

## An exciting opportunity awaits you as a result of the Michigan Income Tax legislation.

Taxpayers who provide a contribution to one of the Berrien Community Foundation's endowment funds will find that their gift can be worth almost three times its actual out-of-pocket cost! This astonishing benefit comes to the citizens of Michigan by virtue of Michigan's Tax Credit for Community Foundations.

The law permits a taxpayer to reduce Michigan Income Tax or Michigan Business Income Tax liability by a credit of 50% of the amount contributed to a community foundation, subject to a maximum credit of:

- a. \$100 for an individual filing singly (based on a \$200 contribution)
- b. \$200 for a married couple filing jointly (for a \$400 contribution)
- c. \$5,000 or 10% of tax liability before claiming any credits, whichever is less, for a resident estate or trust (for a \$10,000 contribution)
- d. \$5,000 or 5% of tax liability before claiming any credits, whichever is less, for taxpayers filing Michigan Business Tax returns (for a \$10,000 contribution)

## About the Foundation

The Berrien Community Foundation was established in 1952 as an innovative means by which concerned citizens could put charitable dollars to work for the benefit of Berrien County residents. The Foundation is a union of numerous gifts, bequests, and other contributions that form permanent endowments. The income of these endowments is used to make grants to charitable agencies and institutions serving the residents of Berrien County.

For over fifty five years, the philanthropic dollars committed to the Foundation have touched every community in Berrien County. The Foundation offers a wide variety of charitable giving opportunities to help concerned individuals invest in the future of our area. Donors can shape gift agreements to meet both their financial objectives and charitable aspirations.

*The Berrien Community Foundation has the privilege of being the community's "centerpiece" for permanent endowments.*



**Berrien**  
community foundation<sup>SM</sup>

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## MICHIGAN COMMUNITY FOUNDATION TAX CREDIT

*A guide to special tax advantages for individuals and corporations.*



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For **good**. For **ever**.<sup>SM</sup>

## HOW THE COMMUNITY FOUNDATION TAX CREDIT WORKS

### THE INDIVIDUAL DONOR

*How you can give a \$200 gift  
for only \$75*

The actual cost of a \$200 gift to a Berrien Community Foundation endowment fund could be as little as \$75. The savings from federal taxes would amount to \$25 for those who itemize. The savings from state taxes would be \$100 (half the gift). Total tax savings would be \$125, leaving an actual cost to the donor of \$75.

### THE MARRIED COUPLE

*How you can give a \$400 gift  
for only \$150*

The actual cost of a \$400 gift to a Berrien Community Foundation endowment fund could be as little as \$150. The savings from federal taxes would amount to \$50 for those who itemize. The savings from state taxes would be \$200 (half the gift). Total tax savings could be \$250, leaving an actual cost of \$150 to the donor.

### COMPANIES

*How you can give a \$10,000 gift  
for only \$3,300*

The actual cost of a \$10,000 gift to a Berrien Community Foundation endowment fund could be as little as \$3,300. The savings from federal taxes would amount to \$1,700. The savings from state taxes would be \$5,000 (half the gift). Total tax savings could be \$6,700, leaving an actual cost of \$3,300 to the corporation.

The impact of the Tax Credit is almost too good to be legal! Here are three examples of how the Tax Credit works to reduce your taxes:

#### THE INDIVIDUAL DONOR

Your Gift . . . . .	\$200.00
IRS (Federal) Savings . . . . .	(25.00)
50% Tax Credit . . . . .	<u>(100.00)</u>
Your Out-of-pocket Cost* =	\$75.00

*\* Assuming a Federal Marginal Income Tax Rate of 25%*

#### MARRIED COUPLE:

Your Gift . . . . .	\$400.00
IRS (Federal) Savings . . . . .	(50.00)
50% Tax Credit . . . . .	<u>(200.00)</u>
Your Out-of-pocket Cost* =	\$150.00

*\* Assuming a Federal Marginal Income Tax Rate of 25%*

#### BUSINESS/CORPORATE:

Your Gift . . . . .	\$10,000.00
IRS (Federal) Savings . . . . .	(1,700.00)
50% Tax Credit . . . . .	<u>(5,000.00)</u>
Your Out-of-pocket Cost* =	\$3,300.00

*\* Assume a projected MI Income Tax liability of \$100,000 and a Federal Marginal Income Tax rate of 34%*

Note: This information is used for explanation only. Your personal tax advisor can assist you with Tax Credit arrangements. Your gift to the Berrien Community Foundation will be promptly acknowledged with a confirmation which includes indication of tax credit eligibility to be used in the preparation of your State of Michigan Income Tax Return.

Please visit [www.berriencommunity.org](http://www.berriencommunity.org) for a complete list of funds that are eligible for the Michigan Community Foundation Tax Credit.  
You may also call or email  
Nanette Keiser, Ed.D., President  
269-983-3486, [NanetteKeiser@BerrienCommunity.org](mailto:NanetteKeiser@BerrienCommunity.org)

## ENDOWMENTS OPEN THE DOOR TO OPPORTUNITIES

*Two powerful economic developments*—the end of unrestrained government spending and the unprecedented expansion of philanthropic resources—are poised to make philanthropy the most dynamic growth sector in American life. In Berrien County alone, it's estimated that \$4 billion will transfer from one generation to another over the next few years.

*As the only non-profit serving all of Berrien County with a mission to foster, encourage, and support the growth of permanent endowments*, the Berrien Community Foundation is uniquely positioned to "touch the future" of our communities. We accomplish our goals by working with a broad cross-section of individual donors, businesses and charitable organizations.

The challenge for us now... is to encourage, cultivate and activate the charitable impulse so that the transfer of wealth is accompanied by a commitment to give to the community endowments in order to support the work of many charities today and throughout the 21<sup>st</sup> Century.



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