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HORSE

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INCENTIVE FUND FAQ

What is the Incentive Fund?

The Incentive Fund is a multimillion dollar program involving stallion and foal nominations with pay backs to the stallion nominators, foal nominators and owners of the competing horses. The program is owned, managed and operated by AQHA.

How does the program work?

The money comes from the enrollment of stallions into the program and subsequent nomination of their foals.

For a stallion's offspring to be eligible, he must be enrolled by November 30 prior to each breeding season at a fee based on the number of mares on his previous year's breeding report. This annual enrollment makes his foals, resulting from that breeding year, eligible to be nominated into the program.

Foals by these stallions are currently eligible to be nominated into the program during their first 12 months of age, provided the foal has not earned a 1/2 point or more in an AQHA-approved event, for a one-time, "for-life" nomination fee. From the foaling date to the seventh month birth date, the nomination fee is \$100. After the seventh month to the 12th month birth date, the fee is \$200. Beginning with 1998 foals, nominations can be made after the 12th month to the 18th month birth date, for a fee of \$2,000 and after the 18th month to the 24th month birth date, for a fee of \$5,000.

The Incentive Fund utilizes the most familiar and proven concept in the American Quarter Horse Show industry, points won at AQHA shows. Each point earned at an AQHA-approved show in the open and/or amateur division by an Incentive Fund nominated horse will be worth a specific amount. The exact amount will depend on total money in the Fund for that show year and the total number of points earned in that year by Incentive Fund nominated horses.

Who can nominate a horse to the program?

Only the owner or lessee as recorded on AQHA records can be shown as the nominator.

Why was the fee structure changed for stallion nomination?

To make it more fair and equitable to all concerned. Enforcement of the previous rule was very difficult and sometimes impossible.

How do I know what stallions are nominated prior to breeding my mare?

Check The Quarter Horse Journal. Beginning in October, a listing of stallions nominated for the upcoming breeding season is carried monthly through April of the breeding year.

Nominators of stallions also have a Nomination Certificate for each year that the stallion is nominated. Also, you may call AQHA to verify a nomination.

How do I know if a foal is enrolled and eligible to earn money?

Foal enrollments are verified by an Incentive Fund stamp in the upper left corner of the Registration Certificate. You also may call AQHA to verify a nomination.

Why are foals going to be allowed to be nominated until their 24th month of age?

To give people an avenue to nominate if they miss the 12th month deadline. All agreed the fee should be substantial after the 12th month deadline so foal enrollments would not decline. This was effective with 1998 foals.

How and to whom is the money paid?

At the end of every show year, the total number of points earned by Incentive Fund horses is divided into the total amount of money in the Fund for that year. This establishes a dollar value for each point.

That value is then multiplied by the number of points earned by each nominated horse, with 10 percent of the total being paid to the nominator of the stallion for the appropriate breeding year, 10 percent to the nominator of the foal, and the remaining 80 percent paid to the recorded owner of the point-earning horse as of December 31 of the year in which the points are earned.

Why is my social security number necessary? Are the earnings taxable?

Yes, they are taxable. AQHA is required to file an annual information return with the Internal Revenue Service. Each person who receives Incentive Fund money will receive a copy of that information return at the end of the year in which the money was paid.

Therefore, it is important that you use the same tax number (social security number) on all nominations made by a given nominator, and the tax number should match the name exactly according to IRS records, especially in the case of a farm, ranch or joint ownership. If a tax number is not supplied to AQHA, we must deduct 30 percent of the earnings according to IRS regulations.

Is any money withheld from the fees paid? What happens to the interest?

AQHA may deduct accumulated cost of administering the program from the gross proceeds from the stallion and foal nominations, not to exceed 10 percent. All funds received from the nominations are invested, with the earned interest being added back to the Incentive Fund.

When are checks mailed?

Points are tabulated on shows held through December 31. Show management has 10 days in which to submit the show results. It then takes several days to process the results and make any necessary corrections. The computation of Incentive Fund earnings is based on AQHA records as of January 31. Subsequent corrections to show records will not affect the money earned or paid.

Are Youth and Novice programs included in the Incentive Fund?

No. Initially youth points were not included so that they would not jeopardize AQHYA Members' University Interscholastic League eligibility. When the program was reviewed, all agreed that youth should show for fun and experience, not money. They felt there is already too much pressure on youth exhibitors to "win," and to make Incentive Fund money available would only increase that pressure.

The Novice program is not included because it is a division limited by the experience of the rider.

Why do I have to list my stallion fee on the nomination form?

You don't. If you do, we will publish it in the Journal listing for you.