



## **Scholarship Funds Policy**

### **Purpose**

To establish guidelines and parameters around setting up a scholarship fund with the Foundation. This policy establishes minimum fund balances, fee structure and selection criteria.

### **Policy**

The minimum gift to establish an endowed scholarship fund is \$25,000. This amount may be pledged over a three- to five-year period, with scholarship awards commencing once the threshold is met. Based on investment returns, administrative fees, and the Foundation's spending rule, this typically provides for a minimum \$1,000 yearly scholarship award. The administrative fee for a scholarship fund is 2% or more, depending on the complexity of the fund criteria. Scholarship funds may be set up during a donor's lifetime, or with prior approval, through a legacy provision in the donor's estate plan. All prospective scholarship funds must be reviewed by the Foundation's Scholarship Acceptance Committee and approved by the President/CEO prior to acceptance.

In considering a scholarship fund, donors are invited to share any background, desired impact, or purpose so that Foundation staff may provide recommendations for eligibility criteria. The Foundation is not equipped to manage scholarships that require the following criteria:

- Attendance at a specific college or university
- Too narrow a field of study for the undergraduate level
- Renewals requiring a specific minimum GPA or pursuit of a specific field of study
- Towns outside of our 42-town radius
- Graduate studies

### **Guidelines for Donor-Advised Funds that Support Scholarships**

The Pension Protection Act of 2006 regulates donor-advised funds and how donor-advisors may be involved in scholarship selection. Under the Pension Protection Act, *donor-advised funds are prohibited from making grants to individuals*; scholarship awards are grants to individuals, even if checks are sent directly to the student's institution. The law does allow for exceptions *if* the advised scholarship fund meets certain criteria, including that:

- Recipients are selected by a committee; with all members of the committee being approved by the Foundation
- A donor, person designated or appointed by a donor, or related party's participation on a selection committee is as a minority member who does not directly or indirectly control the committee.