Endow Iowa Tax Credits

Endow lowa allows taxpayers to receive a 25% lowa tax credit in addition to normal federal charitable income tax deductions for certain charitable gifts. Approximately \$3.7 million in Endow lowa Tax Credits will be awarded in 2011.

The charitable gifts must be made:

- · through a qualified community foundation.
- to a permanent endowment fund which limits distributions to 5%.
- · for the benefit of one or more lowa charitable causes.
- by individuals, corporations or financial institutions.

This is an exciting program that benefits both donors and charities. Below is an approximation of the net after-tax cost of establishing a 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) 	-350	-3,500	-35,000
 Endow Iowa Tax Credit (before federal tax effect) 	-250	-2,500	-25,000
Net cost of contribution	\$ 400	\$ 4,000	\$ 40,000

Gifts 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 \$100,000 per person or \$200,000 per couple if both are lowa taxpayers
- Eligible gifts will qualify for credits on a first-come/first-serve basis until the yearly appropriated limit is reached. If the current available Endow lowa Tax Credits have been awarded, qualified donors will be eligible for the next year's Endow lowa Tax Credits. The Community Foundation encourages donors to act early in the year to ensure they receive Endow lowa credits.
- All qualified donors have five years to use their Endow Iowa Tax Credits.
- Endow Iowa Tax Credits allow donors to have even greater impact on their philanthropic interests now and into the future.

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

