



COMMUNITY GIVING

Scholarship Fund Overview

CommunityGiving administers a number of *Scholarship Funds* that are established by individuals, clubs, corporations and associations wanting to assist area students in continuing their education. The original charitable gifts are invested and the income each year is paid out annually in the form of grants for qualified scholarship recipients. Funds are established with a simple letter of agreement between the donor and CommunityGiving. The donor also names the fund.

Donors can choose to set up a fund to benefit students from a particular high school or at a particular post secondary institution through the Foundation. Students at multiple schools can benefit from a scholarship if the fund is large enough to generate several scholarships of \$1,000 or more each year.

CommunityGiving can help donors work with a school to establish the selection process and criteria for the scholarship. Partnering with schools helps CommunityGiving minimize administrative costs and get more scholarship dollars out to students. In order to best facilitate a donor's wishes, the scholarship program should set forth identifiable minimum eligibility requirements that are related to the purpose of the scholarship. It is wise to specify enough criteria to secure a targeted pool of applicants. However, too many criteria may limit the pool of applicants each year.

To meet IRS standards, scholarship funds should:

- be competitive on a defined basis
- apply to a broad applicant pool
- not be controlled by the donor

Contributing to a Scholarship Fund

A scholarship fund can be established with an initial contribution of \$20,000 or more. An *Acorn Fund*, which builds over time to a minimum of \$20,000 before paying out scholarships, can be established with smaller contributions. Initial and subsequent contributions to a fund can be made by check, via credit card or in publicly traded securities—as well as other property including closely held stock, real estate and personal property. Gifts to scholarship funds are generally tax deductible at the time of contribution, but all donors are encouraged to consult with their professional advisor about their individual situation.

How a Scholarship Fund is Invested

CommunityGiving invests the assets of scholarship funds, so that the earnings and appreciation can be used for future scholarships. The assets of each fund will be combined with other funds of

CommunityGiving for investment purposes. CommunityGiving currently offers a strategic pool, a conservative pool, a socially responsible investment pool and a money market investment option—and donors have the option of recommending an investment manager through the Foundation's *Investment Partners* program. Advised fund donors receive an annual statement of the fund's activity each July after the end of our fiscal year. Quarterly statements are available online via *DonorCentral* by the end of the month following the end of each quarter (January 31, April 30, July 31 and October 31).

What Are the Costs Associated with the Fund

Allocations and fees vary based on the type of fund established and the investment vehicle chosen. Typically, the services allocation ranges from 1.25% to 1.75%, but the allocation from large funds may be customized. The fund would also be assessed any applicable investment management fees (which are netted out of investment returns reported by the Foundation). Currently our strategic pool investment fees are .56%, our conservative pool fees are .16%, our socially responsible investment pool fees are .25% and our money market has no investment fees.

Getting Started

The following items should be considered before meeting with a CommunityGiving representative:

- Name of scholarship, amount and number of scholarships.
- What high school, college or university will select scholarship recipients?
- Will recipients be high school seniors, current college students or either?
- Are recipients required to attend a certain school or a school in a specific location?
- What type of accredited post secondary school (two-year, four-year, technical college or all)?
- Will recipients have to demonstrate financial need?
- Will students need to be undergraduate, graduate or either?
- Are there preference areas (geographic, career aspirations, etc.)?
- Will the scholarship be renewable?