

# Montana Tax Credit for Endowed Philanthropy

by Joan Hendricks



**BOYS & GIRLS CLUB**  
OF BILLINGS AND YELLOWSTONE COUNTY

**D**uring the 2003 Legislative Session, Governor Judy Martz signed into law HB 616 which restored the Montana Tax Credit for Endowed Philanthropy to its pre-Special Session 2002 status. Beginning, July 1, 2003, (currently extended to 2013) a 40% credit on qualifying contributions, up to \$10,000, is available for individuals. A credit of 20% is available for an outright gift by an estate or corporation up to a maximum of \$10,000.

A “qualifying gift” is an irrevocable *planned gift* to any qualified endowment. Unlike annual giving, planned gifts are generally used by individuals and

families to make an irrevocable commitment of a principal asset for the future benefit of charity. At the same time, the donor may retain the use of the asset during his lifetime. Planned gifts include: charitable remainder trusts, charitable lead trusts, charitable gift annuities, deferred gift annuities, life estate gifts and gifts of paid up life insurance policies.

Remember, corporations and estates may give an *outright* gift and receive a credit of 20% up to \$10,000.

Here’s an example of a qualifying gift for individuals:

*John and Grace are retired with three grown children who will be the major heirs of their estates. John and Grace are concerned about the lack of guidance that children are receiving today and want to make a generous gift to the Boys &*

*Girls Club Endowment Foundation. They have a paid-up life insurance policy on John’s life with a cash value of \$10,000 and a death benefit of \$14,000.*

*John and Grace transfer the policy to the Boys & Girls Club Endowment Foundation, restricting the use of funds for the permanent endowment. They receive a \$4,000 credit on their Montana income tax liability. In addition, they will have at least a \$10,000 deduction on their federal income taxes, which, at the 30% rate, may cut their payment to the IRS by \$3,000. This gift of \$10,000 will actually only cost \$3,000! At John’s death, our Endowment Foundation will receive \$14,000!*

For more information on planned gifts, please just ask by calling 259-KIDS or e-mailing: [info@endow-bgcbillings.org](mailto:info@endow-bgcbillings.org).