



**Indiana Tax Credit Scholarships
a.k.a. “SGO Scholarships”
Frequently Asked Questions**



1. What is an Indiana Tax Credit Scholarship?

Tax Credit Scholarships, better known as “SGO Scholarships”, are scholarships awarded by Scholarship Granting Organizations to low- and middle-income families to help them afford the non-public school of their choice. SGOs were enacted in 2009, and have been expanded in subsequent years as a key component of the Indiana School Choice effort. Donations to fund SGO scholarships feature a 50% state tax credit for the donor.

2. Are SGOs and Vouchers the same thing?

No. The official name for a Voucher is a “School Choice Scholarship” and the similarity in names is a cause for confusion. One key difference between SGOs and Vouchers is that SGO Scholarships are funded by charitable donations, while Vouchers are funded by state tax distributions. The Vouchers provide scholarships to eligible students by utilizing a portion of the state funds allocated for that child to follow them to the non-public school of their choice, and family income must fall below 150% of the Federal free and reduced lunch maximums. In contrast, SGO Scholarships are not funded by the state, but instead by charitable donations. Family income must also fall below 200% of the Federal free and reduced lunch levels for SGO Scholarships.

3. What is The Lutheran Scholarship Granting Organization of Indiana?

There are five SGO organizations in Indiana. The Lutheran Scholarship Granting Organization of Indiana, Inc. (“Lutheran SGO”) is a separately incorporated, 501(c)3 charitable organization, created to provide SGO scholarships specifically for non-public schools in Indiana. Each participating school has its own sub-account. There is also a general fund for donors wanting to benefit any student in need of an SGO scholarship.

4. What is the Tax Credit that is available to SGO donors?

Donors are eligible to take advantage of a 50% credit against their state tax liability for these contributions.

5. What is the difference between a Tax Deduction and a Tax Credit?

Unlike a tax deduction, where your charitable donation can be removed from your taxable income, a credit can directly reduce your tax liability “off the bottom line”.

6. What about the federal tax deduction?

Your gift to our SGO is also tax-deductible to the full extent of the federal charitable tax laws. The Lutheran SGO is a 501(c)3 charity.

7. Who can donate to The Lutheran SGO?

Anyone can support SGO scholarships! However, to receive the Tax Credit you must pay or owe Indiana state taxes. Donations can come from corporations, partnerships, LLCs, PCs, the self-employed, or individual taxpayers.



8. What Can I donate to The Lutheran SGO?

Support for SGO scholarships can come from many of the same sources as any gift to charity, including the following:

- Checks
- Credit and Debit cards
- Marketable securities, including stocks and bonds
- Real estate
- Farming commodities
- Just about any item where a value can be readily determined. Contact The Lutheran SGO to discuss your options.

9. How do I donate to your SGO?

Making a donation to our SGO is a simple process. You will need to direct your donation to “The Lutheran Scholarship Granting Organization of Indiana”, not your school or your church if you want the tax credit. You will also need to complete a Donation Form to ensure you have submitted the needed information, including your name and address. Below are some giving options:

- Contact your local school principal or enrollment manager for everything you need
- Contact Jon Dize at The Lutheran SGO, and he can walk you through the process: (260) 203-4509 or info@LutheranSGO.org
- Visit our website at www.LutheranSGO.org. Navigate to the “Forms” tab. You can download the Donation Form, print, and send with your donation to The Lutheran Scholarship Granting Organization of Indiana, 1601 St. Joe River Drive, Fort Wayne, IN 46805.
- You can also make an online credit/debit donation at our website.

10. After I make a donation how do I know that I received the Tax Credit?

After your gift is received and deposited, staff at The Lutheran SGO will submit the needed information to the Indiana Department of Revenue (“DOR”). The DOR will then provide us with the credit certificate number for your donation, and we will send you the code with your official thank you letter for your tax records. The entire process from donation to letter should be less than two weeks. You may also contact us at any time to check on your donation status.

11. Is there a cap or limit to how much I can donate?

There is an \$8.5 million per-fiscal-year cap on available state tax credits for up to \$17 million in donations statewide. There are no limits on the size of contributions eligible per entity or individual; you or your business could donate \$5 or \$5,000,000, depending on the remaining tax credits available statewide. Think of the process as a “first donations in, first tax credits awarded” process.

12. Is there a limit to the amount of Tax Credit I could receive?

You can reduce or eliminate up to the full amount you have paid or will owe the state. If already paid, you can receive a refund up to what you have already paid. Should you be due more credit than you can use, you may rollover the remaining credits for an additional nine years. Additionally, if you pay quarterly estimated taxes, you could couple an SGO donation with a reduced quarterly payment to the state. **Please consult your own tax advisers for your own, unique situation.**

13. When can I make an SGO donation?

You can make a donation at any time during the year. All donations must be made by December 31 to be eligible for the Tax Credit for that tax year; gifts after December 31 would be eligible for the Tax Credit in the following tax year.

14. What is an example of the possible total benefits for my gift to your SGO?

For example, a donation of \$10,000 to our SGO for an SGO scholarship could result in the following benefits for a donor in a 25% tax bracket:

- \$5,000 tax credit from your Indiana state tax due
- \$2,500 deduction from your federal tax due
- Knowing that you made possible scholarships for students to receive a Christ-centered education!

15. Can I direct my gift to a specific school?

Donors can designate their donation to any Indiana non-public school that has partnered with The Lutheran SGO. There is also a General Fund option to benefit any student in need.

16. What schools participate in the Lutheran SGO?

The list of participating schools continues to grow. Contact us for the current list, or contact your local school and ask if they have partnered with The Lutheran SGO.

17. What is the size of the SGO Scholarship?

The minimum SGO scholarship is \$500, and the maximum scholarship could be as high as the individual school’s full tuition and fees.

18. Can I direct my gift to a specific student?

Donors cannot receive any charitable tax incentives if they designate their SGO gifts to benefit a specific student.

19. Does a participating school have to accept Vouchers to accept SGO Scholarships?

No, the Voucher and SGO programs are separate efforts and have separate guidelines.

20. Does a student have to receive an SGO scholarship every year to remain eligible to receive future SGO scholarships or to receive a voucher?

No, as long as a student has received an SGO in the past, he or she is eligible to receive an SGO, or voucher, in the future as long as the other program requirements are met.

21. Is the SGO Scholarship Tax Credit the same as the \$1,000 Deduction I have heard about?

The SGO tax credit is a separate program from the \$1,000 tax deduction. As part of the Indiana School Choice package, Indiana also established a \$1,000 tax deduction for families. The deduction is equal to \$1,000 per dependent child for whom unreimbursed education expenditures, including any expenditure made in connection with enrollment, attendance, or participation of the taxpayer's dependent child in a non-public elementary or high school education program (including home school programs). Costs can include tuition, fees, computer software, textbooks, workbooks, curricula, school supplies (other than personal computers), and other written materials used primarily for academic instruction or for academic tutoring. The deduction applies to taxable years beginning in 2011 and thereafter.

22. Are SGO scholarships just for new students or Kindergartners?

Any student at your school can receive an SGO scholarship as long as they meet the program guidelines.

23. Are SGOs only for the lower grades?

No. SGO Scholarships are available for students entering Kindergarten through grade 12.

24. Will the State legislature revoke the SGO Tax Credit?

While we do not have control over legislative priorities, The Lutheran Schools Partnership is an active member of the Indiana Non-Public Education Association, and both organizations will continue their advocacy for school choice initiatives.

For more information, please contact the Lutheran SGO at (260) 203-4509 or info@LutheranSGO.org

