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# Scholarship Granting Organization

The Lutheran Scholarship Granting Organization of Indiana, Inc is a separately incorporated, 501(c)(3) charitable organization, created to provide SGO scholarships specifically for Lutheran schools in Indiana. A School Scholarship Tax Credit is available to individuals or corporations who donate to the Lutheran SGO for the purpose of supporting Trinity Lutheran High School students. Any donation made to the Lutheran SGO and designated for Trinity Lutheran High School will be applied directly to the cost of tuition for incoming or existing students who qualify.

Tax Credit Scholarships were enacted by the State of Indiana in 2009 and were expanded as part of the 2011 Choice Bill. Indiana's tax credit scholarship program offers individuals and corporations a tax credit for donations to "scholarship granting organizations." Taxpayers receive a credit worth 50% of the donation made with no maximum credit. While there are no limits to how much a donor can contribute to a qualified scholarship granting organization, the entire tax credit program cannot award more than \$9.5 million in credits this fiscal year (July 1, 2016 – June 30, 2017) per Indiana Code 6-3-1-30.5. It is estimated these credits will run out before the end of 2016.

## Who is eligible?

A student is eligible to apply for a SGO scholarship if the student is a member of a household with an annual income of not more than 200% of the amount required to qualify for the federal free or reduced price lunch program (Indiana Code 20- 51-1-5). A breakdown of the annual income cost per household size for the 2016-2017 school year is below. Anyone who falls under the 200% reduced lunch eligibility cost can apply for a SGO scholarship at Trinity.

SGO Program Annual Income Limits by Household Size 2016-2017*	
Persons in Household	200% of Reduced Lunch Eligibility
1	\$43,956
2	\$59,274
3	\$74,592
4	\$89,910
5	\$105,228
6	\$120,546
7	\$135,901
8	\$151,293

\* For a household size of nine (9) or more, add \$15,392 to the annual limit for each household member.

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## Donor Impact

Donors (individuals or businesses) are eligible to take a 50% credit against their state tax liability for their Lutheran SGO contribution in the name of Trinity. Gifts are also tax-deductible to the full extent of the federal charitable tax laws. Donors may reduce the full amount they have paid or will owe the State of Indiana. Donors may rollover any unused credits for an additional nine years and may designate Trinity as the school they wish to support.

SGO Donation	IN Tax Credit	Federal Deduction *	Est. Tax Savings	Actual Donation cost, after taxes
\$5,000	\$2,500	\$825	\$3,325	\$1,675
\$10,000	\$5,000	\$1,650	\$6,650	\$3,350
\$15,000	\$7,500	\$2,475	\$9,975	\$5,025
\$20,000	\$10,000	\$3,300	\$13,300	\$6,700

\*Federal Deduction is based upon 33% tax bracket.

## Frequently Asked Questions

### What is the result of giving to the Lutheran SGO?

Designating a gift to the Lutheran SGO in the name of Trinity Lutheran High School produces two important outcomes. First and foremost, it enables students to obtain scholarships to attend Trinity. In addition, it provides you or your company with significant savings on State of Indiana income tax.

### How does the tax credit work?

The amount of the tax credit you will receive is equal to 50% of the amount you contribute to the Lutheran SGO in the name of Trinity. For example, if you donate \$5,000 to the Lutheran SGO in the name of Trinity, you will receive a tax credit of \$2,500. This tax credit is directly applied to your tax liability. If your tax bill is \$3,000, then the bottom line tax you owe will be \$500. This is a tax credit, not a deduction.

### What is the net effect of an SGO gift to Trinity?

Your gift to the Lutheran SGO in the name of Trinity doubles your giving power to the high school. Using the above example, if you originally intended to give \$2,500 to Trinity you can instead give \$5,000 at the same net cost to you.

SGO Gift	\$5,000	Original Gift Intention	\$2,500
Tax Bill	\$500	Tax Bill	\$3,000
Your Cost	\$5,500	Your Cost	\$5,500

Instead of giving more to the State, you are giving more to Trinity. In addition to the Indiana income tax credit, your charitable donation to the Lutheran SGO in the name of Trinity also qualifies as a deduction on your Federal income taxes, potentially saving you more.

### **Who is eligible for the tax credit?**

Any entity subject to Indiana's income tax code is eligible for this tax credit. This includes corporations, partnerships, limited liability companies, professional corporations, sole proprietorships, and individual tax payers. Whether you are paying state income taxes as a C-Corp or if the net income from your S-Corp flows through to you personally, you are eligible to receive the tax credit.

### **How do I donate to the Lutheran SGO?**

To contribute to the Lutheran SGO in the name of Trinity, you must complete a donation form and mail it to the Lutheran SGO along with your donation. The form is available in PDF form below. Please be sure to designate Trinity as the recipient. Once your donation is received, the Lutheran SGO will send you an acknowledgement letter along with your School State Tax Credit Certificate Number. Your will need to include this number on your Schedule IN-SSC.

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### **What is the address for Lutheran SGO?**

The Lutheran SGO of Indiana  
1145 South Barr Street  
Fort Wayne, IN 46802

### **Does my Lutheran SGO donation need to be in cash?**

No, as a 501(c)(3) non-profit organization, the Lutheran SGO can accept donations in the following forms:

- + Cash, check, money order, credit/debit card
- + IRA-qualified charitable contribution
- + Publicly traded securities
- + Stocks, bonds, and mutual funds
- + C- and S-Corporation stock
- + LLC and partnership interests
- + Real estate
- + Commodities

### **How can Trinity use the SGO funds?**

When you contribute to the Lutheran SGO and designate Trinity as the recipient, the funds are restricted for use by Trinity for qualifying low-and middle-income student scholarships. Donations to the Lutheran SGO in the name of Trinity will not support the general fund, teachers' salaries, high school operations, facility maintenance, capital projects, academic or merit scholarships for higher income students, or endowments.

### **How can I obtain more information?**

Please feel free to call David Probst, Director of Development, at (812) 524-8547, ext 2223 for more information or to receive help with setting up your donation. You can also contact the Lutheran Scholarship Granting Organization of Indiana at (260) 312-3289 or visit <http://www.lutheransgo.org>