



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 families to attend 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. 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 SGO organizations in Indiana authorized to administer the SGO program. Each non-public school chooses the SGO organization that donors will use to facilitate gifts. 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 that choose to work with us. Each participating school has its own sub-account. There is also a General Fund for donors wanting to benefit any student in need regardless of the school.

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?

A tax deduction is when your charitable donation can be removed from your taxable income so that you pay less in taxes (“above the line”). A tax credit can directly reduce how much you owe in taxes (“below the line”).

6. What about the federal tax deduction?

Your gift to The Lutheran SGO is also tax-deductible to the full extent of the federal charitable tax laws because The Lutheran SGO is a 501(c)3 charity. Currently, if you receive the 50% state tax credit for your gift, you may be able to apply the remaining 50% of the gift as a federal tax deduction if you itemize on your federal taxes.

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 individuals, corporations, LLCs, the self-employed, etc. Basically, any “thing” that pays Indiana state taxes.

8. How can I donate to the Lutheran SGO?

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

- Checks
- Credit and Debit cards
- Marketable securities (stocks & mutual funds)
- PayPal
- IRAs/Qualified Retirement Plans, via the QCD Charitable Rollover
- Donor Advised Funds
- Farming and Livestock commodities (“Gifts of Grain and Livestock”)
- Cryptocurrency
- Just about any item where a value can be readily determined may be eligible for giving. Contact us to discuss your options.



9. How do I donate to the Lutheran SGO?

Making a donation is a simple process. You will need to direct your donation to “The Lutheran SGO”, not the school or church. You will also need to complete a Donation Form (online or via mail) to ensure you have submitted the needed information, including your name, address, and the school(s) to support. Below are some options:

- Contact your local school principal or enrollment manager for a form.
- Contact staff at the Lutheran SGO, and they can walk you through the process: (260) 203-4509 or donations@LutheranSGO.org
- Visit our website at www.LutheranSGO.org. Navigate to the “Donate” page to donate online, or navigate to the “For Donors” tab where you can download the

Donation Form, print, and send or email with your donation to The Lutheran SGO, PO Box 5174, Fort Wayne, IN 46895. You can also use a bank card online or Paypal. If a third party is sending a check, make sure to get us a donation form or we cannot capture your SGO Tax Credit for you.

10. After I make a donation, how do I know that I received the SGO 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 tax credit certificate number (“TCCN”) for your donation, and we will send you the code and your official thank you communication for your tax records. The entire process from donation to credit communication should be less than 10 business days. 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?

As of the 2022-23 fiscal year, there is an \$18.5 million per-fiscal-year, across the state, cap on available state tax credits for up to \$37 million in donations statewide with expected increases in the future. There are no limits on the size of contributions eligible per company 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. Every year on July 1 the amount of credits available is replenished.



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 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 own tax advisers for your own, unique situation; we cannot provide tax or financial advice.**

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. For example, you could donate in December and January; the gifts would benefit two different tax years, but take credits from the same fiscal year.

14. What happens if SGO credits run out?

If the state has distributed all available credits in a given fiscal year (July 1 – June 30), your gift would need to be postponed until the next fiscal year (July 1) when the SGO Tax Credits are repopulated. Therefore, we encourage gifts earlier in fall (July-October) to ensure that there are enough credits available for your gift. If you have already made a gift when the credits run out, we would return your gift and encourage you to submit your gift again on or after the next fiscal year (July 1). You can always contact us for the credit limit status, or visit our website at www.LutheranSGO.org and find the link for the current SGO Credit cap status.

15. How often can I donate?

You can donate one time, every quarter, set an automatic recurrent monthly gift, or set up an ACH auto pay every paycheck, it is up to you! You will receive a separate SGO Tax Credit Code (“TCCN”) for every donation.

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

For example, a donation of \$10,000 to The Lutheran SGO for an SGO scholarship could result in the following benefits:

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

Please consult your own tax advisers for your own, unique situation; we cannot provide tax or financial advice.

17. 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 at any 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 link to see our current list of schools.

18. What schools participate in the Lutheran SGO?

Over 50 schools are in our family of schools, and the list continues to grow. Contact us for the current list, contact your local school and ask if they partner with The Lutheran SGO, or visit our website at www.LutheranSGO.org and select the About link to see our current list of schools.





19. What is the size of an SGO Scholarship that a student could receive?

Currently, the minimum SGO scholarship is \$500, and 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 an SGO Scholarship can be awarded to each student.

20. 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.

21. Does a participating school have to accept School Choice Scholarships ("Vouchers") to accept SGO Scholarships?

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

22. 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.

23. 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.

24. 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.

25. Are SGOs only for the lower grades?

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

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

While we do not have control over legislative priorities, we are an active member of several School Choice advocate groups and will continue our advocacy for School Choice initiatives including the SGO Tax Credit.

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

