



Make an investment in their future
that pays off now.

VIRGINIA'S EDUCATION IMPROVEMENT SCHOLARSHIPS TAX CREDITS

SAINT MARY
STAR OF THE SEA SCHOOL



FOUNDED 1923

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.

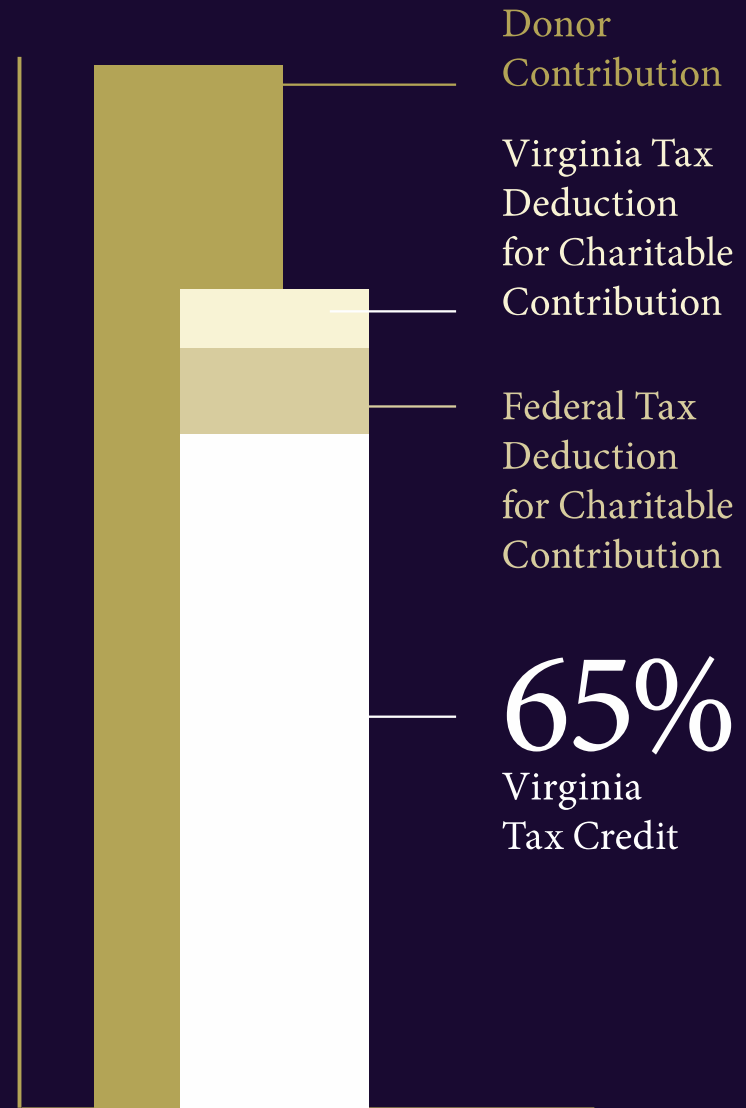
A Catholic education delivers a proven foundation for success that pays out throughout a child's life.

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*.

	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.**

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

\$500

MAX. ANNUAL
DONATION FOR
INDIVIDUALS &
MARRIED COUPLES

\$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

VIRGINIA'S EDUCATION IMPROVEMENT SCHOLARSHIPS TAX CREDITS

SAINT MARY
STAR OF THE SEA SCHOOL



FOUNDED 1923

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

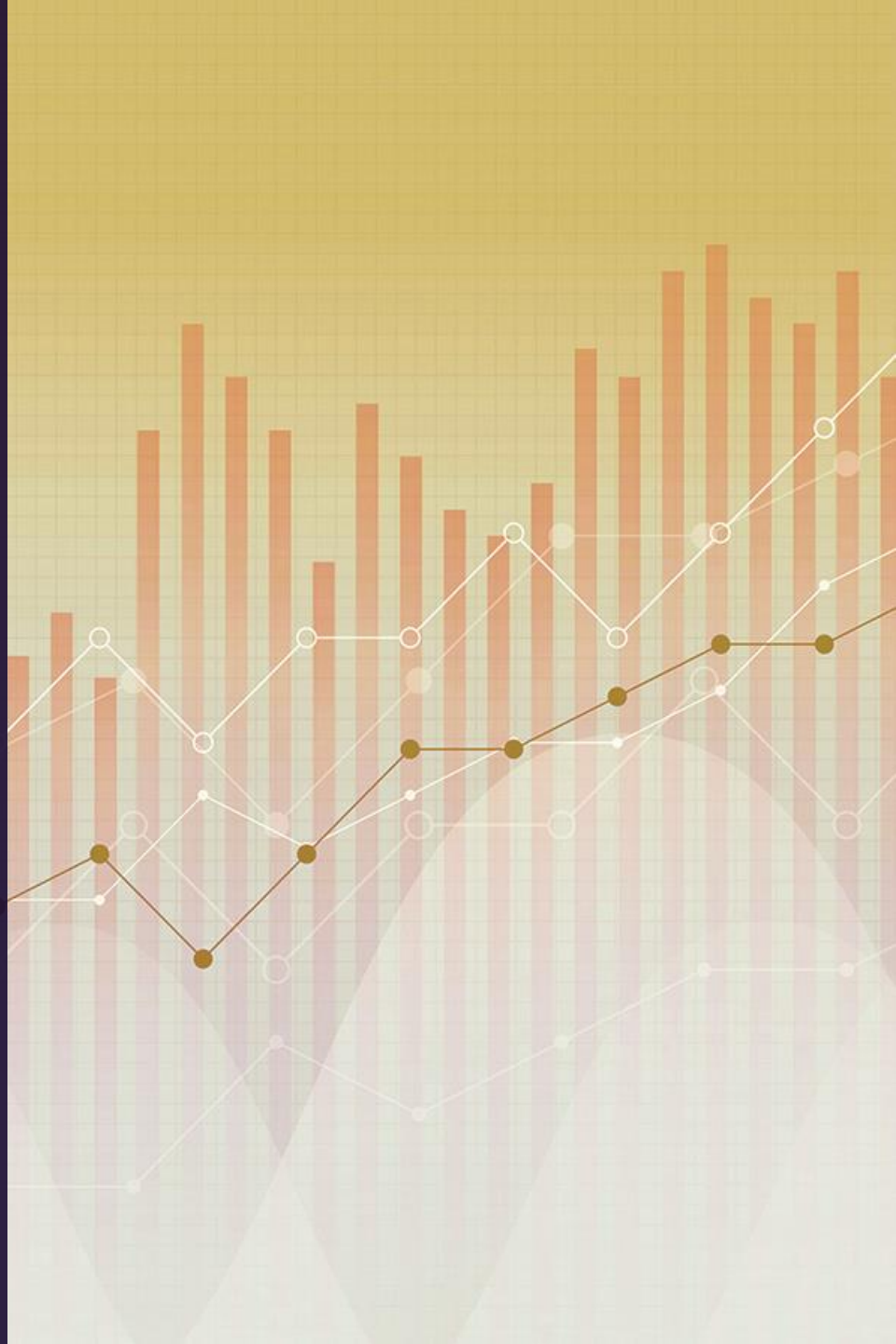
- ◆ Market Value of Stock \$10,000
- ◆ Cost Basis of Stock: \$1,000
- ◆ Long-Term Capital Gains: \$9,000

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.

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.





EISTC scholarship eligibility

VIRGINIA'S EDUCATION IMPROVEMENT SCHOLARSHIPS TAX CREDITS

SAINT MARY
STAR OF THE SEA SCHOOL



FOUNDED 1923

Scholarship Eligibility J-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, **AND**

✓ Enrolled in an approved Junior Kindergarten program.

✓ Parent/Guardian must certify in writing they were unable to obtain services through Head Start or the Virginia Preschool Initiative.

2020 EISTC Household Income Eligibility Limits for Junior Kindergarten

Persons in household	Eligible EISTC-JK: Also eligible for VPI & Head Start	ELIGIBLE EISTC-JK: NOT eligible for VPI or Head Start
	Household Income Cannot Exceed	Household Income Must Be Between
2	\$34,480	\$34,480-\$52,400
3	\$43,440	\$43,440-\$65,160
4	\$52,400	\$52,400-\$78,600
5	\$61,360	\$61,360-\$92,040
6	\$70,320	\$70,320-\$105,480
7	\$79,280	\$79,280-\$118,920

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.

2020 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	\$51,720	\$68,960
3	\$65,160	\$86,880
4	\$78,600	\$104,800
5	\$92,040	\$122,720
6	\$105,480	\$140,640
7	\$118,920	\$158,560

What Impact has EISTC had in Hampton?

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 Saint Mary Star of the Sea Catholic School.
- ◆ Since the EISTC program began six years ago, **220** scholarships have been provided for Hampton-area students to attend Saint Mary's.
- ◆ Although Saint Mary Star of the Sea Catholic School students received **\$347,312** in EISTC scholarships over those six years, the amount needed to provide EISTC scholarships to all eligible Saint Mary's students was **\$1,230,797**



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

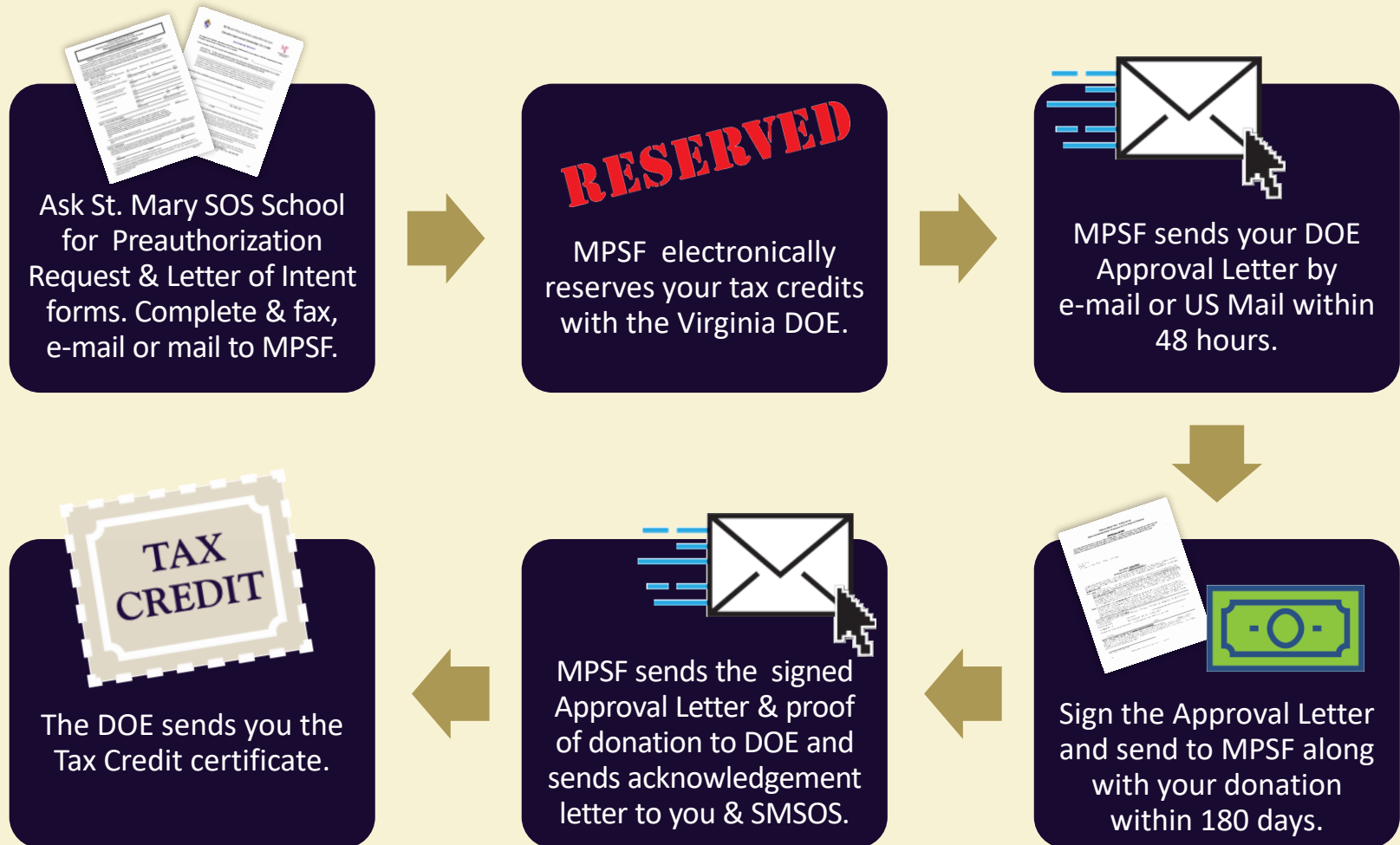
VIRGINIA'S EDUCATION IMPROVEMENT SCHOLARSHIPS TAX CREDITS

SAINT MARY
STAR OF THE SEA SCHOOL



FOUNDED 1923

The process: step by step



Let's get started...

Robbin Ciraulo

Development Coordinator

Saint Mary Star of the Sea Catholic School

14 N Willard Avenue

Hampton, VA 23663

(757) 723-6358

rciraulo@saintmarystarofthesea.com

SAINT MARY
STAR OF THE SEA SCHOOL



FOUNDED 1923

Joyce Schreiber

Director, MPSF

McMahon Parater Scholarship Foundation

7800 Carousel Lane

Richmond, VA 23294

(804) 622-5190

Fax: (804) 358-9159

mpsf@richmonddiocese.org



McMahon Parater
Scholarship Foundation