

## A way to make the most of your money for you and Montana.

What if there was a way to get up to a \$10,000 credit on your taxes? What if we told you by getting this credit, you'd not only benefit yourself, but also benefit Montana? And what if we told you Montana is one of just a few states to offer a credit like this? Finally, what if we told you this credit expires in 2019?

### What is the Montana Endowment Tax Credit?

Formally known as the Montana Charitable Endowment Tax Credit, the credit was established in 1997 to encourage individuals, businesses and organizations to make lasting investments in their communities. This opportunity offers you a credit of 40 percent of a qualifying planned gift's federal charitable deduction, up to a maximum of \$10,000, per year, per individual. It also allows a credit of 20 percent of a gift's federal charitable deduction for a direct gift by a qualified business up to a maximum of \$10,000 per year.

### What is a planned gift?

Planned gifts (Planned Giving) are a way of giving that allows donors to maintain access to income during their lifetime, provide estate and tax planning tools, and build permanent wealth for Montana's charities, nonprofit organizations and local community foundations. Things like gift annuities, charitable trusts and some estate gifts all fall into this category.

### What does this look like in the real world?

Here's an example. A planned giving donor 60 years of age creates a deferred gift annuity with an initial gift of \$10,000. This results in an \$8,310 charitable deduction and a \$3,324 Montana Endowment Tax Credit. That's \$11,634 in deductions and credits, a total more than the value of the original gift. Annuity payments begin within life expectancy (12/31/35) of \$700 per year for the remainder of the donor's life. After five years, the donor can choose to relinquish the future payments and will receive another smaller tax deduction. The money will then be paid out to the charity or charities of the donor's choice. Or if not relinquished, upon death, the remainder (which has been growing through investment) goes to the charity or charities of the donor's choice.\* That could be your local animal shelter, church, senior center, a museum or park, schools or any number of other local needs you'd like to support.

Imagine getting tax deductions and credits greater than your donations and helping your favorite Montana charities at the same time. Financially savvy and generous Montanans have been taking advantage of the Montana Endowment Tax Credit for years. And remember, this is just one example of a planned gift; there are many more ways to structure gifts that make the most sense for your personal needs.

\*The information in this publication is not intended as legal or tax advice. For legal or tax advice, please consult your attorney and/or tax professional. These calculations are for illustration purposes only and should not be considered legal, accounting, or other professional advice. Your actual benefits may vary depending on several factors including your age and size of your gift.

“

My clients continue to be excited and very pleased to be able to permanently support the Montana charities of their choosing through planned gifts that provide large income tax savings up front and a potential income stream at retirement. I'm a big fan of the Montana Endowment Tax Credit, as are many of my clients and professional colleagues. ”

— Ron Yates, CPA

PO Box 1145 Helena, MT 59624

p 406.443.8313 f 406.442.0482 e info@mtcf.org www.mtcf.org

©2017 Montana Community Foundation. All rights reserved. 01/2017