



Make an investment in their future  
*that pays off now.*

VIRGINIA'S EDUCATION IMPROVEMENT SCHOLARSHIPS TAX CREDITS



All Saints  
Catholic School

Donations to The Catholic Diocese of Richmond's McMahon Parater Scholarship Foundation (MPSF) provide scholarships for students from low-income families to attend one of the 30 Catholic schools in the Diocese.

A Catholic education delivers a proven foundation for success that pays out throughout a child's life.

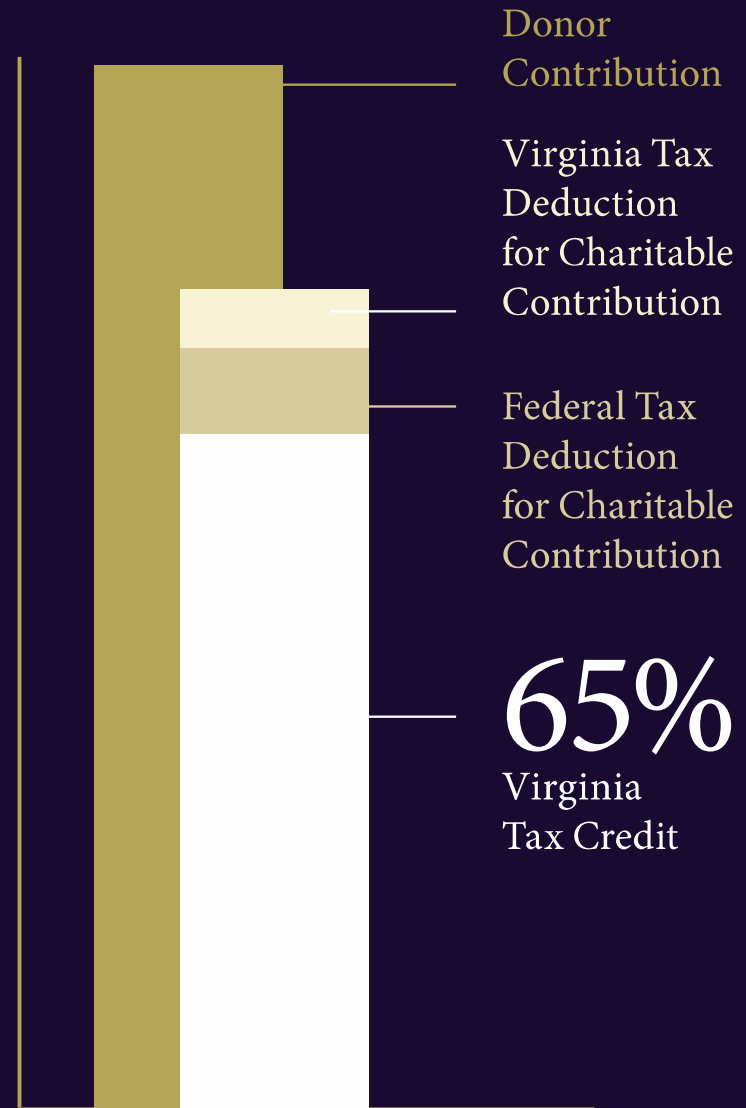
But it also pays off now...





Thanks to Virginia's Education Improvement Scholarships Tax Credits, individual or business donors receive a

**65% Virginia tax credit**  
**+**  
**state & federal tax deductions**  
for 35% of their charitable contribution when they itemize their taxes.



# What is the EISTC program?

Enacted in 2012, the **Education Improvement Scholarships Tax Credits** program offers Virginia tax credits to individuals or businesses who make donations to approved scholarship foundations.

The foundations then provide scholarships for students from lower-income families to attend private schools.

Virginia is one of 18 states with a scholarship tax credit program.



# A *tax credit* is better than a deduction

A \$10,000 *tax credit* saves you much more than a \$10,000 *deduction*.

	<b>TAX DEDUCTIONS</b>	<b>TAX CREDITS</b>
Income	<b>\$200,000</b>	<b>\$200,000</b>
Tax Deduction	<b>-\$10,000</b>	-
Taxable Income	<b>\$190,000</b>	<b>\$200,000</b>
VA Income Tax Rate	<b>5.75%</b>	<b>5.75%</b>
Virginia Tax Liability	<b>\$10,925</b>	<b>\$11,500</b>
Tax Credit	-	<b>-\$10,000</b>
Virginia Taxes Due	<b>\$10,925</b>	<b>\$1,500</b>

**TAX DEDUCTIONS REDUCE YOUR  
TAXABLE INCOME**

**BUT TAX CREDITS DIRECTLY  
REDUCE YOUR TAX BILLS.**

# What are the rules?

## TO RECEIVE TAX CREDITS FOR AN EISTC DONATION:

- ✓ May donate cash or marketable securities.
- ✓ Donors who itemize may claim deductions for 35% of the donation on state and federal taxes, in addition to receiving Virginia tax credits.

## DONATIONS MUST BE MADE TO APPROVED FOUNDATIONS.

- ✗ Donations made directly to a school do not qualify for tax credits.
- ✗ Donors may not direct their funds to support a specific student.

MINIMUM  
DONATION FOR  
INDIVIDUALS

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*\$500*

MAX. ANNUAL  
DONATION FOR  
INDIVIDUALS &  
MARRIED COUPLES

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*\$125k*

MAXIMUM  
DONATION  
FOR BUSINESSES

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*None*

# Preauthorization is required

A Preauthorization Request form is required by the Department of Education (DOE) ***before a donation is made*** to confirm that sufficient tax credits are available.

Scholarship foundations electronically file the Preauthorization Requests with the DOE.

Within 48 hours, an Approval Letter is sent to the donor by e-mail or US Mail.

- ◆ The donor must sign and include the Approval Letter with the donation to the foundation.
- ◆ Preauthorizations are valid for 180 days from the date on the Approval Letter.







# *tax savings examples*

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How does it work?  
Here's an example...

## Zach & Jennifer

- ◆ Married with taxable income of \$165,000 per year
- ◆ Itemize deductions

Donation	<b>\$10,000</b>
Virginia Scholarships Tax Credit (65%)	<b>-\$6,500</b>
Federal Tax Savings of charitable contribution (24% of \$3,500)	<b>-\$840</b>
Virginia Tax Savings of charitable contribution (5.75% of \$3,500)	<b>-\$201</b>
<b>Total Tax Saving</b>	<b>\$7,541</b>
<b>Net Cost of \$10,000 Donation</b>	<b>\$2,459</b>

**For illustration purposes only.**

*Illustrations assume that the individual taxpayer has state and local income taxes in excess of \$10,000 after subtracting the 65% EISTC state income tax credit.*

**Individual circumstances vary. Please consult your tax professional.**



They can save even more by giving

# appreciated stock

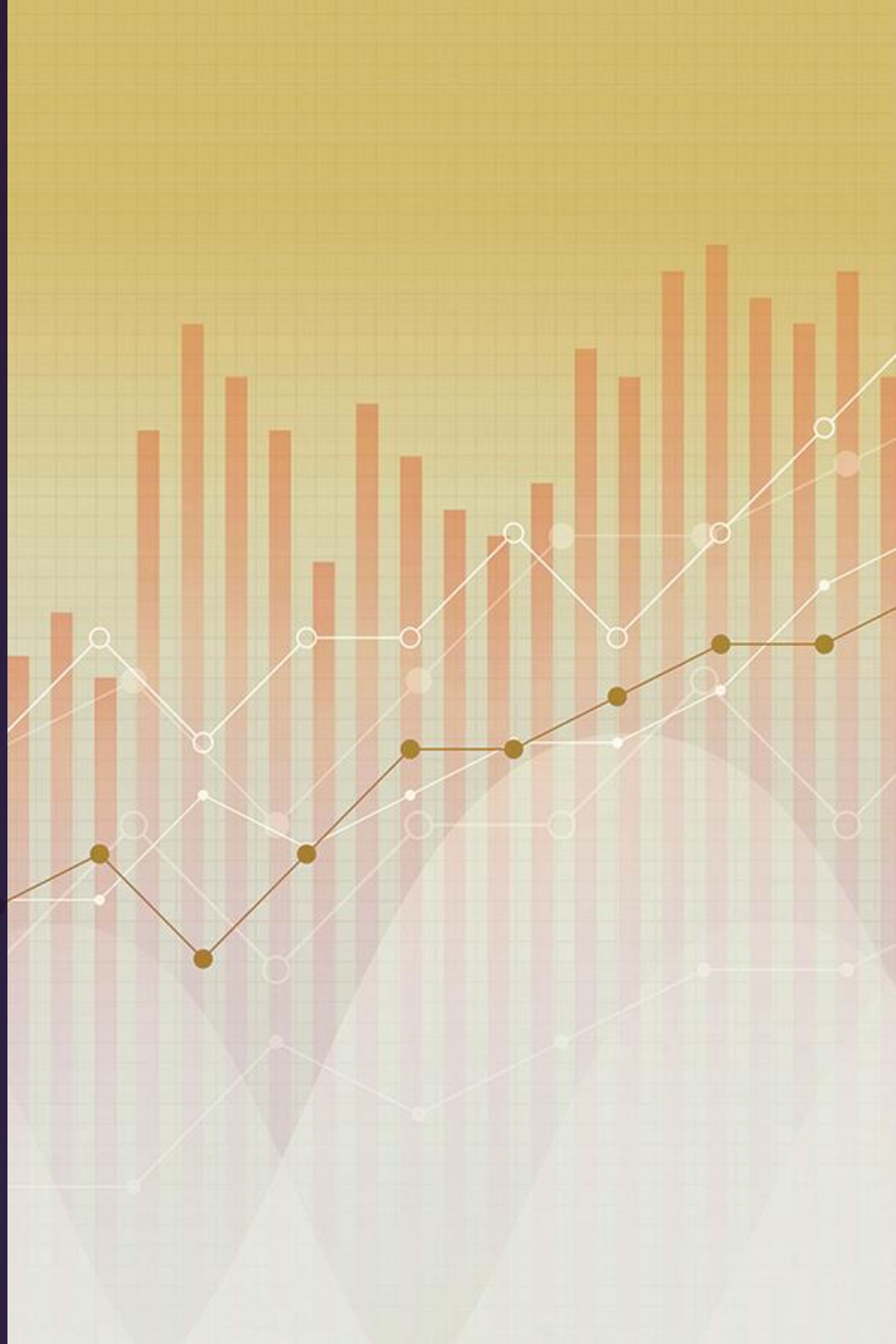
- ◆ Market Value of Stock \$10,000
- ◆ Cost Basis of Stock: \$1,000
- ◆ Long-Term Capital Gains: \$9,000

Federal Capital Gains Tax Savings (20% of \$9,000)	<b>-\$1,800</b>
Virginia Capital Gains Tax Saving (5.75% of \$9,000)	<b>-\$518</b>
Added to — Tax Savings of Donation (from previous page)	<b>-7,541</b>
<b>Total Tax Saving</b>	<b>-\$9,859</b>
Net Cost of \$10,000 Appreciated Stock Donation	<b>\$141</b>

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And seniors with an IRA  
have another advantage...

## Grandparents, Alumni & Friends

- ◆ Age 70.5 or older
- ◆ Have an IRA with a Required Minimum Distribution (RMD)

By using the RMD to make a scholarship donation, seniors can reduce their annual taxable income.

Ask your IRA provider about directing your Qualified Charitable Distribution (QCD) to the McMahon Parater Scholarship Foundation to benefit All Saints Catholic School.

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Individual circumstances vary. Please consult your tax professional.**







# *EISTC scholarship eligibility*

**VIRGINIA'S EDUCATION IMPROVEMENT SCHOLARSHIPS TAX CREDITS**



**All Saints**  
Catholic School

# Scholarship Eligibility J-K

Students must be Virginia residents.

✓ Annual household income must be less than 300% of the poverty guideline, or 400% if the student has a disability.

+ **AND**

✓ Child must be 4 years old by September 30, **AND**

✓ Enrolled in an approved Junior Kindergarten program.

✓ Parent/Guardian must certify in writing they were unable to obtain services through Head Start or the Virginia Preschool Initiative.

## 2019 EISTC Household Income Eligibility Limits for Junior Kindergarten

Persons in household	Eligible EISTC-JK: Also eligible for VPI & Head Start	ELIGIBLE EISTC-JK: NOT eligible for VPI or Head Start
	Household Income Cannot Exceed	Household Income Must Be Between
2	<b>\$33,820</b>	<b>\$33,820-\$50,730</b>
3	<b>\$42,660</b>	<b>\$42,660-\$63,990</b>
4	<b>\$51,500</b>	<b>\$51,500-\$77,250</b>
5	<b>\$60,340</b>	<b>\$60,340-\$90,510</b>
6	<b>\$69,900</b>	<b>\$69,900-\$103,770</b>
7	<b>\$78,020</b>	<b>\$78,020-\$117,030</b>

# Scholarship Eligibility K-12

Students must be Virginia residents.

- ✓ Annual household income must be less than 300% of the poverty guideline, or 400% if the student has a disability.
- + **AND**
- ✓ Eligible to enter Kindergarten or 1<sup>st</sup> Grade, **OR**
- ✓ Attended a Virginia public school for at least half of the current or prior school year, **OR**
- ✓ Were not Virginia residents during the preceding school year, **OR**
- ✓ Previously received an EISTC scholarship.

**2019 Federal Poverty Guidelines & EISTC Household Income Eligibility Limits**

Persons in household	EISTC Eligibility: 300% of Federal Poverty Guideline	Students with Disabilities: 400% of Federal Poverty Guideline
2	\$50,730	\$67,640
3	\$63,990	\$85,320
4	\$77,250	\$103,000
5	\$90,510	\$120,680
6	\$103,770	\$138,360
7	\$117,030	\$156,040



# What Impact has EISTC had at All Saints?

New access to an accredited private school education for moderate- to lower-income families.

- ◆ Students from inner cities, farms, the military and other families with limited incomes can now afford to send their children to All Saints Catholic School.
- ◆ Since the EISTC program began six years ago, **331** scholarships have been provided for Richmond-area students to attend All Saints.
- ◆ Although All Saints students received **\$1,080,035** in EISTC scholarships over those six years, the amount needed to provide EISTC scholarships to all eligible All Saints students was **\$1,609,512**

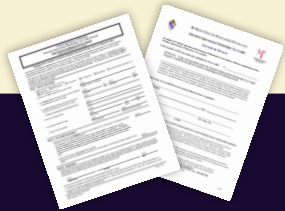


# RECAP: *How to receive EISTC tax credits for your donation*

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# The process: step by step



Ask All Saints for Preauthorization Request & Letter of Intent forms. Complete & e-mail, fax or mail to MPSF.



**RESERVED**

MPSF electronically reserves your tax credits with the Virginia DOE.



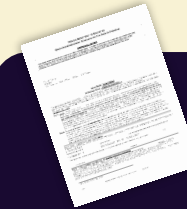
MPSF sends your DOE Approval Letter by e-mail or US Mail within 48 hours.



The DOE sends you the Tax Credit certificate.



MPSF sends the signed Approval Letter & proof of donation to DOE and sends acknowledgement letter to you & All Saints.



Sign the Approval Letter and send to MPSF along with your donation within 180 days.



# Let's get started...

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