

# Beware of Tax Planning Complacency in 2025

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2025 is the year to focus on charitable and estate planning. While the One Big Beautiful Bill Act's (OBBA) positive impact on estate planning has been widely publicized, it is not a time to be complacent, especially regarding charitable giving. New rules that take effect in 2026 will introduce a 0.5% adjusted gross income (AGI) floor for charitable contributions, making contributions ineligible for deductions until the value of the contribution exceeds the AGI floor. Additionally, the cap on the benefit of all itemized deductions, including charitable contributions, for those in the highest federal income tax bracket drops from 37% to 35% starting in 2026. **As a result, many high-net-worth individuals and families are accelerating contributions into donor advised funds (DAFs) or private foundations in 2025 to lock in today's more favorable treatment.** For those unaware, a DAF is a giving account sponsored by a public charity whereby a donor contributes cash or appreciated assets, receives an immediate charitable deduction, and can direct grants to public charities over time. Charitable trusts can also align estate planning goals with philanthropic goals, offering tax efficiency and more control than outright gifts.

Even though the historically high lifetime exemption amount has been increased and made permanent, estate planning deserves equal urgency. Federal and state transfer-tax regimes can change with new administrations or legislation, so being

complacent because of the current law without active planning can be risky. Some states, including New York, continue to impose their own estate tax, separate from the federal regime and with much lower exemption amounts. For 2025, the New York estate tax rules remain a burden as the State looks to residency, domicile, and the location of a decedent's property at the time of death when determining state estate tax exposure. Taxpayers who split time between states or maintain New York real property often need targeted steps, such as a residency review, proper titling, or timing strategies, to avoid an unwelcome state-level tax surprise.

In summary, if charitable giving and legacy planning are priorities, **now is the time to implement the appropriate strategy**. Acting before the upcoming itemized deduction limits take effect in 2026, by accelerating charitable gifts into a DAF or private foundation while today's rules remain in place, can help reduce income tax liabilities. At the same time, exploring estate-tax exposure, especially as it relates to state residency, domicile, and state estate tax laws, can help individuals and families ensure that their wealth is protected from unexpected federal and state estate taxes. Working now to implement planning with advisors to pair charitable strategies with estate planning can help preserve deductions, manage estate tax exposure, and ensure that your legacy reflects your intentions.

***For more information or to discuss this in greater detail, contact [Tara Burek](#), Tax Leader of Anchin Private Client, or your Anchin Relationship Partner.***