

## Do you want to direct your Illinois tax dollars to help scholarship students?

The new Illinois Tax Credit Scholarship Program provides donors a unique opportunity to contribute to scholarships that help lower-income families send their children to private schools — while reducing their own tax bill on dollars otherwise owed to the state.

### **Frequently Asked Questions**

#### ***What is the Illinois Tax Credit Scholarship Program?***

The new tax credit program enables individuals and corporations to reserve Illinois income tax credits based on contributions made to Scholarship Granting Organizations, or SGOs. The organizations then provide scholarships for eligible students to attend nonpublic schools, with priority given to low-income students. Taxpayers may apply 75 percent of the total contributed as a tax credit against their Illinois income tax bill. For example, a taxpayer making a \$1,000 qualified contribution would be awarded a \$750 tax credit. The credits are capped at \$1 million per taxpayer per year.

Big Shoulders Fund has been approved by the Illinois Department of Revenue to participate as an SGO for this new tax credit program.

#### ***How do I sign up for the tax credit?***

1. Create a [MyTax Illinois](#) account. As part of the process of creating an account, you must request a “Letter ID” from the Illinois Department of Revenue via [MyTax Illinois](#), which will be sent via U.S. mail within 7 to 10 business days. Once you receive the “Letter ID,” you will be able to create an account. Taxpayers should request the “Letter ID” now, before the program goes live on Jan. 2, to avoid processing delays. The credits are awarded on a first-come, first-served basis and donors must have a [MyTax Illinois](#) account in order to reserve credits.
2. On **Jan. 2, 2018**, log in to your [MyTax Illinois](#) account to apply for a "Contribution Authorization Certificate" in the amount you plan to contribute toward the Scholarship Granting Organization. Also, designate the region and organization to which your contribution should be directed. (e.g., Big Shoulders Fund, Region 1)
3. You will receive your Contribution Authorization Certificate via your MyTax Illinois account within three days. You then have 60 days to send your contribution and your authorization certificate to a Scholarship Granting Organization such as Big Shoulders Fund.

#### ***When do I sign up?***

Jan. 2 is the first day you can apply for the tax credit, but you can create your MyTax Illinois account and request your “Letter ID” now. The Illinois Department of Revenue recommends having an account ready to go before the program goes live to avoid processing delays. Illinois legislators have capped the total tax credits at \$75 million per year, so once that amount is reached, no further credits will be awarded. The program is expected to generate much interest across the state, so it's recommended that donors apply for the credit as soon as possible on Jan. 2.

#### ***Who does the tax credit scholarship program benefit?***

The scholarships are awarded to students whose family income does not exceed 300 percent of the federal poverty level, and priority is given to students from families on the lower end of the income spectrum. In 2017 numbers, that would mean students whose families earn less than \$73,800 for a family of four are eligible for the scholarship, with priority given to students whose household income is less than \$45,510. Big Shoulders Fund has long served this population of Chicago students and families.

#### ***What does my money pay for?***

At least 95 percent of your contributions will be spent directly on scholarships for low-income children.

***Why should I consider naming Big Shoulders Fund my Scholarship Granting Organization of choice?***

For 30 years, Big Shoulders Fund has supported Catholic schools in high-need areas throughout Chicago, providing new opportunities for many deserving families. The program provides a strong academic and social foundation beginning in elementary school that prepares students for quality high schools, and ultimately, college and career. Graduates enroll and persist in college at rates above their local and national peers, as verified by the National Student Clearinghouse. Big Shoulders Fund is dedicated to offering the tax credit scholarship recipients the same supports given to our other scholars, in hopes of changing the trajectory of these students as well.

Additionally, Big Shoulders Fund is proud of its financial stewardship, transparency, and efficiency, having earned a four-star rating, the highest possible, for 11 consecutive years from the nonprofit watchdog Charity Navigator. Fewer than 1 percent of charities nationally have achieved this high of a rating for so many years in a row.

***Can I designate my contribution to particular schools or particular students?***

Individual taxpayers can direct their contributions to a particular subset of schools (e.g., Big Shoulders Fund schools) or even a particular school, but cannot reserve it for a specific student or group of students. Corporations may not put restrictions on their contributions.

***Is any portion of my contribution deductible for federal income tax purposes?***

No, you cannot use an Illinois tax credit if you are claiming any part of the scholarship contribution as a federal income tax deduction.

***I already give to Big Shoulders Fund. Can I make my gift through this new program?***

Yes, but the funds can only be used for these new scholarships. If you currently donate to Big Shoulders Fund through our Patrons program, STEM initiatives or other scholarship program, switching the funds you contribute to the Illinois Tax Credit Scholarship Program will reduce the support to those vital Big Shoulders Fund programs. The tax credit program does not allow taxpayers to direct contributions to scholarships for specific students, so scholarship sponsors would not be able to continue funding the same students they do now. We hope you consider increasing your level of support through the Illinois Tax Credit Scholarship Program rather than using it as the vehicle to maintain your current support.

***Why should I consider donating in this way?***

In general, for each \$1,000 donation, you are awarded a \$750 tax credit. You otherwise would be paying the \$750 to the state, so your out-of-pocket difference is \$250. But Big Shoulders Fund, and the children receiving the scholarships, would get the benefit of the full \$1,000, multiplying your \$250 gift for an immediate 300 percent return on your investment. Through your contribution, many more children will have the opportunity to pursue an education at their school of choice. You should consult your tax adviser for specific information about possible tax benefits based on your personal tax situation.

***Do I have to sign up every year?***

Yes. You will have to apply for a new tax credit in January each year.

***What if I don't use up my Illinois tax credit in one year?***

Barring changes to the current law, you can carry the credit forward and apply it to your Illinois tax liability for the subsequent five taxable years.

*For additional information, contact Big Shoulders Fund at [sgo@bigshouldersfund.org](mailto:sgo@bigshouldersfund.org) or 312-751-8337.*