

Donor Story

Using a donor-advised fund to bunch charitable giving

Why it matters

Many clients give every year but no longer benefit from itemizing. A simple shift in *timing*—not generosity—can help them regain meaningful tax advantages while keeping their annual giving rhythm intact.



Situation

Sam and Sara Stack gave a consistent amount to charity each year through their donor-advised fund. But as the standard deduction increased over time, their usual level of giving no longer pushed their total deductions high enough to itemize. Their charitable gifts weren't creating a tax benefit, even though their intent hadn't changed.

Their advisor recognized the pattern: high charitable intent, steady annual gifts, and deductions that fell just short of the itemization threshold.



Solution

The advisor recommended a **bunching strategy** using their donor-advised fund (DAF):

- The Stacks combined two years of charitable giving into a single tax year by contributing a larger amount to their DAF upfront.
- This allowed them to exceed the standard deduction and itemize in that year.
- In the following year, they returned to taking the standard deduction while continuing their usual annual giving using grants from their DAF.

The DAF kept their giving consistent, even though their deduction strategy alternated.



Impact

- The Stacks regained access to charitable deductions in years when it made the most financial sense.
- Their preferred nonprofits still received predictable annual support.
- Their cash flow remained steady because grants came from the DAF in off years.
- The strategy gave them flexibility to adjust as tax laws evolve.

Most importantly, their advisor strengthened the relationship by delivering a proactive, strategic solution.



Advisor takeaway

Bunching is a high-value strategy for clients whose itemized deductions fall just shy of the standard deduction—and who want their charitable giving to remain steady.

A DAF is the simplest way to execute it cleanly.

This is a conversation worth having with:

- Clients with consistent annual charitable intent
- Tax-sensitive clients looking for efficiency
- Households whose deductions fluctuate year to year
- Anyone nearing a liquidity event or income spike

Want to walk through how bunching could work for your clients?

Email AskanExpert@reninc.com to connect with a Charitable Strategist.