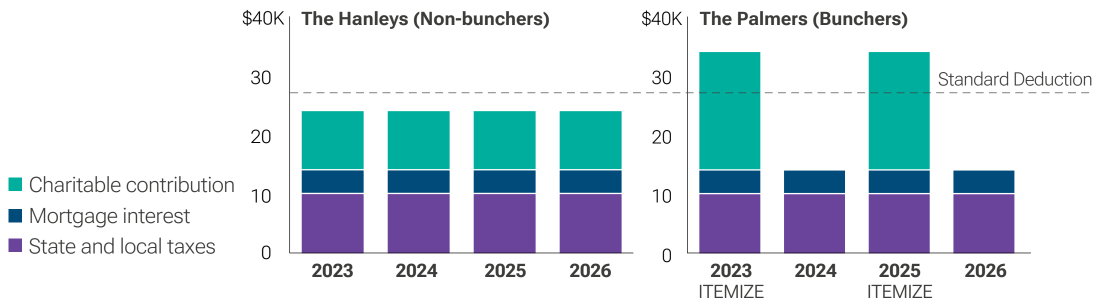
The Palmers pay $4,000 in mortgage interest and $10,000 in state and local taxes. By doubling their yearly $10,000 charitable contribution in 2024 and 2026, they exceed the $29,200 standard deduction.[1] Thus, the Palmers increase their deductible expenses above the standard deduction by $4,800 for 2024 and a similar amount for 2026.




[1] The standard deduction is $29,200 for 2024 for married couples filing jointly and adjusts annually for inflation.

## The tax benefits of bunching

The Hanleys and the Palmers both typically donate $10,000 per year. The Hanleys take the standard deduction each year, because their combined deductions do not surpass the standard deduction. Meanwhile, the Palmers bunch their donations into one year and take the standard deduction in the following year. **Over the course of four years, both families donate $40,000, but the Palmers receive $9,600[2] more in deductions compared with the Hanleys.**




[2] **Assumptions:** This example assumes the annual standard deduction for married couples filing jointly is consistently $29,200. Please note, in actuality, the IRS adjusts the standard deduction annually for inflation. Federal income tax rate is 35% with charitable contribution of $10,000, $4,000 in mortgage interest, and $10,000 in state and local taxes.

## Gain a triple tax advantage with a donor-advised fund

Giving through a donor-advised fund provides a simple way to use the bunching strategy to maximize your tax savings and time your tax deductions for when they are most beneficial to you.

The tax advantages are threefold when you contribute to your donor-advised fund. You'll benefit from:

- A current-year charitable tax deduction for the fair market value of the contributed asset up to IRS limits.[3]
- Avoidance of up to 23.8% capital gains tax on contributions of long-term appreciated assets, including stocks, mutual funds, business interests, private stock, real estate, and other assets.
- Tax-free potential growth of invested contributions to fuel future giving.[4]

## Flex your giving

Combining the bunching strategy with a donor-advised fund like T. Rowe Price Charitable provides maximum flexibility to support your favorite charities. Since you receive a tax deduction in the current year, you can distribute money from your fund to charities in any year. Whether you distribute money annually or build up your fund to grow your giving potential, you have the flexibility to support your favorite causes conveniently through one account.

**Calculate your potential tax savings.**

**trowepricecharitable.org/resources**

[3] IRS deductibility limits are up to 60% of adjusted gross income (AGI) for cash contributions and up to 30% of AGI for long-term appreciated asset contributions. All investment pools are subject to risk, including the possible loss of principal.

[4] Distributions to charities from a donor-advised fund are not tax-deductible.

T. Rowe Price Charitable is an independent, nonprofit corporation and donor-advised fund founded by T. Rowe Price to assist individuals with planning and managing their charitable giving.