



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.

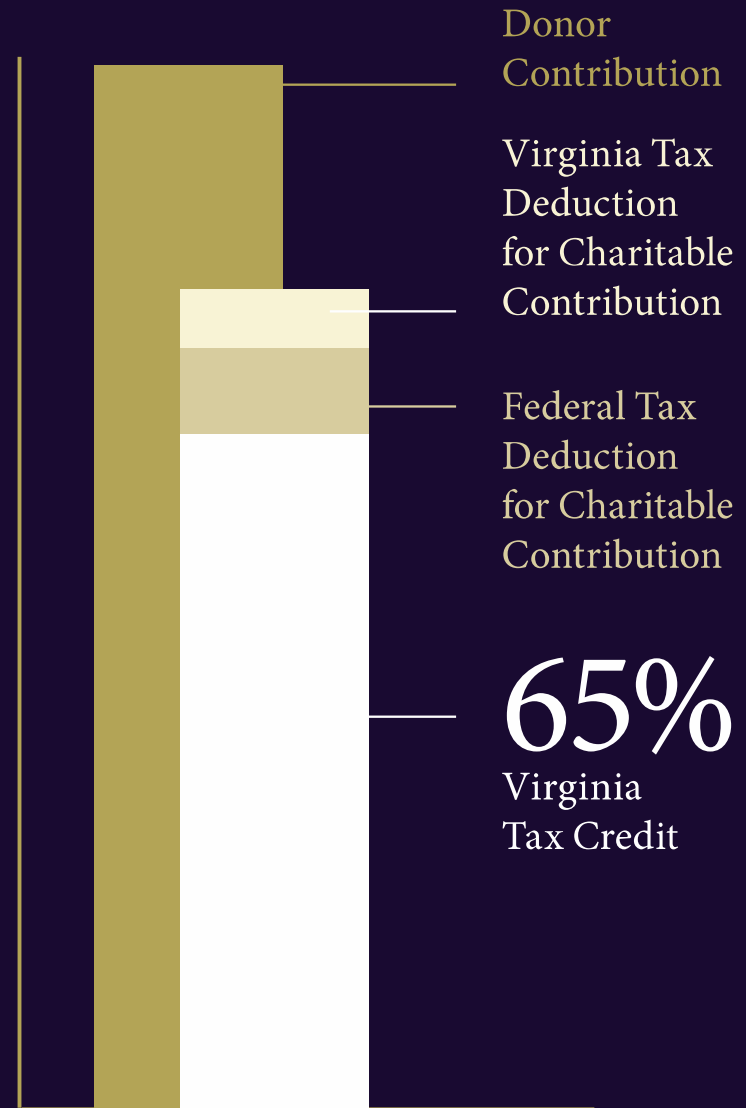
A Catholic education delivers a proven foundation for success that pays out throughout a child's life.

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.



Individual and business circumstances may vary. Please consult your tax professional.



# 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 18 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*.**

	<b>TAX DEDUCTIONS</b>	<b>TAX CREDITS</b>
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.**

Individual and business circumstances may vary. Please consult your tax professional.

# 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

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*\$500*

MAX. ANNUAL  
DONATION FOR  
INDIVIDUALS &  
MARRIED COUPLES

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*\$125k*

MAXIMUM  
DONATION  
FOR BUSINESSES

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*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	<b>\$10,000</b>
Virginia Scholarships Tax Credit (65%)	<b>-\$6,500</b>
Federal Tax Savings of charitable contribution (24% of \$3,500)	<b>-\$840</b>
Virginia Tax Savings of charitable contribution (5.75% of \$3,500)	<b>-\$201</b>
<b>Total Tax Saving</b>	<b>\$7,541</b>
<b>Net Cost of \$10,000 Donation</b>	<b>\$2,459</b>

**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

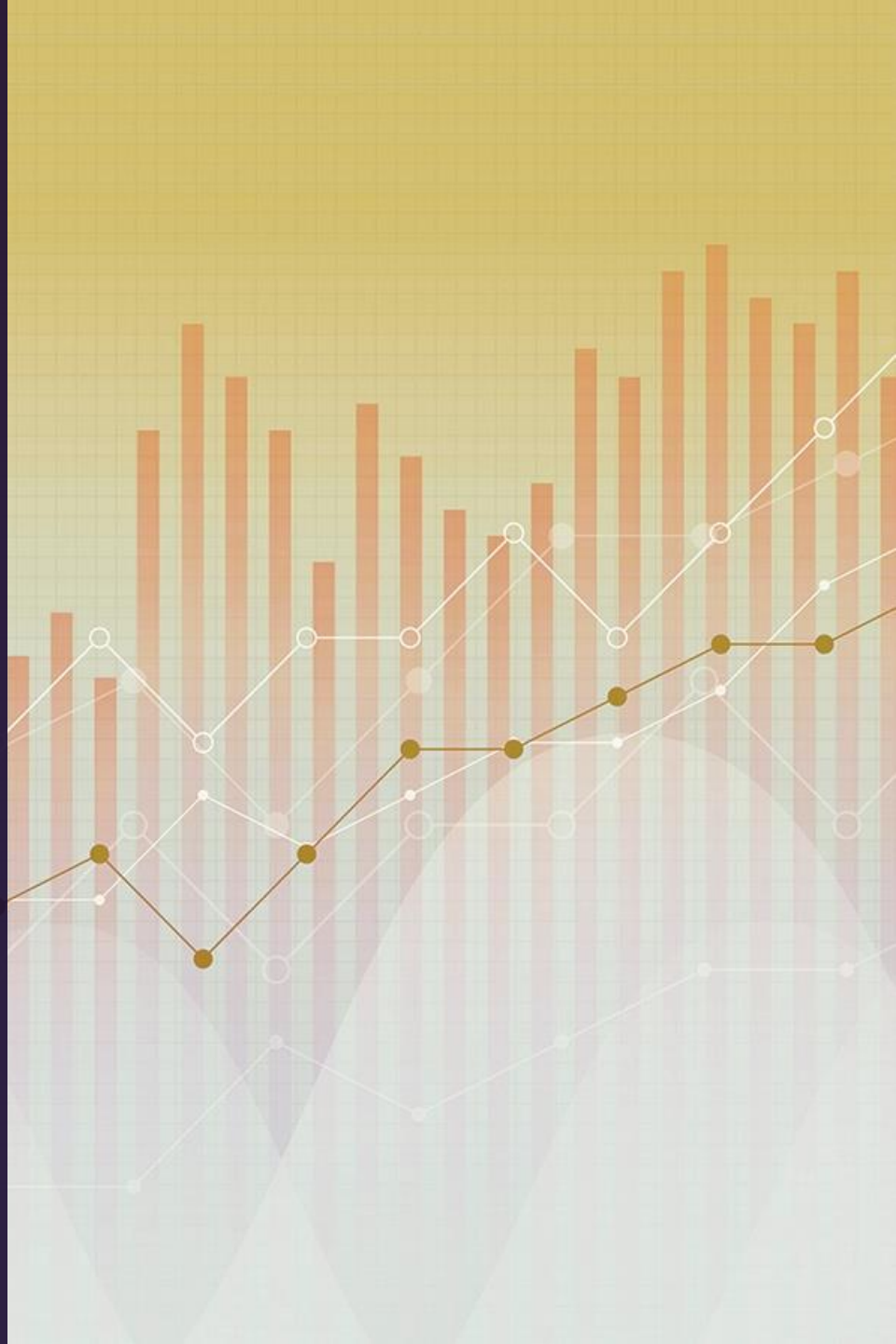
- ◆ Market Value of Stock \$10,000
- ◆ Cost Basis of Stock: \$1,000
- ◆ Long-Term Capital Gains: \$9,000

Federal Capital Gains Tax Savings (20% of \$9,000)	<b>-\$1,800</b>
Virginia Capital Gains Tax Saving (5.75% of \$9,000)	<b>-\$518</b>
Added to — Tax Savings of Donation (from previous page)	<b>-\$7,541</b>
<b>Total Tax Saving</b>	<b>-\$9,859</b>
Net Cost of \$10,000 Appreciated Stock Donation	<b>\$141</b>

**For illustration purposes only.**

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**Individual circumstances vary. Please consult your tax professional.**





And seniors with an IRA  
have another advantage...

# Grandparents, Alumni & Friends

- ◆ Age 70.5 or older
- ◆ Have an IRA with a Required Minimum Distribution (RMD)

By using the RMD to make a scholarship donation, seniors can reduce their annual taxable income.

Ask your IRA provider about directing your Qualified Charitable Distribution (QCD) to the McMahon Parater Scholarship Foundation.

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Individual circumstances vary.  
Please consult your tax professional.







# *EISTC scholarship eligibility*

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# Scholarship Eligibility

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**
- ✓ 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.

2019 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	\$50,730	\$67,640
3	\$63,990	\$85,320
4	\$77,250	\$103,000
5	\$90,510	\$120,680
6	\$103,770	\$138,360
7	\$117,030	\$156,040

# What Impact has EISTC had at Catholic High School?

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

- ◆ Students from inner cities, farms, the military and other families with limited incomes can now afford to send their children to Catholic High School.
- ◆ Since the EISTC program began six years ago,  
**167**  
partial scholarships have been provided for Hampton Roads students to attend Catholic High School.
- ◆ Although Catholic High School students received  
**\$680,707**  
in EISTC scholarships over those six years, the amount needed to provide EISTC scholarships to all eligible Catholic High students was  
**\$832,275**



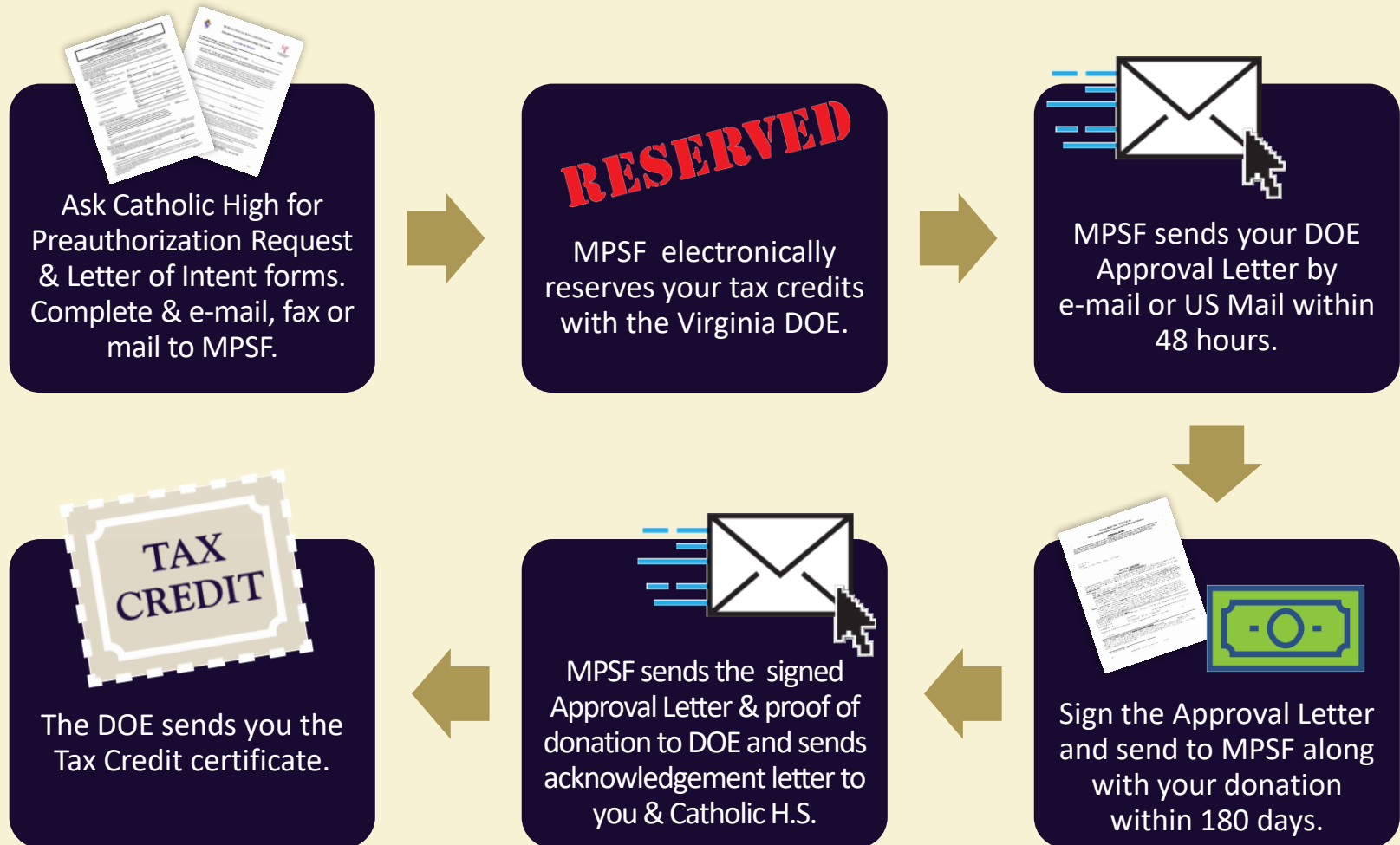


# RECAP: *How to receive EISTC tax credits for your donation*

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# The process: step by step



# Let's get started...

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McMahon Parater  
Scholarship Foundation