"Bunching" charitable gifts into a donor-advised fund allows maximum tax benefits under the current tax laws. This strategy allows individuals to exceed the standard deduction in the year a gift is made into a donor-advised fund as every gift to a donor-advised fund is tax-deductible the moment it is made. The fund can then be used to make charitable distributions for the next few years.

In the included example, a married couple filing jointly, who typically makes $5,000 a year in charitable distributions, benefit from bunching a $15,000 donation into a donor-advised fund every three years. This means the couple itemize in years one and four and take the standard deduction in the years between while still meeting their charitable goals.

CFA does not provide tax, legal, or accounting advice. This is for informational purposes only. Please consult your tax preparer.