



2026 Giving Outlook: Adapting to Reform, Redefining Impact

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As policy, technology, and purpose converge, strategic givers are redefining generosity for a new era

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For more than a quarter century, Foundation Source has partnered with some of the most generous donors, nonprofits, advisors and institutions to turn philanthropic vision into lasting impact. Over the past year, our expansion into the donor-advised fund space and new partnerships with leading financial institutions have further deepened our perspective on the evolution of giving—how motivations shift, tools adapt, and donors respond to both opportunity and uncertainty. Each year, we take a step back to reflect on these insights, identifying the trends shaping charitable behavior today and those poised to define it in the years ahead.

Despite market volatility and policy shifts, our clients have continued to give at exceptional levels, underscoring philanthropy's resilience and its essential role in supporting nonprofits when other funding sources fluctuate. That commitment remains clear in the latest data from 2025.

Strong Momentum Heading Into Giving Season

Philanthropic activity across our client base remains strong, with private foundations and DAF account holders (through our partner Charityvest) collectively making more than 71,000 grants, totaling more than \$1.6 billion, to more than 27,000 recipients through the end of September 2025.

The top areas for donations were Education (\$262M), followed by Public & Societal Benefit (\$145M) and Human Services (\$139M). We expect this momentum to continue as donors finalize their 2025 gifts and plan for the year ahead.

At this time, we see tax reform, political and economic shifts, and the ongoing evolution of donor demographics, as the most significant forces driving charitable giving in 2026.

Philanthropy in Practice

YTD CLIENT GIVING TRENDS

1/1/25–9/30/25

DONOR-ADVISED FUNDS

Total amount gifted: \$89 million
Total grants: 36,829
Total recipients: 6,944

PRIVATE FOUNDATIONS

Total amount gifted: \$1.5 billion
Total grants: 34,388
Total recipients: 20,482

Tax Reform Raises the Bar for Specialized Expertise

The One Big Beautiful Bill Act (OBBBA), enacted in 2025, resets the tax landscape beginning in 2026. There are a few significant provisions that donors, nonprofits, and their advisors should pay attention to:

- **A new above-the-line charitable deduction for non-itemizers** which may appeal to the estimated 90% of taxpayers who take the standard deduction: up to \$1,000 (single) or \$2,000 (joint).
- **A 0.5% AGI floor for individual itemizers and a 1% floor for corporations**—only contributions above this threshold will be deductible in 2026.
- **The 60% AGI limit for cash gifts to public charities is preserved**, while the tax benefit for itemized deductions will be capped at 35 cents per dollar for top-bracket taxpayers starting in 2026.
- **Expanded IRC Section 4960, adding a 21% excise tax** on any employee compensation over \$1 million within exempt organizations. This also affects related entities and requires reporting on Form 4720.

Overall, these rules encourage more participation via the universal deduction but add complexity and could reduce benefits for higher earners. The net effect: families and institutions will need support from legal, tax, and philanthropic experts who can personalize strategies based on timing, liquidity events, and long-term goals.

The months ahead present a unique opportunity to maximize the current tax benefits before the new thresholds and caps take effect. Donors who act in 2025 can optimize their deductions under existing rules by accelerating or front-loading multi-year gifts, contributing appreciated assets, or establishing or funding charitable vehicles, such as donor-advised funds or private foundations, while the higher deduction limits remain in place. Thoughtful planning this year can create meaningful tax efficiency, strengthen long-term philanthropic capacity, and provide greater flexibility for generosity once the new rules are in effect.

Political and Economic Shifts Reshape Funding Needs

We've seen large-scale disruption to the nonprofit sector this year as federal and state funding has shifted. Charitable organizations have reprioritized activities, and many have been forced to reduce staff and tighten budgets overall. In this environment, private philanthropy is being called upon to provide a more stable and strategic source of capital—one that sustains critical services and allows organizations to adapt to changing realities.

Our Head of Philanthropic Advisory Services, Elizabeth Wong, has [written about how foundations across the country have adapted their strategies](#) to offer flexible, multi-year grants and provide general operating support to empower nonprofits to reallocate resources to the areas that need it most. And our National Philanthropy Executive, Gillian Howell, is [helping advisors embrace the role they can play with clients](#) to set realistic budgets for giving, source trusted charitable organizations and explore new methods of driving impact. It's inspiring to see donors and their advisors collaborating to defend nonprofit resilience during a time of uncertainty.

Heading into 2026, private philanthropists should continue to evaluate where public funding is contracting to strategically deploy their resources in a way that sustains vital services and fills emerging gaps. This moment serves

as a valuable reminder that effective giving is not only about writing checks. Fostering transparent, ongoing dialogue with grantees and fellow funders can help build stronger, more adaptable charitable programs that endure well beyond the next budget cycle.

The Evolving Donor Base Demands Speed, Ease, and Personalization

A new cohort of donors is redefining what philanthropy looks like. The Great Wealth Transfer is elevating younger and more diverse voices into positions of influence, accelerating expectations that charitable giving can be fast, frictionless and customized to individual preferences. Gen Z and Millennials expect the same seamless experience from their philanthropic platforms that they receive from their banking and trading apps. From mobile-first interfaces to real-time transparency, digital innovation is becoming central to trust and engagement.

The growing financial influence of women is also reshaping both the philanthropic landscape and the advisory conversations that support it. Many are approaching giving with a deeply values-driven, family-centered lens, emphasizing alignment, purpose, and measurable outcomes.

Professional advisors must prioritize more tailored strategies, authentic relationships, and technology-enabled solutions to attract and retain assets from these emerging donors. For example, accurate, transparent, and easy-to-understand reporting, supported by timely updates and open channels of communication, helps foster lasting relationships and reinforces credibility across generations. Additionally, adopting digital transformation is no longer optional. From AI-assisted research that identifies high-impact opportunities, to mobile-first grantmaking and real-time collaboration tools, technology is expanding the ways that donors connect with causes and accelerate their impact. Digital solutions are actively extending donors' reach and quickly delivering aid to the causes that need it most, multiplying impact and empowering donors and advisors to spend more time on strategic planning.

Looking Ahead

As we approach 2026, one thing is clear: philanthropy continues to evolve in both purpose and practice. New tax policies are prompting donors and their advisors to plan more strategically. Shifting government funding is expanding the role of private philanthropy as a stabilizing force for critical services. And women, as well as the next generation of donors, are redefining what generosity looks like—prioritizing things like speed, transparency, and impact over convention.

Through these changes, the power of thoughtful, well-structured giving to create lasting progress remains steadfast. Together, we can plan boldly and empower donors with the tech-enabled tools, expertise, and insight to meet this moment. With confidence, agility, and clarity of purpose, philanthropy will not only adapt to a changing world but continue to shape it for the better.