



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.

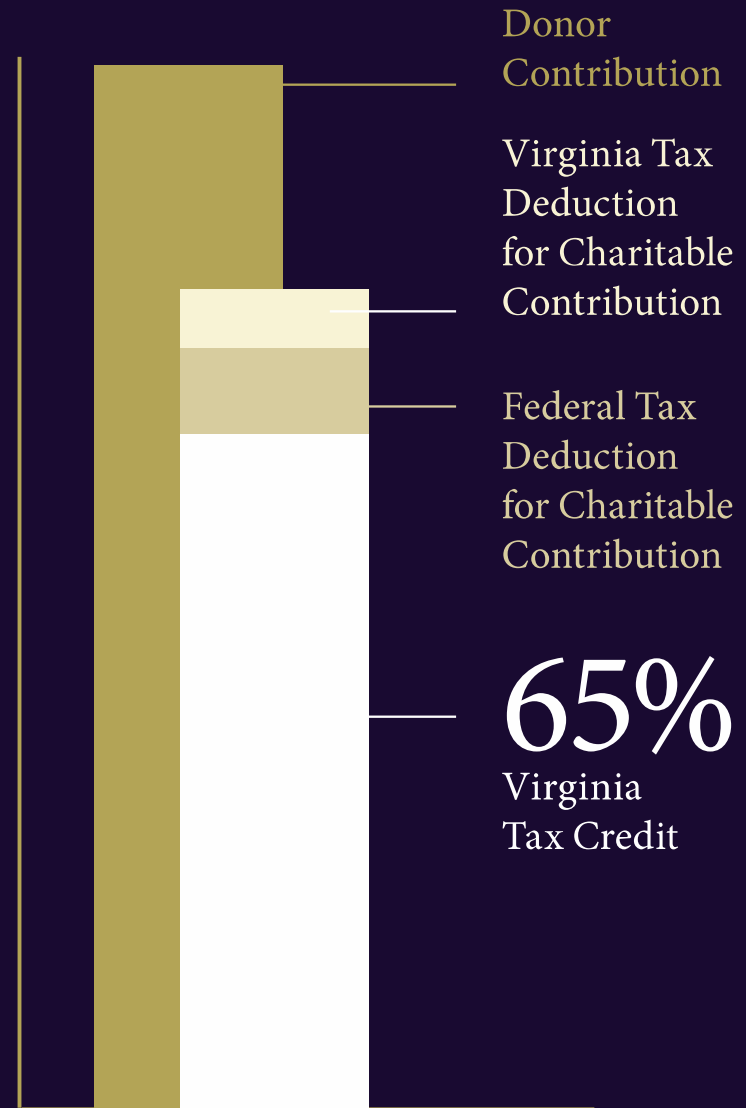
A Catholic education delivers a proven foundation for success that pays out throughout a child's life.

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.



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 20 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.**

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

\$500

MAXIMUM
ANNUAL
DONATION FOR
INDIVIDUALS

\$125k

MAXIMUM
DONATION FOR
BUSINESSES

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
Total Tax Saving	\$7,541
Net Cost of \$10,000 Donation	\$2,459

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

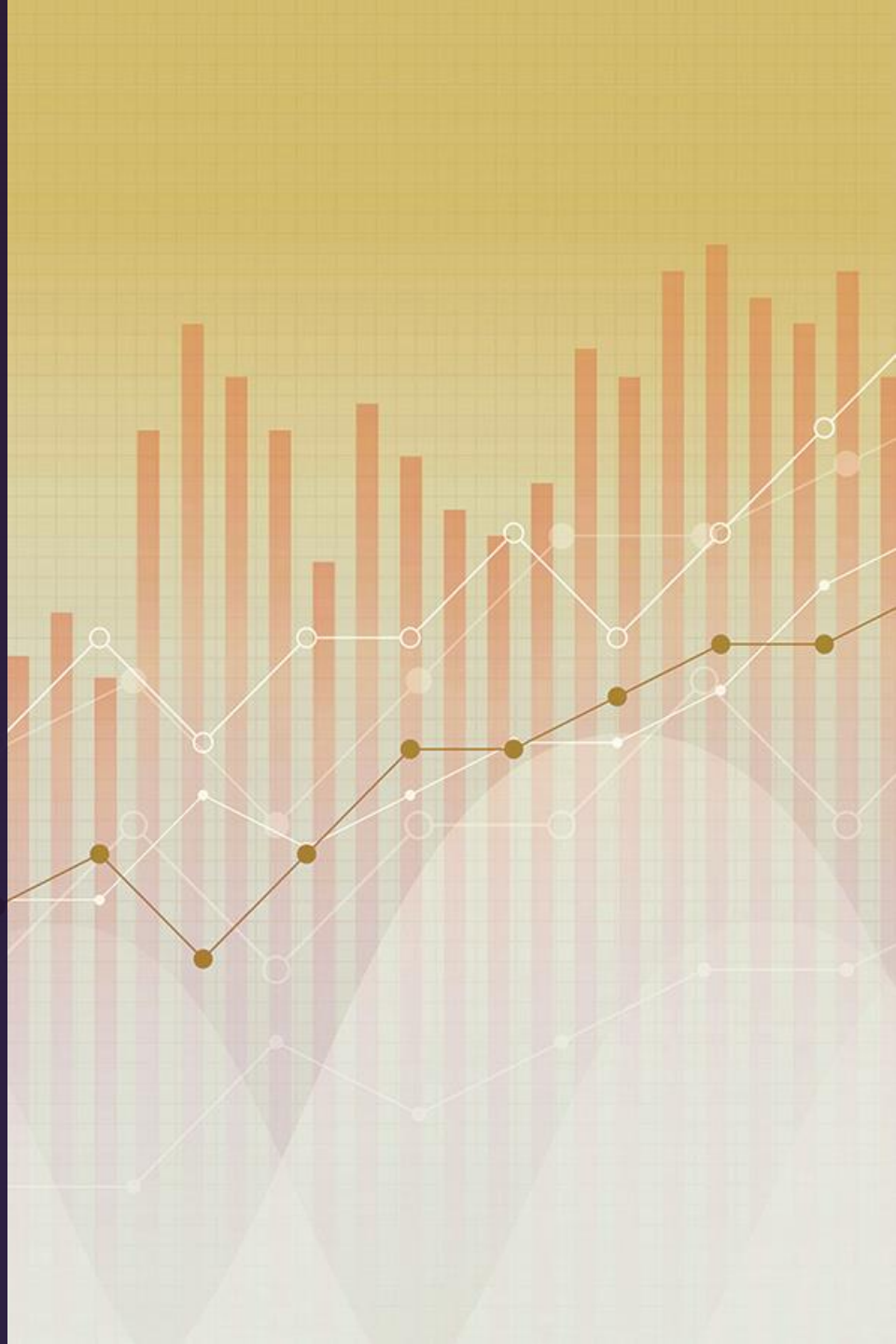
- ◆ Market Value of Stock \$10,000
- ◆ Cost Basis of Stock: \$1,000
- ◆ Long-Term Capital Gains: \$9,000

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
Total Tax Saving	-\$9,859
Net Cost of \$10,000 Appreciated Stock Donation	\$141

For illustration purposes only.

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Individual circumstances vary. Please consult your tax professional.





EISTC scholarship eligibility

VIRGINIA'S EDUCATION IMPROVEMENT SCHOLARSHIPS TAX CREDITS



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 1st 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.

2022 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	\$54,930	\$73,240
3	\$69,090	\$92,120
4	\$83,250	\$111,000
5	\$97,410	\$129,880
6	\$111,570	\$148,760
7	\$125,730	\$167,640

Scholarship Eligibility Pre-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.
- ✓ If eligible for Head Start, Parent or Guardian must certify in writing they were unable to enroll the child in Head Start or the Virginia Preschool Initiative.

2022 EISTC Household Income Eligibility Limits for Pre-K/Junior Kindergarten		
Persons in household	Eligible EISTC-PreK: If qualified for VPI or Head Start	ELIGIBLE EISTC-JK: NOT qualified for VPI or Head Start
	Household Income Cannot Exceed	Household Income Must Be Between
2	\$36,620	\$36,620-\$54,930
3	\$46,060	\$46,060-\$69,090
4	\$55,500	\$55,500-\$83,250
5	\$64,940	\$64,940-\$97,410
6	\$74,380	\$74,380-\$111,570
7	\$83,820	\$83,820-\$125,730

2022-23 EISTC Scholarship Limits

Each EISTC scholarship must not exceed the per-pupil amount the Commonwealth of Virginia pays each public-school division. These are the divisions where most Roanoke Catholic School students reside and the maximum EISTC scholarship each eligible student can receive.

Division (where student resides)	Pre-K / J-K Maximum Scholarship	K – 12 Maximum Scholarship
Roanoke (city)	\$5,527	\$7,119
Roanoke (county)	\$5,313	\$6,426
Salem (city)	\$5,255	\$6,171
Bedford (county)	\$5,740	\$6,930
Botetourt (county)	\$4,939	\$6,199
Craig (county)	\$5,548	\$9,031
Franklin (county)	\$5,030	\$6,693

What Impact has EISTC had in Roanoke?

New access to an accredited private school education for lower-income families.

- ◆ Over the last five years,

557

EISTC scholarships helped students in our area to attend Roanoke Catholic School.

- ◆ Although RCS students received

\$2,069,793

in EISTC scholarships over those five years, the amount needed to provide EISTC scholarships to all eligible applicants to Roanoke Catholic School was

\$3,702,702

- ◆ If the full need was met, **nearly twice** as many students from families with limited incomes could attend Roanoke Catholic School.

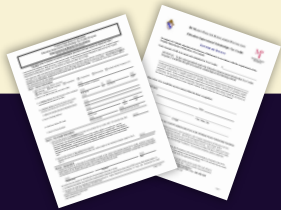


RECAP: *How to receive EISTC tax credits for your donation*

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The process: step by step



Ask Roanoke Catholic 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.



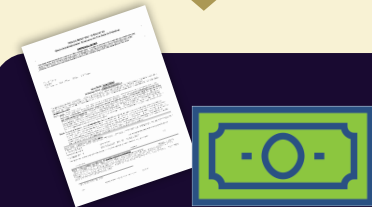
MPSF sends your DOE Approval Letter by e-mail or US Mail within 48 hours.



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 & RCS.



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

Let's get started...

Joanna Coleman

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