

## 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 and then make my contribution?***

1. If you do not have a [MyTax Illinois](#) online account with the Illinois Department of Revenue, you **will need to create one**. As part of the process of creating an account, you must request a “Letter ID” from the Illinois Department of Revenue via the “Individuals” menu on [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 start of year two of the program on January 1, 2019 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. This video from the Illinois Department of Revenue explains the steps to set up an account: <https://www.youtube.com/watch?v=P2ZZ7bShMao&feature=youtu.be>

#### ***If you already have a MyTax Illinois account, skip ahead to step 2.***

2. Log in to your [MyTax Illinois](#) account.
3. To apply for a "Contribution Authorization Certificate" click on the “Contribute to Invest in Kids” link on the right hand side of the screen.
4. Designate the region to which your contribution is directed. Note that Big Shoulders Fund is authorized to issue scholarships in Region 1 – Cook County and Region 2 – Northern Counties.
5. Designate the Scholarship Granting Organization to which your contribution is directed (e.g., Big Shoulders Fund).
6. Enter the full amount of the contribution you intend to make.
7. Check the box authorizing the Department of Revenue to share your name and email address with Big Shoulders Fund and enter your email address. This will allow Big Shoulders Fund to follow-up with you and remind you of any upcoming contribution deadlines.

8. Click SUBMIT

9. You will receive your Contribution Authorization Certificate(CAC) via your MyTax Illinois account within three days and via postal mail. If you do not receive your CAC via postal mail, log-in to MyTax Illinois and look under the “Correspondence” tab.

10. Per Illinois Department of Revenue rules, you have 60 days to send your contribution and your authorization certificate to a Scholarship Granting Organization such as Big Shoulders Fund (per expiration date on the CAC).

Submit your CAC via email to [sgo@bigshouldersfund.org](mailto:sgo@bigshouldersfund.org) or via mail to:

Big Shoulders Fund  
c/o Amy Drozda  
212 W. Van Buren St., Suite 900  
Chicago, IL, 60607

Submit your contribution via one of the following methods:

- Mail
- [Online](#)
- Wire Transfer
- Stock

Please email [sgo@bigshouldersfund.org](mailto:sgo@bigshouldersfund.org) for wire and stock instructions. ***(If donating stock please email [sgo@bigshouldersfund.org](mailto:sgo@bigshouldersfund.org) with the number of shares and company it is coming from.)***

11. If you wish to restrict your contribution to a particular school or set of schools, please also submit the Designation Form, available on our website and [linked here](#).

**(Please note selecting Big Shoulders Fund as an SGO does not restrict contribution of scholarships for students attending Big Shoulders Fund schools. Individual donors can restrict contributions to individual schools or subset of schools, but this additional step of putting that restriction in writing is necessary to do so.)**

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

You may apply at any time, but all contributions must be received by the Scholarship Granting Organization in the same calendar year and within 60 days of reserving the credit for which you obtained your CAC, therefore we suggest applying on or after January 1, 2019. However, 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 January 1 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 January 1, 2019.

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

*Updated December 18, 2018*

The scholarships are awarded to students whose family income does not exceed 300 percent of the federal poverty level for new scholars and 400 percent of the federal poverty level for current scholars, and priority is given to students from families on the lowest end of the income spectrum. In 2018 numbers, that would mean students whose families earn less than \$83,120 for a family of four are eligible for the scholarship, with priority given to students whose household income is less than \$46,435 for a family of four. 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 eligible students.

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

For more than 30 years, Big Shoulders Fund has supported 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 supporting the tax credit scholarship recipients as scholars during their tenure, in hopes of continuing a positive trajectory towards a brighter future.

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.

In year one of the tax credit program, schools and families were thankful for Big Shoulders Fund helping to make the process as easy as possible. We pride ourselves on putting students first in everything that we do.

***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.

Your contribution is eligible for a state income tax credit, meaning it directly reduces your state income tax. Please consult with your tax professional for how this may impact you.

***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.

To make a tax credit scholarship donation you must first obtain a CAC from the Department of Revenue before making your contribution.

***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 each year and for each contribution

***What if I made a contribution but don't use up my entire eligible 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 duration of the program.

***Will I receive a receipt for my contribution?***

Yes, Big Shoulders Fund will report your contribution to the Department of Revenue and a Certificate of Receipt will be posted to your MyTax Illinois account. You will also receive an acknowledgement letter from Big Shoulders Fund.

***Can I make a tax credit scholarship contribution with stock?***

Yes, you may make a contribution in the form of cash, stocks, and negotiable securities. Big Shoulders Fund must liquidate the stock and receive the proceeds before sending you a Certificate of Receipt. Big Shoulders will then issue the Certificate of Receipt for the amount of the stock proceeds received. Please consult your financial professionals on this process.

***Can I use a donor advised fund to make a tax credit scholarship contribution?***

No, the Department of Revenue does not allow the use of donor advised funds for tax credit scholarship contributions as the donor has previously received a federal deduction for funds placed in a donor advised fund.

***What else do I need to know about making a tax credit scholarship contribution?***

The name on your CAC must exactly match the name on your contribution. For example, CAC is in the name of Jim Smith, the contribution check must also be in the name of Jim Smith.

You must send in your CAC with your contribution to the Scholarship Granting Organization within 60 days of reserving the credit.

If you want Big Shoulders Fund to be able to follow-up with you concerning your contribution, you will need to opt-in on the My Tax Illinois site. And if you want Big Shoulders Fund to be able to share your information with the school or schools that you restrict your contribution for, you will have to opt-in with Big Shoulders Fund.

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