



COMMUNITY FOUNDATION FOR THE IOWA GREAT LAKES REGION

NOTE: The 2019 Endow Iowa Tax Credits have been exhausted.

Donors who make Endow Iowa qualified gifts between now and the end of the year will receive a federal charitable deduction and will be first in line for next year's Endow Iowa Tax Credits.

The administrative rules for the Endow Iowa Tax Credit program state: "If the number of applications exceeds the amount of annual tax credits available, the authority shall establish a wait list for the next year's allocation of tax credits and applications shall first be funded in the order listed on the wait list."

ENDOW IOWA TAX CREDITS

The Okoboji Foundation is an affiliate of the Community Foundation of Greater Des Moines. They are a qualified community foundation that provides access to Endow Iowa Tax Credits. Endow Iowa allows taxpayers to receive a 25% Iowa tax credit *in addition to* normal federal charitable income tax deductions for certain charitable gifts.

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 Iowa charitable causes.
- ☒ By individuals, businesses or financial institutions.

This is an exciting program that benefits both donors and charities. Below is an approximation of the net after-tax costs based on Donor's Federal Tax Rate of 39.6%, individual rates will vary:

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>	<i>\$354</i>	<i>\$3,540</i>	<i>\$35,400</i>

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:

- A variety of gifts qualify for Endow Iowa Tax Credits including cash, real estate, appreciated securities and outright gifts of retirement assets.
- **Tax credits of 25% of the gifted amount are limited to \$300,000 in tax credits per individual for a gift of \$1.2 million or \$600,000 in tax credits per couple for a gift of \$2.4 million if both are Iowa 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 Iowa Tax Credits have been awarded, qualified donors will be eligible for the next year's Endow Iowa Tax Credits. The Community Foundation encourages donors to act early in the year to ensure they receive Endow Iowa 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 in the Lakes Community now and into the future.

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

For additional information contact Rob Waterhouse at the Okoboji Foundation
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