

Montana Tax Credit

Are you considering donating cash to the Billings Catholic Schools Foundation? There may be a better way. By doing a “planned gift” and utilizing the Montana Tax Credit, you could actually give a larger gift and it would not cost you one penny more out of pocket.

Here’s how it works (figures based on 64 year-old donor assuming a 35% federal tax bracket and 6.9% MT tax bracket):

Example 1 – \$3,250 cash or by making a planned gift and utilizing the Montana Tax Credit, you could actually give a gift of \$4,300 and it would not cost you one penny more out of pocket.

| | |
|---|--|
| \$3,250 cash donation to charity not utilizing tax credit | Planned gift to a Qualified Endowment utilizing the Montana Tax Credit |
| \$3,250 cash gift -1,138 federal tax savings -224 Montana tax savings | \$4,300 gift– \$3,305 tax deduction -1,157 federal tax savings -1,322 Montana Tax credit |
| \$1,888 out of pocket cost of gift | \$1,821 out of pocket cost of gift |

Example 2 – \$25,000 cash or by making a planned gift and utilizing the Montana Tax Credit, you could actually give a gift of \$33,000 and it would not cost you one penny more out of pocket.

| | |
|--|--|
| \$25,000 cash donation to charity not utilizing tax credit | Planned gift to a Qualified Endowment utilizing the Montana Tax Credit |
| \$25,000 cash gift federal tax deduction | \$33,000 gift – \$25,868 |
| -8,750 federal tax savings -1,750 Montana tax savings (max. allowed/ individual) | -9,054 federal tax savings -10,000 Montana Tax credit |
| \$14,500 out of pocket cost of gift | \$13,946 out of pocket expense |

In order for gifts to qualify for the Montana Tax Credit, they must be (1) designated to an endowment and (2) must be in the form of a planned gift, most usually a charitable remainder trust or a charitable gift annuity.

These examples are for demonstration purposes only. Individual gifts are based on donor age, tax brackets and giving mechanism. We encourage all donors to seek professional advice from his/her tax advisor. Please call Adam Liberty for individualized examples.

