



DONOR FREQUENTLY ASKED QUESTIONS

HOW MUCH IS THE CREDIT WORTH AND HOW MUCH CAN I DONATE?

An individual or corporate donor will receive a 75% state tax credit on their donation. This means that if a donor contributes \$10,000, they will receive a state tax credit of \$7,500. Donations by both individual and corporate donors are capped at \$1.33 million, i.e. a per-donor tax credit of \$1 million. Individual donors can direct their donations to a school or subset of schools of their choice. Corporate donors cannot designate funds. The credit is non-refundable, but can be carried forward for five years.

IS THERE A PROGRAM CAP? IF SO, WHAT IS IT?

Yes. The program is capped at \$75 million in state tax credits per year. This means that in order for the \$75 million cap to be hit, \$100 million will have to be donated. A maximum of \$100 million in scholarships will be awarded through this program annually to students throughout Illinois.

HOW DOES THE DONATION PROCESS WORK?

Before reserving your tax credit, you must first establish an account via mytax.illinois.gov to request your letter ID. It may take up to 10 days to receive your letter ID. After receiving your letter ID, you will activate your account on mytax.illinois.gov. Then you will reserve your tax credit. If this is your first time logging into your account after creating it, you will need to enter the Activation Code you received from the Illinois Department of Revenue (IDOR) after your account was created. You must donate the amount reserved to the SGO of your choice within 60 days or no tax credit will be awarded. After donating, you will receive a certificate of receipt from the Scholarship Granting Organization (SGO) and IDOR will be notified that your donation was made.

IF I DONATED LAST YEAR, DO I NEED TO CREATE A NEW ACCOUNT WITH THE ILLINOIS DEPARTMENT OF REVENUE?

No. If you have a Username from a previous year, log in using that Username and Password. If you cannot access your account, contact IDOR at 800-732-8866 to resolve this issue.

CAN DONATIONS BE DIRECTED TO A CERTAIN SCHOOL OR INDIVIDUAL?

Individuals may direct donations to a particular school or subset of schools, but NOT to an individual student or group of students. Corporate donors cannot designate their donations.

Individuals can direct their donations to the school or schools of their choice when they make a donation to the SGO after they have reserved their credit. When reserving a tax credit with the IDOR, however, donors will need to select the region in which their designated school or schools are located.

CAN A TAXPAYER MAKE A TAX-CREDITED CONTRIBUTION TO A SCHOLARSHIP GRANTING ORGANIZATION FROM A DONOR ADVISED FUND?

No. Payments to SGOs are not treated as charitable contributions for federal income tax purposes and therefore payments from a donor advised fund do not qualify for the tax credit. The payment of tax-credited scholarship donations to an SGO must come directly from the individual or corporate taxpayer.

ARE THESE SCHOLARSHIPS ONLY FOR CATHOLIC SCHOOLS?

No. The scholarships can be used to cover the tuition and eligible fees for any non-public school in Illinois officially recognized by the Illinois State Board of Education (ISBE).

CAN I USE A CREDIT CARD FOR MY TAX CREDIT SCHOLARSHIP DONATION?

No. ACH bank payments are the preferred form of payment. You can also donate by mailing a check or by using shares of stock.

CAN DONATION CREDITS BE APPLIED AGAINST ILLINOIS' PERSONAL PROPERTY REPLACEMENT TAX THAT CORPORATIONS (INCLUDING SUBCHAPTER S CORPORATIONS), PARTNERSHIPS AND TRUSTS ARE SUBJECT TO?

No. The tax credit scholarship statute and regulations prohibit this.

CAN DONATIONS BE ANONYMOUS?

Yes, all donations, from both individuals and corporations, can be anonymous based on the donor's wishes.

CAN I DONATE IF I AM NOT AN ILLINOIS RESIDENT?

Anyone can donate to an Illinois SGO, but only those who pay Illinois state taxes can receive the 75% tax credit. If you are out of state, have Illinois tax liability, and would like to donate, you will still need to set up an account with IDOR.

I CANNOT DESIGNATE TO THE SCHOOL WHERE I WISH TO DONATE. WHAT SHOULD I DO?

First, make sure to select the region where your designated school, not your home address, is located. A regional map is available [here](#).

If you are still unable to find the school you want to donate to, it may be because the school is not "recognized" by the ISBE.

HOW DO I CHOOSE THE REGION FOR MY DONATION?

When reserving your tax credit on the IDOR website, you must choose the region in which your designated school(s) are located, not the region of your home address. Click [here](#) to determine in which region your designated school or organization is located.

If your designees are in different regions, you must make separate reservations for each region in the amounts for each donation you would like to make.

DOES EMPOWER ILLINOIS ACCEPT DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS (IRAS)?

At this time, there is significant uncertainty as to whether a donation of assets other than cash can qualify for the tax credit. That said, Empower Illinois is indifferent to the source of funds that are donated, except that the taxpayer must own the source of funds. Any penalties or tax liabilities incurred by the donor for an IRA distribution are solely the responsibility of the donor. Potential donors considering making a donation from their IRA should consult a tax advisor before doing so, as individual circumstances could dictate the implications of their donation. If the taxpayer does not own the source of funds, they do not technically satisfy their tax reservation.

CAN DONORS USE MARKETABLE SECURITIES SUCH AS STOCKS AND BONDS TO DONATE TO EMPOWER ILLINOIS TO FUND STUDENT SCHOLARSHIPS OR MUST A STUDENT SCHOLARSHIP DONATION BE MADE IN CASH?

Empower Illinois accepts marketable securities as donations. Empower Illinois then sells and converts donated securities into cash, per our gift policy. If the net proceeds of the donated securities is less than the amount of the tax credit reservation as stated on the Contribution Authorization Certificate ("CAC"), donors may make up the difference by sending an ACH payment to Empower Illinois, or by mailing a check to our lockbox. If the net proceeds of the donated securities is greater than the amount of the tax credit reservation as stated on the CAC, the difference will be used by Empower Illinois as an unrestricted 501(c)(3) donation. **Empower Illinois strongly urges donors to make their tax credit reservation well in excess of the estimated value of the marketable securities being donated.**

Donors should first visit Empower Illinois' [donor wizard](#) to upload their CAC and complete the designation form. Once completed, donors or their brokers should notify Lynda Arndt of U.S. Bank Trust at lynda.arndt@usbank.com to initiate a marketable securities (including stock) transaction. U.S. Bank Trust manages the Empower Illinois investment account.

WHAT ARE THE SECURITY DELIVERY INSTRUCTIONS FOR USING MARKETABLE SECURITIES TO MAKE DONATION PAYMENTS TO EMPOWER ILLINOIS?

First, visit Empower Illinois' [donor wizard](#) to upload your CAC and complete the designation form. Next, notify [Lynda Arndt](#) of U.S. Bank Trust to initiate a stock transaction.

The account name is Empower Illinois and the account number is 001051000080.

To deposit any Fed-eligible security into a U.S. Bank Trust account:

Including but not limited to Equities, Corporate and Municipal Bonds, Commercial Paper, Medium-Term Notes, Collateralized Mortgage Issues, and Zero Coupon Bonds.

Instruct current custodian to deliver to:

The Depository Trust Company
Participant Account 2803

For credit to account name and number referenced above

U.S. Bank is ACATS eligible, with participant number 2803. **We ask that you or your broker notify [Lynda Arndt](#) of U.S. Bank Trust immediately upon the transfer initiation of any shares (ACATS or otherwise). Please include your name (as the donor) and the shares you are transferring in the comments section of the delivery notice. This will help expedite the donation process.**

To deposit any Fed-eligible security:

Including all Fed-eligible Bonds, Bills, Notes, and agencies, including GNMA's.

Instruct current custodian to deliver to:

Federal Reserve Bank of Cleveland For: U.S. Bank, N.A., Trust
ABA 042-000-013 1050/TRUST

For Account Number: 001051000080

Ask your broker or bank to include your name (as the donor) in the comments section of the delivery notice. If you have any questions about this process, please contact the Donor Helpline at donors@empowerillinois.org or 800-616-7606.

CAN DONATIONS BE DIRECTED TO A SCHOOL THAT IS NOT RECOGNIZED BY THE ILLINOIS STATE BOARD OF EDUCATION (ISBE)?

Donations can be directed to schools that are recognized or in the process of being recognized by ISBE. These schools are eligible to receive donations to be used for scholarships under the *Invest in Kids Act*.

HOW DO I GET HELP WITH THE DONATION PROCESS?

Contact donors@empowerillinois.org or call the Donor Helpline at 800-616-7606.