

Bunching Itemized Deductions

“Bunching” is a tax strategy where you intentionally time the payment of deductible expenses—such as charitable contributions, medical costs, or property taxes—so that they fall into the same tax year.

Instead of spreading these expenses evenly every year, you “bunch” them together in one year to maximize your **itemized deductions** and potentially reduce taxable income.

The **standard deduction** is relatively high (\$32,200 for married couples filing jointly and \$16,100 for single filers in 2026). Many taxpayers’ annual deductions don’t exceed that amount, meaning itemizing doesn’t save them additional tax.

By bunching, you can:

Year 1 (Bunching Year): Make two years’ worth of deductible contributions (e.g., charitable gifts, property taxes, medical expenses) in one calendar year. Your itemized deductions exceed the standard deduction, lowering taxable income.

Year 2 (Non-Bunching Year): You take the standard deduction, since fewer expenses remain to itemize.

Example: A couple typically gives \$15,000 to charity each year and has \$10,000 in other deductions each year (total = \$25,000).

- If they spread giving evenly, they’d claim the **standard deduction** of \$32,200 both years—no extra tax savings.
- If they bunch two years of gifts into one (\$30,000 charitable + \$10,000 other = \$40,000 deductions), then:
 - **Year 1:** They itemize at \$40,000 (saving taxes on \$7,800 more than the standard deduction).
 - **Year 2:** They take the \$32,200 standard deduction.

Result: More deductions overall across the two years, lowering taxes.

Tax Benefits:

Maximizes deductions by alternating between itemizing and the standard deduction

Reduces taxable income in the bunching year

Special Notes:

Often pairs well with **Donor-Advised Funds (DAFs)**—you can contribute multiple years of charitable gifts upfront for the tax benefit, while granting to charities over time

For tax years 2025 – 2028, Senior bonus deduction of \$6000 per eligible taxpayer age 65 and above. This is phased out beginning at \$75,000 MAGI for singles and \$150,000 MAGI for married filing joint returns. This is in addition to itemized or standard deductions.