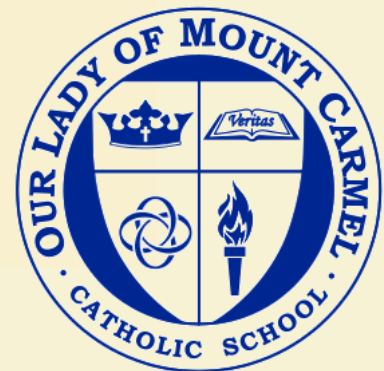




Make an investment in their future  
*that pays off now.*

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.

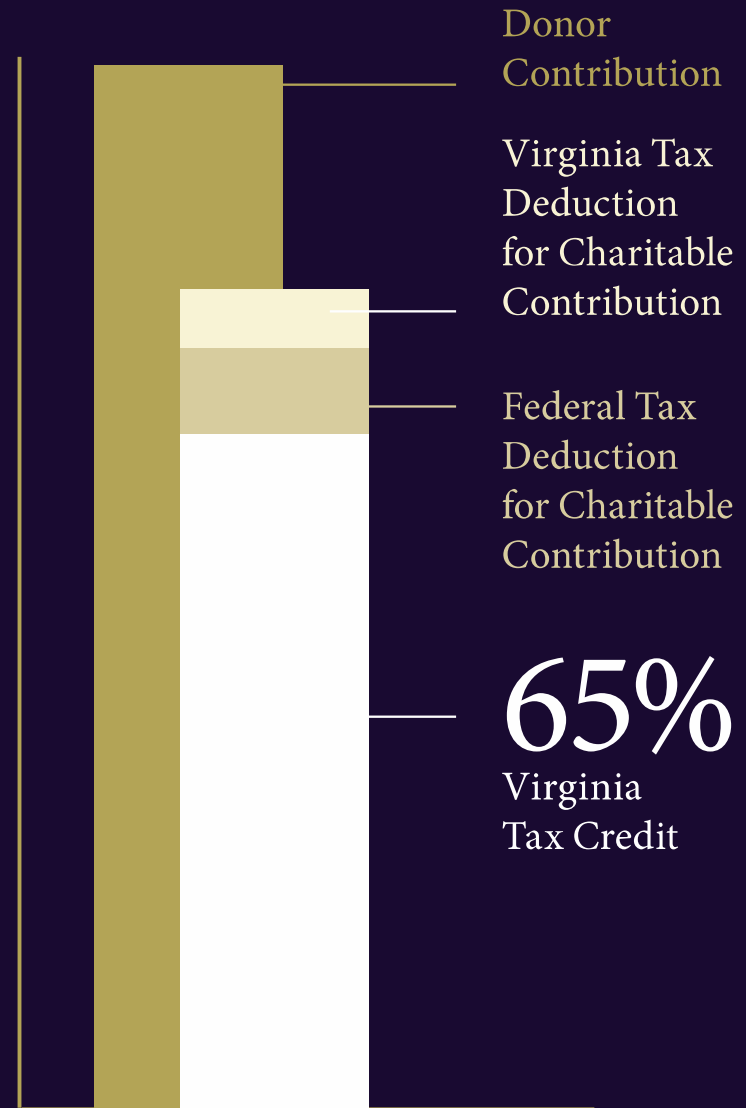
A Catholic education delivers a proven foundation for success that pays out throughout a child's life.

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.



# 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 21 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	<b>\$200,000</b>	<b>\$200,000</b>
Tax Deduction	<b>-\$10,000</b>	-
Taxable Income	<b>\$190,000</b>	<b>\$200,000</b>
VA Income Tax Rate	<b>5.75%</b>	<b>5.75%</b>
Virginia Tax Liability	<b>\$10,925</b>	<b>\$11,500</b>
Tax Credit	-	<b>-\$10,000</b>
Virginia Taxes Due	<b>\$10,925</b>	<b>\$1,500</b>

**TAX DEDUCTIONS REDUCE YOUR  
TAXABLE INCOME**

**BUT TAX CREDITS DIRECTLY  
REDUCE YOUR TAX BILLS.**

# 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*

MAXIMUM  
ANNUAL  
DONATION FOR  
INDIVIDUALS

---

*\$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.

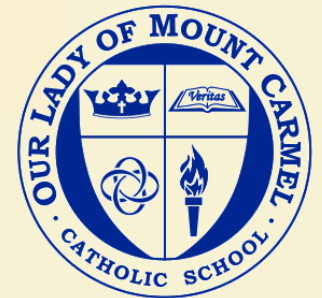
- ◆ The donor must sign and include the Approval Letter with the donation to the foundation.
- ◆ Preauthorizations are valid for 180 days from the date on the Approval Letter.





# *tax savings examples*

**VIRGINIA'S EDUCATION IMPROVEMENT SCHOLARSHIPS TAX CREDITS**





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

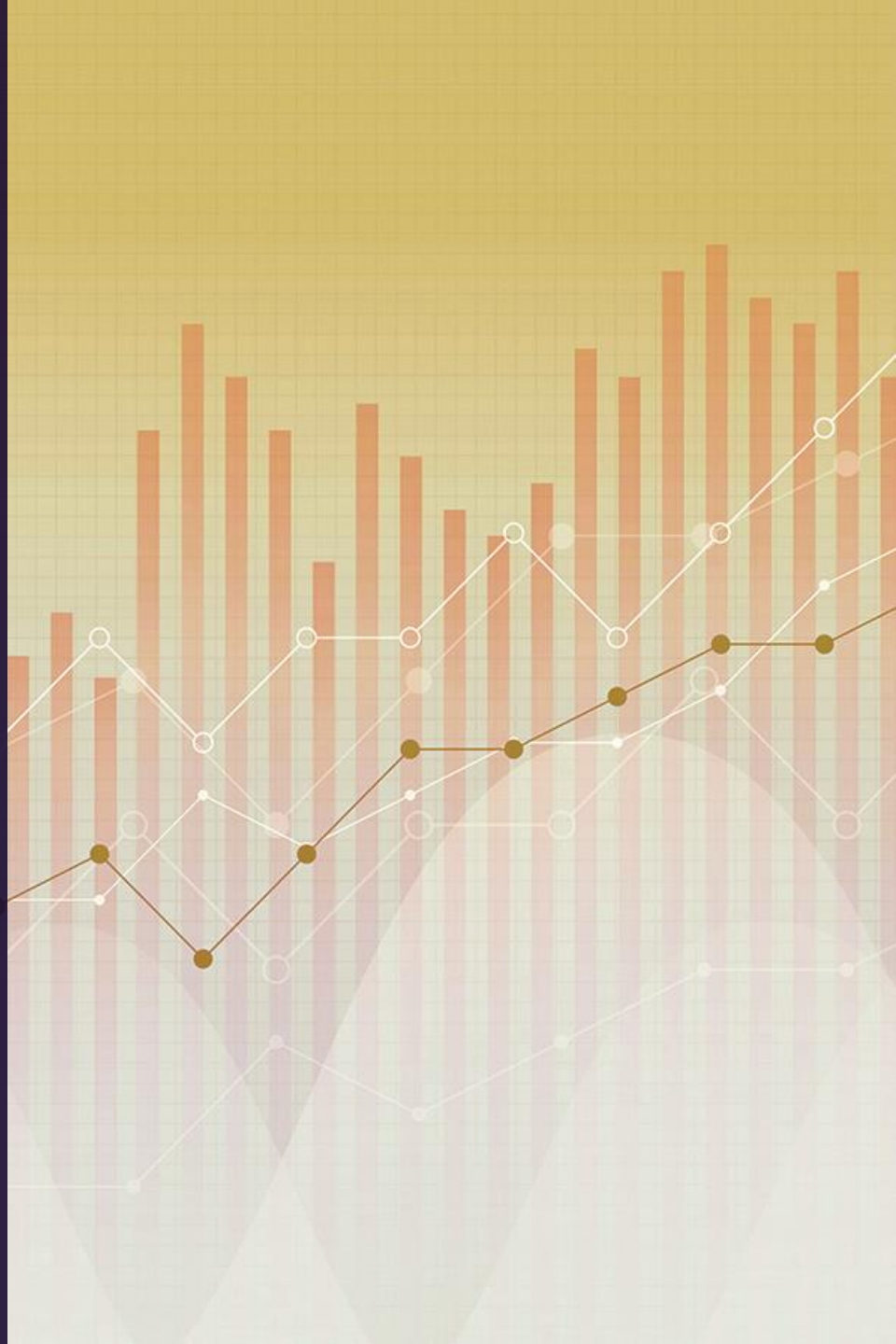
- ◆ Market Value of Stock \$10,000
- ◆ Cost Basis of Stock: \$1,000
- ◆ Long-Term Capital Gains: \$9,000

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.**

*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.*

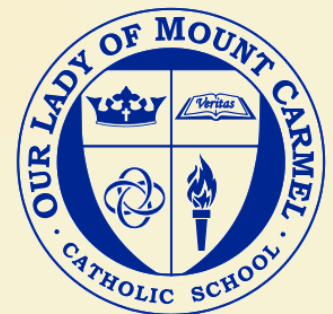
**Individual circumstances vary. Please consult your tax professional.**





# *EISTC scholarship eligibility*

**VIRGINIA'S EDUCATION IMPROVEMENT SCHOLARSHIPS TAX CREDITS**



# 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 1<sup>st</sup> 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.

**2022 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	\$54,930	\$73,240
3	\$69,090	\$92,120
4	\$83,250	\$111,000
5	\$97,410	\$129,880
6	\$111,570	\$148,760
7	\$125,730	\$167,640

# Scholarship Eligibility Pre-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.
- ✓ If eligible for Head Start, Parent or Guardian must certify in writing they were unable to enroll the child in Head Start or the Virginia Preschool Initiative.

2022 EISTC Household Income Eligibility Limits for Pre-K/Junior Kindergarten		
Persons in household	Eligible EISTC-PreK: If qualified for VPI or Head Start	ELIGIBLE EISTC-JK: NOT qualified for VPI or Head Start
	Household Income Cannot Exceed	Household Income Must Be Between
2	\$36,620	\$36,620-\$54,930
3	\$46,060	\$46,060-\$69,090
4	\$55,500	\$55,500-\$83,250
5	\$64,940	\$64,940-\$97,410
6	\$74,380	\$74,380-\$111,570
7	\$83,820	\$83,820-\$125,730

# 2022-23 EISTC Scholarship Limits

Each EISTC scholarship cannot exceed the per-pupil amount the Commonwealth of Virginia pays each public-school division. These are the divisions where most of the applicants to Our Lady of Mount Carmel Catholic School reside and the maximum EISTC scholarship each eligible student can receive.

<b>Division (where student resides)</b>	<b>Pre-K / J-K Maximum Scholarship</b>	<b>K – 12 Maximum Scholarship</b>
Newport News (city)	\$6,011	\$7,216
James City (county)	\$4,179	\$5,177
York (county)	\$5,267	\$6,143
Hampton (city)	\$6,076	\$6,970
Poquoson (city)	\$5,315	\$6,255
Isle of Wight (county)	\$5,115	\$6,279

# What Impact has EISTC had in Newport News?

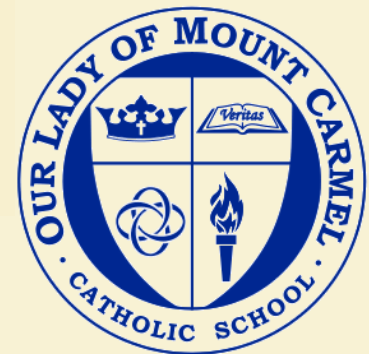
New access to an accredited private school education for lower-income families.

- ◆ Over the last five years,  
**176**  
EISTC scholarships helped students in the Newport News area to attend Our Lady of Mount Carmel Catholic School.
- ◆ Although OLMC students received  
**\$402,593**  
in EISTC scholarships over those five years, the amount needed to provide EISTC scholarships to all eligible applicants to OLMC was  
**\$1,215,636**
- ◆ If enough was donated, **more than three times** in scholarships could be available to students from families with limited incomes to attend Our Lady of Mount Carmel Catholic School.



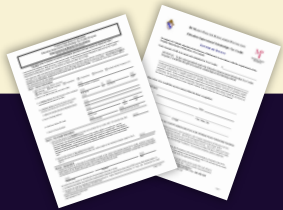
# RECAP: *How to receive EISTC tax credits for your donation*

VIRGINIA'S EDUCATION IMPROVEMENT SCHOLARSHIPS TAX CREDITS





# The process: step by step



Ask OLMC School for Preauthorization Request & Letter of Intent forms. Complete & e-mail, fax or mail to MPSF.



**RESERVED**

MPSF electronically reserves your tax credits with the Virginia DOE.



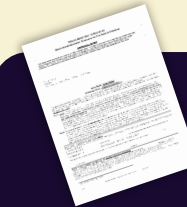
MPSF sends your DOE Approval Letter by e-mail or US Mail within 48 hours.



The DOE sends you the Tax Credit certificate.



MPSF sends the signed Approval Letter & proof of donation to DOE and sends acknowledgement letter to you & OLMC.



Sign the Approval Letter and send to MPSF along with your donation within 180 days.

# Let's get started...

## Sr. Anna Joseph, O. P.

Principal

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(757) 596-2754

sajoseph@olmc-school.com



## Joyce Schreiber

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Richmond, VA 23294

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mpsf@richmonddiocese.org



McMahon Parater  
Scholarship Foundation