

# Montana Endowment Tax Credit

## A Substantial Benefit for Allies in Aging and You

The Montana Endowment Tax Credit is one of the most effective ways for individuals and businesses to support Montana nonprofits—like Allies in Aging—while saving on state income taxes. When you make a qualifying gift to the permanent charitable endowment held on behalf of Allies in Aging, you may receive a dollar-for-dollar credit on your Montana income tax. The credit is 40% for most planned gifts and 20% for direct gifts made by businesses, up to a \$15,000 annual cap per individual donor. It is widely considered one of the most generous charitable tax incentives in the country.

To qualify, the gift must be made to a permanent endowment—an investment fund that preserves the original principal and uses only its earnings to support services the mission of the non-profit it benefits. Individuals often utilize planned giving tools such as charitable gift annuities or charitable trusts, while businesses typically contribute directly to an endowment. For example, a \$1,000 planned gift may generate a \$400 Montana tax credit, reducing the donor's state income tax liability in the year the gift is made.

Montana residents, part-year residents, businesses, estates, and trusts are all eligible to use this credit. It is especially valuable for donors engaged in retirement or estate planning, and for businesses wishing to support a nonprofit while reducing tax obligations. Since its inception, this tax credit has helped generate more than \$130 million in endowment gifts—strengthening Montana communities for generations.

### Deferred Gift Annuity (DGA)

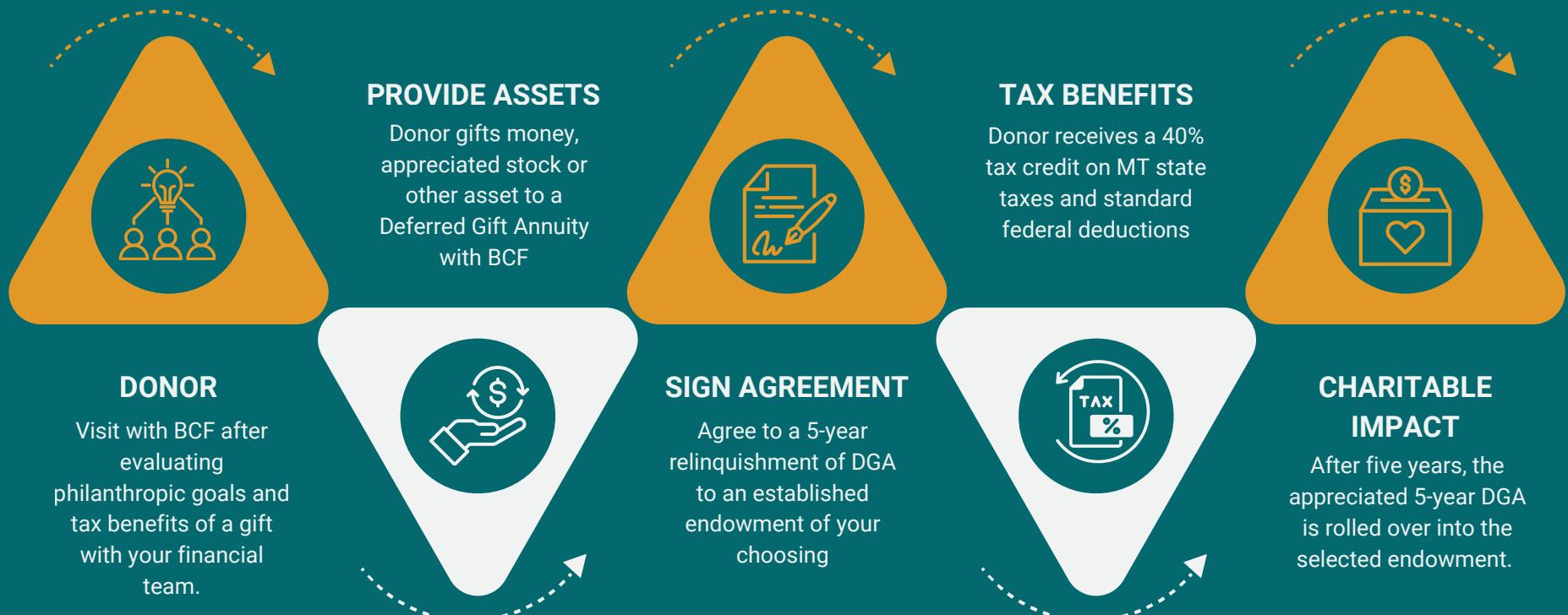
At Allies in Aging, we use Billings Community Foundation (BCF) to process all Montana Endowment Tax Credit gifts, including those made through a Deferred Gift Annuity. A DGA allows you to maximize the impact of your contribution while benefiting from the Endowment Tax Credit. Your DGA gift qualifies for the credit, and after five years, the funds roll directly into the endowment you designate—supporting Allies in Aging or multiple beneficiaries of your choosing.

Many donors use a DGA as part of their annual tax planning, combining meaningful community investment with strategic financial benefits.

**To learn more or to start the process contact Allies in Aging  
Development Team at (406)294-1588 or  
[development@alliesinaging.org](mailto:development@alliesinaging.org)**

# MONTANA ENDOWMENT TAX CREDIT PROCESS

The Montana Endowment Tax Credit allows donors to reduce their Montana state income taxes when they give a qualifying planned gift benefitting a qualified Montana charitable endowment like any of the over 80 endowments held by the Billings Community Foundation.



# MONTANA ENDOWMENT TAX CREDIT DEFINITIONS



## Deferred Gift Annuity

an irrevocable gift of cash or securities to a charity, receiving fixed payments for life that start on a future date you choose



## Endowment

a type of charitable investment fund where the principal is kept intact, and only the investment income is used to support a charitable cause



## Community Foundation

A philanthropic financial institutions to connect donors with causes they care about.



## Charitable Institution

Usually a nonprofit organization established to benefit society or a specific community by providing services for the public good



## Tax Credit

is an amount that taxpayers can subtract directly from the taxes they owe, reducing their total tax bill



## Tax Deduction

an expense that a taxpayer can subtract from their gross income to reduce the amount of income that is subject to tax



## Required Minimum Distribution

a legally mandated withdrawal from pre-tax retirement accounts each year beginning at age 73, to prevent indefinitely deferring taxes on that money.



## Qualified Charitable Distribution

a tax-efficient way for individuals 70½ or older to donate to charity from their IRA

# MONTANA ENDOWMENT TAX CREDIT EXAMPLE

The example below is based on a 37% federal tax bracket and would have adjusted numbers based on Deferred Gift Annuity calculations.

