

Story County Community Foundation provides access to Endow Iowa Tax Credits. Endow Iowa allows taxpayers to receive a 25% Iowa tax CREDIT *in addition to* the normal federal charitable income tax deductions for certain charitable gifts. The legislature has appropriated \$6 million in Endow Iowa tax credits in 2013.

The charitable gifts must be made:

- To a permanent endowment fund (can be a donor advised fund) which limits distributions to 5%
- Through a “qualified” community foundation
- For the benefit of one or more Iowa charitable causes
- By individuals, corporations, or financial institutions

This exciting program benefits both donors and charities. Here is a brief approximation of the net after-tax costs of establishing a fund and/or making a gift to an existing Endow Iowa qualified fund:

Cash Gift (examples of different gift amounts)	\$ 1,000	\$10,000	\$100,000
Less tax benefits:			
• Net Federal tax savings (approximated assuming maximum tax bracket)	- 396	- 3,960	- 39,600
• Endow Iowa Tax Credit (before Federal tax effect)	<u>- 250</u>	<u>- 2,500</u>	<u>- 25,000</u>
<i>Net cost of contribution</i>	\$ 354	\$ 3,540	\$ 35,400

We encourage donors to consult with their tax advisors to review their individual circumstances.

Gift of appreciated assets: The net cost could be even lower if capital gains taxes and/or alternative minimum taxes are avoided.

HOW IT WORKS:

- Tax credits of 25% of the gifted amount are limited to \$300,000 per person for a gift of \$1.2 million or \$600,000 in tax credits per couple for a gift of \$2.4 million, assuming both are Iowa taxpayers.
- Eligible gifts will qualify for credits on a first-come/first-serve basis until the annual limit is reached. If the current year Endow Iowa Tax Credit allocation has been depleted, qualified donors will be eligible for the next year’s Endow Iowa Tax Credits. We encourage donors to act early in the year to ensure receiving the Endow Iowa credits in a given year.
- Endow Iowa Tax Credits allow donors to have even greater impact on their philanthropic interests in Story County now and into the future.

Please Note: All qualified donors have five additional years to use their Endow Iowa Tax Credits.

Sample of Community Benefits at 50 years (assuming an 8% gain on investments and a 5% payout rate)

Investment	Amount Remaining in Fund	Total of Grants Paid From Endowment
\$1,000	\$3,609	\$5,418
\$10,000	\$36,088	\$54,184
\$100,00	\$360,885	\$541,837

For more information about Endow Iowa Tax Credits contact:

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