

# ENDOW IOWA TAX CREDIT PROGRAM

The Community Foundation of Greater Des Moines and its affiliates are qualified community foundations that provide access to Endow Iowa Tax Credits. The Endow Iowa Tax Credit program **allows taxpayers to receive a 25% state tax credit on qualified gifts.**

## ENDOW IOWA QUALIFIED CHARITABLE GIFTS MUST BE MADE:

- Through a qualified community foundation.
- To a permanent endowment fund with a limited annual distribution of **5%**.
- For the benefit of one or more Iowa charitable causes.
- By individuals, businesses or financial institutions.

## HOW IT WORKS:

- 1** A **variety of gifts** qualify for Endow Iowa Tax Credits including cash, real estate, farmland, appreciated securities and outright gifts of retirement assets.
- 2** 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. No minimum gift amount is required to qualify for Endow Iowa Tax Credits.
- 3** Endow Iowa Tax Credits are available on a **first-come/first-serve** basis until the yearly appropriated limit is reached. If the current year's tax credits have been exhausted, qualified donors are eligible for the next year's Endow Iowa Tax Credits.
- 4** All qualified donors have **five years** to use their Endow Iowa Tax Credits.

## WHAT DOES IT REALLY COST TO GIVE?

Gift Amount	\$1,000	\$10,000	\$100,000
Endow Iowa Tax Credit (25%)	-250	-2,500	-25,000
Net Federal Deductible Gift	750	7,500	75,000
Federal Tax Savings (37%)	-277.50	-2,775	-27,750
Net Cost of Gift*	\$472.50	\$4,725	\$47,250

\*Disclaimer: For ease of illustration, the examples above do not factor in the federal/state net tax effect. Examples assume the donor is in the 37% tax bracket and plans to claim a charitable deduction on their federal tax return.

# WAYS TO GIVE

Community foundations work closely with donors and/or their professional advisor to create personalized approaches to meet their giving goals. **Donors can start and maintain their choice of charitable giving funds using a variety of assets, including:**



**CASH** is one of the easiest ways to establish a fund or add to an existing fund at a community foundation.



**APPRECIATED STOCK GIFTS** help the donor avoid capital gains taxes and earn a charitable tax deduction based on market value. The gift is then used to establish a fund or is added to an existing fund that benefits the local causes and organizations the donor cares about most.



**REAL ESTATE GIFTS** provide an opportunity for the donor to receive the maximum tax deduction allowed and avoid capital gains tax. Real estate includes personal, commercial and vacation properties.



**FARMLAND** can be sold or retained with the community foundation and provides an opportunity for donors to avoid capital gains tax, while also realizing a deduction on the fair market value of the land.



**SHARES OF BUSINESS INTEREST** allow the donor to receive the maximum tax deduction allowed and avoid capital gains tax. Business interests can be used as part of a planned succession or a sale to an outside party.



**FARM EQUIPMENT** that has been depreciated provides an opportunity to avoid recapturing the sale proceeds as ordinary income when given to the community foundation.



**BEQUESTS** establish charitable giving funds through a donor's will. In doing so, the donor is able to distribute some or all of his/her assets tax free.



**RETIREMENT PLANS** allow the donor to name a charitable giving fund at the community foundation as a beneficiary of assets.



**IRA CHARITABLE ROLLOVER** is available for individuals 70 ½ and older to use the required minimum distribution from their individual retirement accounts and give to the causes they care about.



**GRAIN** allows the donor to support organizations and communities while enjoying the tax advantages of not claiming the sale of the grain as income.



**INSURANCE POLICIES** can benefit a fund at the community foundation.



**LIFE ESTATES** allow a donor to give a residence or farmland but retain its use and the rental income over their lifetime. Donors create a future gift to charity, continue to benefit from the asset and receive a partial tax deduction now.