



FREQUENTLY ASKED QUESTIONS

Making the dream of a Christian education a reality for families through scholarships!

1. What is an Indiana Tax Credit Scholarship?

Tax Credit Scholarships, better known as “SGO Scholarships”, are scholarships awarded by Scholarship Granting Organizations (SGOs) to families attending non-public schools 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 through Indiana state tax dollars. Vouchers provide scholarships to eligible students by utilizing a portion of the state funds allocated for that child which follows them to the non-public school of their choice. In contrast, SGO scholarships are not funded by the state, but instead by charitable donations from individuals and businesses.

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

There are five SGOs in Indiana authorized to administer the Tax Credit Scholarship program. Each non-public school chooses the SGO that donors will use to facilitate gifts. The Lutheran Scholarship Granting Organization of Indiana (Lutheran SGO) is a separately incorporated, 501(c)3 charitable organization, created to provide SGO scholarships specifically for students attending non-public schools in Indiana that choose to work with the Lutheran SGO. Each participating school has its own sub-account. There is also a General Fund for donors wanting to benefit any students needing financial aid regardless of the school they attend.

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

Donors are eligible to receive a 50% **state** tax credit in an amount not to exceed their **state** tax liability for a given year. Unused **state** tax credits can roll over for up to nine years. Please note that the 50% **state** tax credit is only available to reduce or eliminate **state** taxes owed, not federal taxes owed.

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

A tax deduction reduces **what is taxed**. A deduction is an “above the line” number. A tax credit reduces **what is owed**. A tax credit is a “below the line” number. Both are important, but tax credits are more valuable.

6. Are SGO donations eligible for a Federal Tax Deduction?

SGO donations are also tax-deductible to the full extent of the federal charitable tax laws because SGOs are 501(c)3 charities. If you receive the 50% state tax credit for your Lutheran SGO gift, you may be able to apply the remaining 50% of the gift as a charitable contribution on your federal taxes, but only if you itemize your federal deductions. Please note that most Americans do not itemize their federal deductions because the federal standard deduction is so high.

7. Who can donate to an SGO?

Anyone can support SGO scholarships! However, to receive the state tax credit, donors must have Indiana state tax liability. Donations can come from individuals, corporations, LLCs, the self-employed, etc. Essentially, any “thing” that pays Indiana state taxes may donate to an SGO and receive the 50% state tax credit.

8. How do I give a donation to the Lutheran SGO?

Donating is simple and there is plenty of support to help you complete the process.

- Direct your donation to “The Lutheran SGO,” **not** the school or church.
- Donations can be given through:
 - Checks
 - Credit and Debit Cards
 - Appreciated Securities (stocks & mutual funds)
 - PayPal
 - IRAs (Qualified Charitable Distribution to fulfill Required Minimum Distribution)
 - Donor Advised Funds
 - Farming and Livestock Commodities (“Gifts of Grain and Livestock”)
- Complete a Donation Form and mail it along with your gift to the Lutheran SGO, making sure to indicate the school that you would like to support.
The Lutheran SGO of Indiana
P.O. Box 5174
Fort Wayne, IN 46895
- Make an online donation.
 - Visit www.LutheranSGO.org.
 - Click on the “For Donors” tab and follow the prompts or navigate to the “Donate to Fund School Scholarships Today” button and follow the prompts.
- If a third party is sending a check (IRAs, Donor Advised Funds, Appreciated Securities, etc.) make sure to complete a Donation Form and then mail it to the Lutheran SGO or complete it online. This is needed to secure your State Tax Credit.

For additional support:

- Contact your local school principal or enrollment manager.
- Contact our Lutheran SGO staff. We are all happy to help you complete your donation. Our staff can be reached at (260) 203-4509 or donations@LutheranSGO.org.

9. After I give a donation to the Lutheran SGO, how do I know that I received the State Tax Credit?

After your gift is received and deposited, Lutheran SGO staff will submit the needed information to the Indiana Department of Revenue (DOR). The DOR will then provide our staff with the Tax Credit Certificate Number (TCCN) for your donation. After the TCCN has been received, our staff will send you the TCCN and your official thank you communication for your tax records. The entire process from donation to TCCN communication should take less than ten business days. You may also contact our staff at any time to check on your donation status.

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

For the 2023-2024 Fiscal Year, there is an \$18.5 million cap on available state tax credits for up to \$37 million in donations. (The state SGO fiscal year begins on July 1 and ends on June 30.) There are no limits on the size of contributions eligible for companies or individuals. An individual or business could donate \$5 or \$5,000,000. State tax credits will be awarded on a “first donations in, first tax credits awarded” basis. On July 1 state tax credits are replenished.

11. Is there a limit to the amount of State Tax Credit I can receive?

You can reduce or eliminate up to the full amount you have paid or will owe the state in any given tax year. If already paid, you can receive a refund up to what you have already paid in state taxes. Should you be due more credit than you can use for the tax year, you may rollover the remaining credits for up to an additional nine years. Additionally, if you pay quarterly estimated taxes, you could couple an SGO donation with a reduced or eliminated quarterly payment to the state. Please consult your financial advisers for your own, unique situation. Lutheran SGO staff are not professional financial advisors and cannot provide specific tax or financial advice.

12. When can I donate to the Lutheran SGO?

You can donate to the Lutheran SGO at any time during the year. All donations must be given by December 31 to be eligible for the state tax credit to be applied for that particular calendar tax year. Lutheran SGO donations given after December 31 would be eligible for the state tax credits to be applied the following calendar tax year. If you give a Lutheran SGO gift in December and another Lutheran SGO gift in January, you will receive state tax credits for two calendar tax years. However, these state tax credits would be pulled from state tax credits available for the same SGO fiscal year, which begins on July 1 and ends on June 30.

13. What happens if SGO credits run out?

If the state has distributed all available credits in a given fiscal year your gift would need to be postponed until the next fiscal year when the SGO state tax credits are replenished. Therefore, we encourage Lutheran SGO gifts to be given by late winter or early spring to ensure that there are enough state tax credits available for your gift. If you have already made a gift when the credits run out, we will return your gift and encourage you to submit your gift again on or after the next fiscal year. You can always contact us for the credit limit status or visit our website at www.LutheranSGO.org and navigate to the link for the current SGO credits available.

14. How often can I donate?

You can donate one time, every quarter, set up an automatic recurrent monthly gift, or set up an ACH auto pay every paycheck. The number of times you donate to the Lutheran SGO is completely up to you! You will receive a separate SGO Tax Credit Certification Number (TCCN) for each individual donation.

15. What are the possible total financial benefits for my Lutheran SGO gift?

Let's say that you gave \$2,000 to the Lutheran SGO and received your 50% state tax credit, which would be \$1,000. The remaining \$1,000 of your gift can be claimed as a charitable contribution on your federal taxes, which could lower your out-of-pocket cost for the gift even more. The chart below illustrates this point as it relates to four sample Federal Tax Brackets.

| \$2,000 Donation | FEDERAL TAX BRACKETS | | | |
|-----------------------|----------------------|---------|---------|---------|
| | 12% | 24% | 32% | 37% |
| Indiana Tax Savings | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| Federal Tax Savings | \$120 | \$240 | \$320 | \$370 |
| Total Tax Savings | \$1,120 | \$1,240 | \$1,320 | \$1,370 |
| True Cost of Donation | \$880 | \$760 | \$670 | \$630 |

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

Yes. 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 that benefits any student attending one of the schools in our family of schools. You can also split your gift to more than one school. Feel free to contact us or visit our website at www.LutheranSGO.org and select the "About" tab to see the current list of schools that are connected to our Lutheran SGO.

17. What is the size of a Lutheran SGO scholarship that a student could receive?

As a general rule, the Lutheran SGO scholarship minimum is \$500. The maximum scholarship could be as high as each individual school's full tuition and fees. Schools maintain their own financial aid guidelines to determine how much of a Lutheran SGO scholarship can be awarded to each student.

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

No. Donors cannot give an SGO donation and direct those funds toward a specific student. Donors can, however, direct their SGO donations to specific schools.

19. Do Lutheran SGO participating schools have to accept School Choice Vouchers?

No. The Voucher and SGO programs are separate facets of School Choice and have separate guidelines.

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

No. The SGO Scholarship State Tax Credit is a separate program from the \$1,000 tax deduction available for students attending non-public schools. 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.

21. What are student eligibility requirements to receive an SGO scholarship?

Students may receive an SGO scholarship by meeting the following criteria:

- The student must live in Indiana.
- The family must meet School Choice Income Eligibility guidelines, which are capped at 400% of the Federal Free and Reduced Hot Lunch Scale.
- SGO scholarships are available for students entering 4 year old preschool programs through 12th grade.
 - The student must be 5 years old by October 1 if attending a school that has any grade levels between kindergarten and 12th grade.
 - 4 year old students attending a preschool that is connected to a school that offers at least kindergarten are also eligible to receive SGO scholarships. These students must be 4 years old by October 1.

22. Will the Indiana State Legislature revoke the SGO State Tax Credit?

While we do not have control over legislative priorities, there are no indications that the SGO State Tax Credit program will be revoked. We are blessed to have several advocacy groups, such as the Indiana Non-public Education Association (INPEA) and the Institute for Quality Education (IQE), fighting on our behalf to maintain and even expand our educational freedoms in Indiana.

23. Why should I support the Lutheran SGO?

The benefits of supporting the Lutheran SGO truly provide multiple win-win scenarios. Lutheran SGO scholarships:

- Increase funding for schools.
- Reduce the financial support required from churches.
- Reduce parent out-of-pocket tuition costs.
- Provide 50% state tax credits for donors.
- Most importantly, make it possible for children to hear about Jesus every day!

24. Who is on the Lutheran SGO staff and how do I contact them?

The Lutheran SGO is staffed with one full-time executive director and two part-time administrative assistants. We are ready to assist you in whatever way we can!

- Scott Schumacher – Executive Director Phone: (812) 344-4724 | Email: scott@lutheransgo.org
- Rebecca Mayes – Donation Specialist Phone: (812) 203-4509 | Email: rebecca@lutheransgo.org
- Rick Hunt – Scholarship Specialist Phone: (812) 203-4509 | Email: rick@lutheransgo.org

OUR MISSION

The Lutheran SGO exists to partner with schools in raising funds from individuals and businesses and distributing scholarship funds to all eligible students attending Lutheran and other Christian schools in states served by the Lutheran SGO.

DISCLAIMER

The answers to these questions were updated on April 2, 2024, and are applicable for the 2023/2024 school year. Lutheran SGO staff are not professional financial advisors and cannot provide specific tax or financial advice.