

Maximizing tax benefits by concentrating or “bunching” charitable contributions

Using both the standard deduction and itemized deductions



The standard deduction has more than doubled since enactment of the Tax Cuts and Jobs Act in 2017, with a major increase between 2022 and 2023. Because of these increases, many taxpayers who historically itemized deductions may find it advantageous to take the standard deduction in the future. Those who are charitably inclined and find themselves on the margin between taking the standard deduction or itemizing could maximize their tax benefits by “bunching” two years of charitable contributions¹ into one year, itemizing deductions for that year, and taking the standard deduction the next year.

Standard deduction amounts

Filing status	2017 tax year	2022 tax year	2023 tax year*
Single	\$6,350	\$12,950	\$13,850
Married filing jointly	\$12,700	\$25,900	\$27,700

* The inflation-adjusted standard deduction amounts for the coming tax year are announced every October.

¹ Overall deductions for donations to donor-advised funds and other public charities are generally limited to 50% of your adjusted gross income (AGI). The limit increases to 60% of AGI for cash gifts, while the limit on donating appreciated non-cash assets held more than one year is 30% of AGI. The IRS permits a carryover for five tax years, should your charitable deduction exceed AGI limits in a given tax year.

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Case study: how exactly does this bunching strategy work?

Alison and James are a married couple filing jointly with no children. Annually, they have \$23,000 of itemized deductions, including \$10,000 in donations to a donor-advised fund.

Option 1: Because their total deduction amount is below the standard deduction for both 2022 and 2023, Alison and James could take the standard deduction each year, and over two years they would claim a total of \$53,600 in standard deductions.

Option 2: However, if Alison and James instead decide to take a more tax-smart approach and bunch their donations into a single year, they could end up with a larger overall deduction for that same two years. Rather than donating \$10,000 to charity each year, the couple donates \$20,000 in 2022, making their itemized deductions for that year total \$33,000. Then in 2023 they take the \$27,700 standard deduction. With this option, the couple has \$7,100 of additional tax deductions over the two years. In addition, if these contributions were made to a donor-advised fund account, the couple could recommend grants to charity in each tax year.

	Option 1: Take the standard deduction		Option 2: Tax-smart approach: bunch giving	
Tax year	2022	2023	2022	2023
Charitable deductions	\$10,000	\$10,000	\$20,000	\$0
Other deductions	\$13,000	\$13,000	\$13,000	\$13,000
Total	\$23,000	\$23,000	\$33,000	\$13,000
Standard or itemized deductions	Standard deduction	Standard deduction	Itemized deduction	Standard deduction
Deduction amount	\$25,900	\$27,700	\$33,000	\$27,700
Total two-year deduction	\$53,600		\$60,700	

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That's \$7,100 of additional tax deductions!

This hypothetical example is only for illustrative purposes. Schwab Charitable does not provide tax advice, so please consult your legal or tax advisor about your particular circumstances.



Would bunching be effective for you?

Our [Bunching and Tax Savings Calculator](#) can help you determine if bunching contributions might provide you with more tax deductions. Simply select your 2023 filing status and your estimated annual income/tax bracket, and provide your estimated deductions. We'll then calculate whether bunching contributions may increase your tax savings.

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