Endow Kentucky Tax Credit

The Endow Kentucky Tax Credit enables Kentucky income taxpayers (individuals and businesses) to receive a state tax credit of up to 20 percent of a charitable gift to an endowment at a qualified community foundation for the benefit of Kentucky-based nonprofit organizations. It’s a tax-smart way to provide sustained support to your favorite Kentucky nonprofits, including schools and religious institutions.

GCF endowments provide a permanent stream of funding to nonprofits – annual grants distributed in perpetuity that grow with the fund – making them a perfect vehicle for donors’ legacy gifts to favorite organizations and causes.

$1 million in tax credits are available statewide beginning July 1, 2019, and will deplete quickly. A one-page application to the Department of Revenue is required and should be submitted by July 7. Your experienced staff at the Greater Cincinnati Foundation is available to assist.

Since 2011, GCF has helped donors support Kentucky nonprofits with $4.3 million in tax-credited endowed gifts. No gift is too small.

Alliance for Catholic Urban Education
Brighton Center
Children, Inc.
Children’s Home of NKY
Covington Partners
Diocesan Catholic
Children’s Home (DCCH)
The Life Learning Center
St. Elizabeth Healthcare
St. Elizabeth Hospice
United Way, Northern Kentucky

Gifts to GCF’s Northern Kentucky Fund, which provides ongoing grants to nonprofits in NKY, are also tax-credit eligible.

Jordan and Lauren Huizenga
Covington residents who support Children, Inc. through a GCF endowment

“We love Endow Kentucky because we can make gifts that will last and have an impact on Northern Kentucky for a long time. The state tax credit to incentivize these gifts is so helpful in building support for important organizations in our community. It’s a win-win.”
Endow Kentucky Details

1. Before making a gift, the donor must file an application with the KY Department of Revenue for preliminary tax credit approval.

2. Within 30 days of the approval letter, the donor must make the gift to the GCF endowment.

3. Within 10 days of receipt, GCF will confirm the gift with the Dept., which will then issue a final approval letter to the donor.

The tax credit (up to $10,000 per taxpayer; $20,000 per married couple filing jointly) may be taken against individual income tax, corporation income tax or limited liability income tax.

The tax credit is taken off the state tax bill dollar-for-dollar, and federal and state tax deductions still apply (see chart below).

GCF is our region’s leading community foundation. Now in our 56th year, our staff has in-depth knowledge of the issues facing our community and is leading the charge to make ours a more equitable region.

Please contact Laura Menge with any questions or to make a gift.

Laura S. Menge
Philanthropic Advisor, CAP®
513-768-6170
laura.menge@gcfdn.org

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GCF Endow Kentucky Tax Savings

<table>
<thead>
<tr>
<th>37% Tax Bracket</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Qualifying Cash Donation (to GCF Endowed Fund)</td>
<td>$10,000</td>
<td>$20,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>Federal Deduction *37%</td>
<td>$(2,960)</td>
<td>$(5,920)</td>
<td>$(14,800)</td>
</tr>
<tr>
<td>State Deduction *5%</td>
<td>$(400)</td>
<td>$(800)</td>
<td>$(2,000)</td>
</tr>
<tr>
<td>Tax Credit * 20%</td>
<td>$(2,000)</td>
<td>$(4,000)</td>
<td>$(10,000)</td>
</tr>
<tr>
<td>Net Cost of Donation * (What it costs you)</td>
<td>$4,640</td>
<td>$9,280</td>
<td>$23,200</td>
</tr>
</tbody>
</table>

If stock is gifted instead of cash, additional tax savings due to tax savings on stock sale

<table>
<thead>
<tr>
<th>Stock Gift--Capital Gains Avoided** (20% + 3.8% NII + 5% KY)</th>
<th>$1,400</th>
<th>$2,880</th>
<th>$7,200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cost of Donation if contribution is appreciated stock</td>
<td>$3,200</td>
<td>$6,400</td>
<td>$16,000</td>
</tr>
</tbody>
</table>

*assuming taxpayer is in the highest tax bracket and subject to Net Investment Tax

**capital gains calculated on assumption of 100% appreciation of stock owned for more than 1 year