



The Montana Endowment Tax Credit

A way to make the most of your money.

A \$10,000 tax credit

What if there was a way to get up to a \$10,000 credit on your taxes? And what if that also benefitted the state of Montana? Montana is one of just a few states to offer a credit like this.

WHAT IS THE MONTANA ENDOWMENT TAX CREDIT (METC)?

The credit was established in 1997 to encourage individuals, businesses, and organizations to make lasting investments in their communities. This opportunity offers you a credit of 40 percent of a qualifying planned gift's federal charitable deduction, up to a maximum of \$10,000 per year, per individual, or \$20,000 per year for couples filing jointly. It also allows a credit of 20 percent of a gift's federal charitable deduction for a direct gift by a qualified business up to a maximum of \$10,000 per year.

WHAT IS A PLANNED GIFT?

Planned gifts are a way of giving that allows donors to maintain access to income during their lifetime, provide estate and tax planning tools, and build permanent wealth for Montana's charities, nonprofit organizations, and local community foundations. Things like gift annuities, charitable trusts, and some estate gifts fall into this category.

WHAT IS THE DIFFERENCE BETWEEN A CHARITABLE DEDUCTION AND A CREDIT?

Charitable deductions can be itemized to help lower your taxable income, and thereby the amount of tax you owe. However, they do not provide a dollar-for-dollar tax savings. The METC, on the other hand, provides a direct credit toward your Montana taxes. Every dollar of METC you qualify for is \$1 less that you will owe the state. While a gift for which you are claiming the METC can only be used as an itemized charitable deduction on your federal tax return, not state, the dollar-for-dollar tax credit generally provides a much greater benefit on your state tax return than itemizing the gift would yield. Additionally, should you choose not to itemize the gift on your federal return, you are still eligible to claim the METC on your state taxes.

To take advantage of the Montana Endowment Tax Credit, the most effective way to generate a tax credit, is to establish a "gift annuity." While the process is more complicated than a straight donation – the agreement, just a few pages long – is worth it. A credit is much better than a deduction, as it results in a dollar-for-dollar reduction of your Montana state income tax bill. And, you will also enjoy a deduction on the federal level. I've taken advantage of this unique benefit in my support of WQW and encourage others to do the same.

RICHARD K. BLACK, CO-FOUNDER, ALTAIR ADVISORS LLC

WANT TO LEARN MORE?

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