

# Tax Credits to Support Early Childhood Education



Do you like...

- Supporting equitable access to creative arts education?
- Saving money on your taxes?

Then the **Educational Improvement Tax Credit (EITC) program** might be right for you!

## What is the Educational Improvement Tax Credit (EITC) program?

Through the EITC-Special Purpose Entity program, individuals who owe Pennsylvania State taxes can join a limited partnership established specifically to provide scholarships to eligible schools. Participating in this partnership triggers a 90% PA income tax credit — a terrific way to fund arts education at Settlement while simultaneously reducing your tax burden. **IT'S A WIN-WIN!**

## Who benefits?

**CHILDREN IN NEED:** When you participate in an eligible Special Purpose Entity (SPE) in support of Settlement, your gift supports the **Kaleidoscope Preschool Arts Enrichment Program**, our award-winning arts-integrated preschool.

- Kaleidoscope is a **nationally renowned**, full-day program that serves 113 students from low-income communities.
- 88% of our students are eligible for Head Start, qualifying them for **free tuition**.
- Our scholarly research has proven that our **arts-integrated curriculum prepares children more effectively for kindergarten** than peer programs without arts-based curricula.
- Financial aid needs are high: **we require more than \$500,000 annually** from individual, corporate, and foundation support to ensure our families have access to this extraordinary program.



**YOU:** When you give through EITC, you **dramatically decrease your tax bill**. Exactly how much you save depends on your individual situation. Remember, however, that *a tax credit is always better than a tax deduction*.

*See other side for sample savings & how to participate!*

### Example savings on a \$10,000 gift\*

	With no tax credit	With 90% tax credit
Charitable amount	\$10,000	\$10,000
PA tax credit	—	\$9,000
Federal deduction	\$10,000	\$1,000
Federal tax rate	35%	35%
Federal tax savings	\$3,500	\$350
<b>Total “cost”</b>	<b>\$6,500</b>	<b>\$650</b>

\*Gifts can range from a minimum of \$3,500 to more than \$50,000.

## How do I participate?

An individual who wishes to take advantage of this tax credit program may become a member of the Limited Liability Company (LLC) listed below. This SPE is the only vehicle available for individuals (or companies who do not have direct tax credit approval) to realize tax credits in return for scholarship donations.

To join, an individual or company **must make a two-year commitment to fund the LLC with at least the minimum donation.** The LLC will then receive tax credits equal to 90% of the donation amount.

### CENTRAL PA SCHOLARSHIP FUND (CPSF)

- You must earn a minimum of \$115,000 in State taxable income, either individually or together if Married Filed Jointly.
- For either individuals or couples who are Married Filed Jointly, at least one participant must work for a business, own a business, or own stock in a Pennsylvania-based company.
- The minimum contribution is **\$3,500** in each of two consecutive years.

**Our participants take advantage of \$500,000 in credits every year... but we can offer an additional \$150,000 more! Please take advantage of this wonderful opportunity.**

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## What's the catch?

There really isn't one! But there are a couple of things to keep in mind:

- If your State taxes are withheld throughout the year, you have to wait for the refund from the State.
- Joining is a **two-year commitment** — but **this is flexible!**

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## How do I sign up?

To learn more about giving through EITC, please contact Chief Advancement Officer Amelia Schmertz at [amelia.schmertz@settlementmusic.org](mailto:amelia.schmertz@settlementmusic.org) or **215-320-2682**. ***Please consult your tax adviser to make sure this offer is right for you.***