



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

VIRGINIA'S EDUCATION IMPROVEMENT SCHOLARSHIPS TAX CREDITS

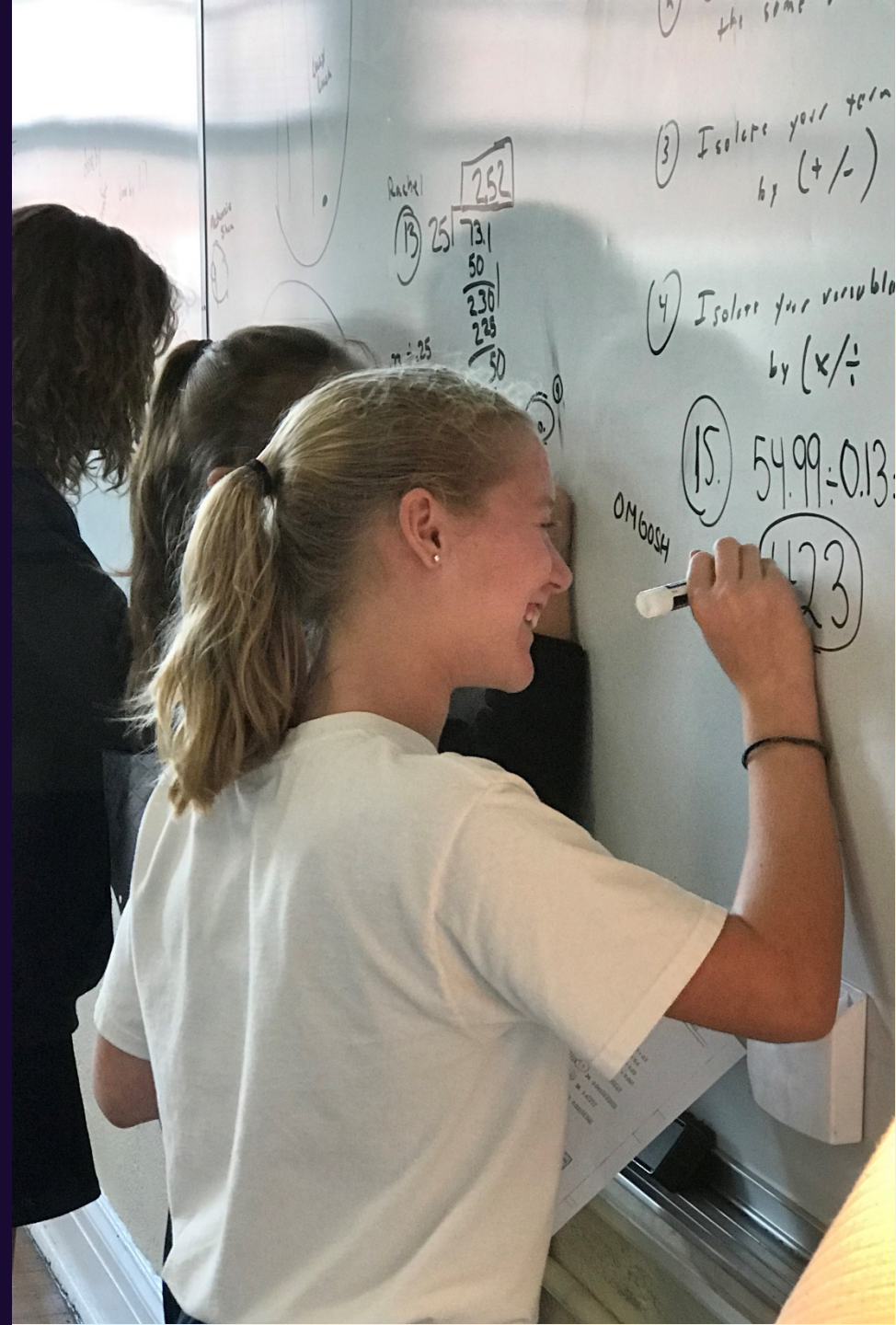




Donations to The Catholic Diocese of Richmond's McMahon Parater Scholarship Foundation (MPSF) provide scholarships for students from low-income families to attend one of the 30 Catholic schools in the Diocese.

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

But it also pays off now...



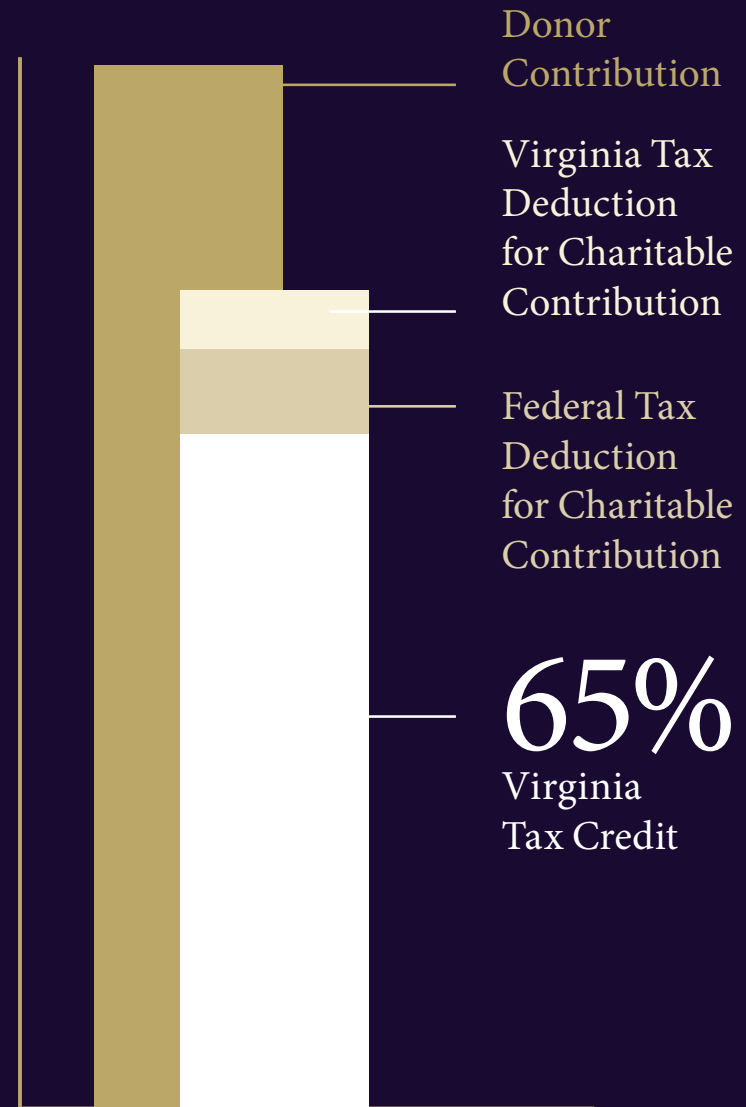
Thanks to Virginia's  
Education Improvement  
Scholarships Tax Credits,  
individual or business  
donors receive a

65% Virginia  
tax credit

+

state & federal  
tax deductions

for 35% of their charitable  
contribution when they itemize  
their taxes.



Individual and business circumstances may vary. Please consult your tax professional.

# 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*.**

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

**TAX DEDUCTIONS REDUCE  
YOUR TAXABLE INCOME**

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

Individual and business circumstances may vary. Please consult your tax professional.

# 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

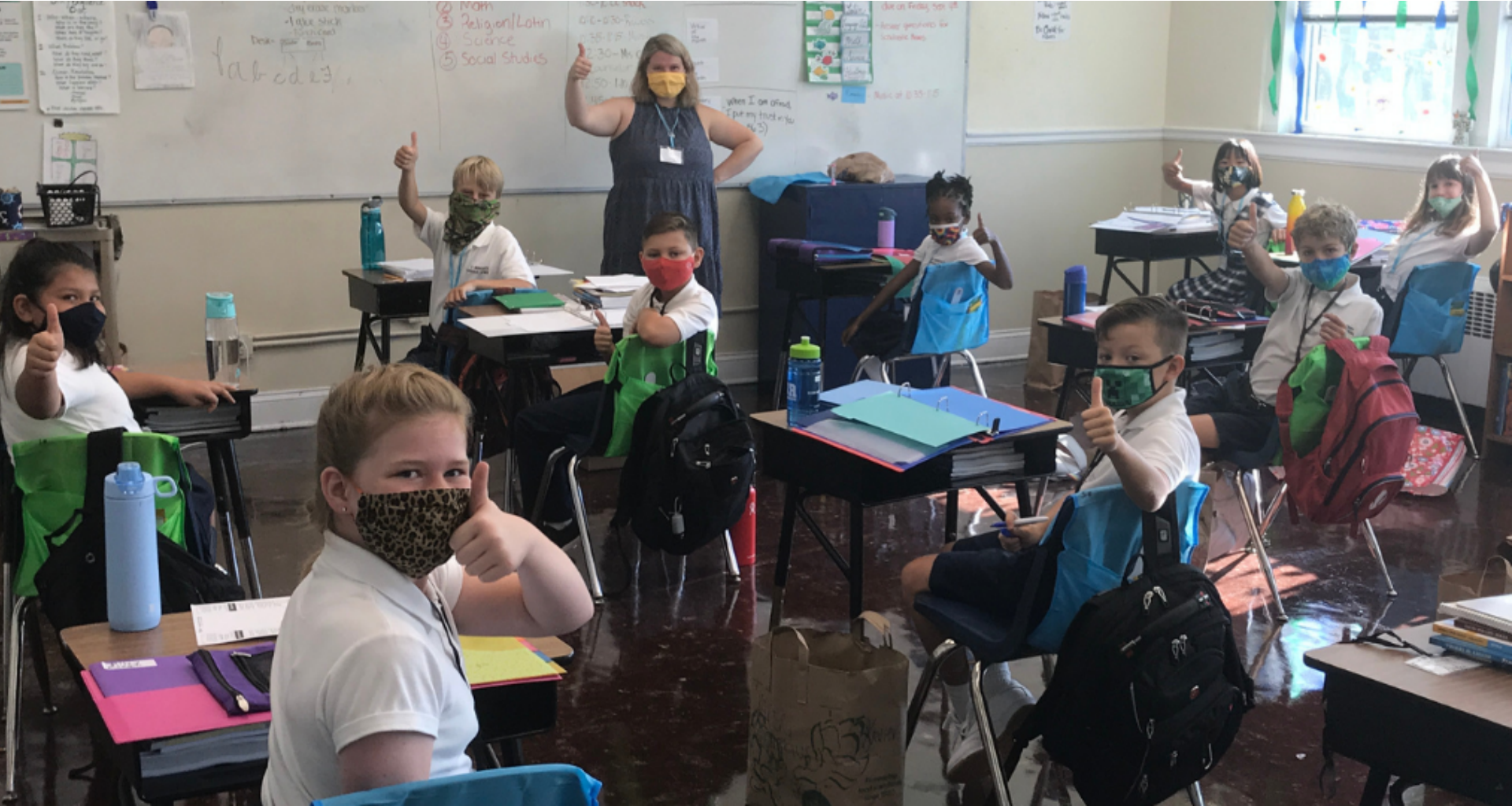
A Preauthorization Request form is required by the Department of Education (DOE) *before a donation is made* to confirm that sufficient tax credits are available.

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	\$10,000
Virginia Scholarships Tax Credit (65%)	-\$6,500
Federal Tax Savings of charitable contribution (24% of \$3,500)	-\$840
Virginia Tax Savings of charitable contribution (5.75% of \$3,500)	-\$201
<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

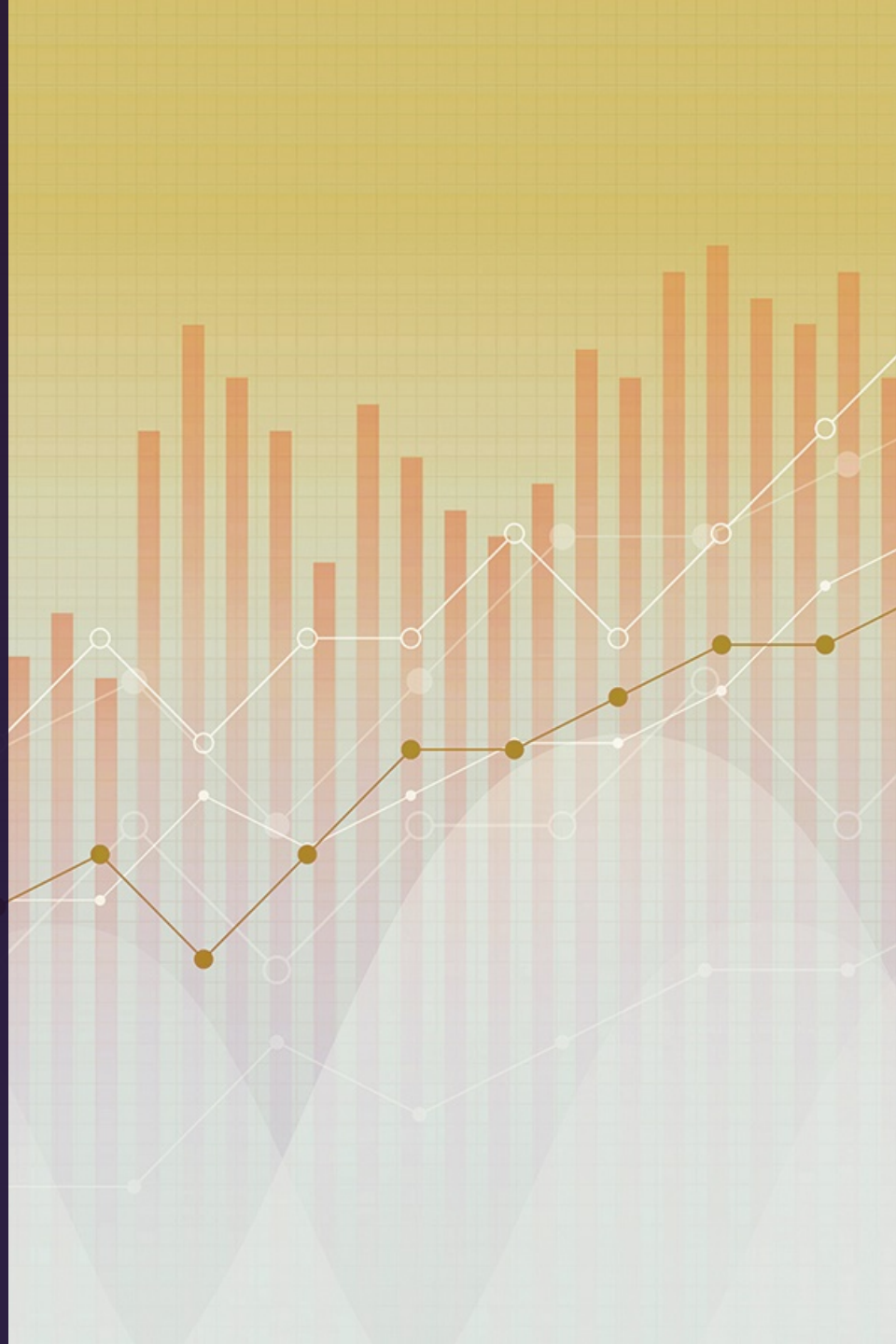
- ◆ Market Value of Stock \$10,000
- ◆ Cost Basis of Stock: \$1,000
- ◆ Long-Term Capital Gains: \$9,000

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

**For illustration purposes only.**

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# *EISTC scholarship eligibility*

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# 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.

## 2020 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	\$34,480	\$34,480-\$52,400
3	\$43,440	\$43,440-\$65,160
4	\$52,400	\$52,400-\$78,600
5	\$61,360	\$61,360-\$92,040
6	\$70,320	\$70,320-\$105,480
7	\$79,280	\$79,280-\$118,920



# 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.

2020 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	\$51,720	\$68,960
3	\$65,160	\$86,880
4	\$78,600	\$104,800
5	\$92,040	\$122,720
6	\$105,480	\$140,640
7	\$118,920	\$158,560

# What Impact has EISTC had at St. Benedict's?

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 Saint Benedict Catholic School.
- ◆ Since the EISTC program began six years ago,  
**205**  
partial scholarships have been provided for Richmond-area students to attend Saint Benedict.
- ◆ Although Saint Benedict Catholic School students received  
**\$191,159**  
in EISTC scholarships over those six years, the amount needed to provide EISTC scholarships to all eligible Saint Benedict students was  
**\$1,007,676**



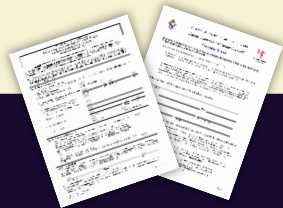
# RECAP: *How to receive EISTC tax credits for your donation*

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# The process: step by step



Ask St. Benedict's 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.



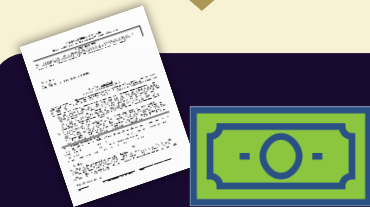
MPSF sends your DOE  
Approval Letter by  
e-mail or US Mail within  
48 hours.



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 & St. Benedict's.



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

# Let's get started...

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**McMahon Parater  
Scholarship Foundation**