



As an individual you can become a member of the LLC and take advantage of this awesome tax credit opportunity if you have a PA tax liability and earn more than \$200K (\$300K jointly) or have a net worth (excluding liabilities and your primary residence) greater than \$1M (this makes you a “qualified investor”) and own at least one (1) share of a company incorporated in PA (a “Pennsylvania business firm” can be any publically traded company incorporated in Pennsylvania, e.g., Comcast).

If you don’t qualify because you aren’t invested in a company incorporated in PA, all you need to do to qualify is buy one (1) share of such a company! Not difficult at all.

The following example is for illustrative purposes only. We encourage donors to review this opportunity with a financial advisor and/or legal professional.

For each \$10,000 of contribution made to the Friends Education Equity Collaborative LLC (LLC), using the 2017 tax year as the example year:

- The contributor remits \$10,000 to the LLC in 2017
- The contributor can reduce his or her Pennsylvania (PA) tax liability by 90% of the gift, \$9000 in this example
 - When filing his or her 2017 federal return, the contributor claims a \$1000 (\$10,000 remitted to the LLC less \$9000 PA tax liability reduction) cash charitable contribution on Schedule A
- Assuming a marginal federal tax rate of 28% (2017 estimated marginal rate for taxable income between \$91,900 and \$191,650), the after tax impact of the \$1000 claimed is \$720 ($\$1000 - \$1000 \times 28\%$)
 - When filing his or her 2017 PA return, the contributor claims the \$10,000 gift to the LLC

- PA taxes due are reduced by 90% of the \$10,000 gift, or \$9000
 - Cash timing - The contributor will be out the \$10,000 remitted to the LLC until he or she files their 2017 taxes unless:
- The contributor adjusts his or her Federal and PA withholdings after incorporating the impact of the \$10,000 gift in their estimated tax liability, or
- The contributor adjusts his or her Federal and PA quarterly estimated tax payments to incorporate the impact of the \$10,000 gift in their estimated tax liability, or
- Some combination of withholding and quarterly payments adjustments as discussed immediately above

Recap

\$10,000	2017 contribution to LLC
(\$9000)	reduction in PA 2017 tax liability
<u>—(\$280)</u>	reduction in Federal 2017 tax liability after claiming \$100 charitable gift deduction on 2017 Federal Schedule A (assuming 28% marginal tax rate)
\$720	Net out-of pocket LLC gift cash impact

The LLC expects minimum gifts of \$3,000 per individual. *There is a mandatory two-year commitment.*

The collaborative identified the following two people as points of contact to answer questions.

Jeff Markovitz: cell: 267-872-9721 email: jeffm@pmfs1780.org

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During the 2016-2017 academic year, 10 small Friends schools each benefited \$80,000 from The Friends Collaborative scholarship grants.

If you are eligible, please join me in exploring this opportunity. The out-of-pocket cost to contributors is about 7 cents on every dollar of scholarship!