



# Creating Your Educational Legacy

## Establishing a Scholarship Fund

Charitable Mid-Southerners like you, who believe in the importance of and the future of the next generation, can work with the Community Foundation to establish an educational legacy.

Many donors choose a scholarship fund as an excellent way to honor or memorialize a person, group, or event. All scholarship funds provide students with an opportunity to reach their educational goals.

### Frequently Asked Questions:

- **What is the minimum to establish a scholarship fund?**

The minimum to establish a scholarship fund is \$25,000. All scholarships at the Community Foundation must be endowed.

- **Why does a scholarship fund need to be endowed?**

An endowment is a way of investing that ensures your gift is a permanent source of funding that makes fulfilling the scholarship's purpose possible, forever. The principal of the endowment fund is never spent, and it can grow over time. Earnings are used to make scholarship awards.

- **What is the average award?**

Most Community Foundation scholarships are in the \$1,000-1,500 range. Scholarship award amounts vary depending on the size of the fund, the number of qualified applicants, and the criteria of the fund.

*Scholarship funds often memorialize individuals, like the James A. Hyter Vocal Music Scholarship.*



*Promising students like Community Scholarship recipient Brianna Sutton can pursue their educational goals.*



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▪ **Who is eligible to receive scholarship funding?**

Any student who meets the charitable criteria you determine when you establish the fund is eligible. Scholarship applicants undergo a competitive process for awards. You may not earmark scholarship dollars for specific students or family members.

▪ **Who decides the scholarship recipients?**

You may designate the Community Foundation's Scholarship Committee or work with the Foundation to establish a selection committee. Donors may be members of selection committees provided that they do not control the committee's decision, directly or indirectly.

▪ **Are there other scholarship funds to which I can contribute?**

Yes. If you are not prepared to establish a new fund, there may be an opportunity to align your interests with an existing scholarship fund at the Community Foundation. We can help you explore the dozens of scholarships we currently offer.

▪ **What is the scholarship timeline?**

Scholarship applications are due April 1, with funding decisions made by the end of June. Applicants are notified of the decision by June 15 in most cases.

▪ **How is the scholarship award processed?**

The Community Foundation sends award checks directly to the educational institution. No funds are awarded directly to the student.

▪ **How often can I add to a fund?**

You may contribute to your scholarship fund at any time. You are welcome to encourage others to make gifts to the fund, as well. However, we ask that you discuss any fundraising plans with Community Foundation staff before embarking on them.

▪ **How are funds invested?**

You may recommend that your funds be invested in one of the Community Foundation's investment pools. A volunteer committee, drawn from investment professionals throughout our community, is responsible for managing those funds.

▪ **What are the administrative expenses for a scholarship fund?**

Administrative fees vary with account balances and are charged quarterly in arrears. The annual base fee is 1.25 percent of the average daily balance during the quarter. The minimum administrative fee is \$500 annually. Fees decline on a sliding scale for balances greater than \$500,000.

▪ **What happens to the fund after my death?**

The fund will maintain its name and purpose, and award recipients will be selected by the Community Foundation's Scholarship Committee.