

## DONOR SERVICES

# Establishing a Scholarship Fund



Scholarships are a meaningful way for donors to create a legacy by supporting the education of students in central and southern Missouri. Every scholarship fund held at the CFO has a beautiful story and leads to many more.

You can use a scholarship fund for various charitable goals—to provide opportunities for graduates from your hometown, encourage attendance of your alma mater, promote a professional field or memorialize a loved one—while helping ease the financial burden for students of post-secondary education. A scholarship fund held at the CFO or one of our affiliate community foundations has a minimum of \$25,000 for establishment.

### Benefits

- Accomplish charitable goals
- Give back to the community
- Memorialize a loved one
- Create a legacy
- Tax-deductible contribution
- Help students with higher education

### Services Provided by the CFO

- Informs community of scholarship availability
- Assists donor with criteria and procedures
- Disseminates scholarship information to eligible recipients
- Schedules scholarship selection committee meetings (if needed)
- Notifies recipient and pays post-secondary institution
- Awards can be applied to tuition payment, fees, books and supplies
- Maintains scholarship file
- Provides written acknowledgement of donations
- Provides appropriate IRS documentation
- Unused scholarship awards are returned to the fund

### Criteria Considerations

- Two- or four-year college/university or technical/vocational school
- School-specific (ex: University 123, College A)
- Eligibility (ex: high school specific; current college student; study area; etc.)
- Minimum GPA or ACT scores
- School and/or community activities
- Work experience
- Financial need
- Essay
- Recommendation letters
- Selection committee composition (See “Rules for Scholarship Funds” on second page)
- Renewable (fund balance must be large enough to support multiple awards—see second page)



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### Estimated Award Amounts

CFO scholarship awards are calculated by using our spending policy rate, which is currently 4%. That rate is reviewed annually and may change as market conditions fluctuate.

A 12-quarter rolling average of the fund balance is multiplied by the spending policy rate to arrive at the annual award amount. To give you a clearer idea, here are some examples of what the estimated award amounts would be for funds with the following balances:

Balance of the fund	Estimated annual award
\$25,000	\$1,000
\$30,000	\$1,200
\$40,000	\$1,600
\$50,000	\$2,000
\$75,000	\$3,000
\$100,000	\$4,000
\$125,000	\$5,000

Donors may add to this amount at any time (as a tax-deductible gift) to increase the award amount.

### Fund Management at the CFO

The CFO's annual administrative fee for scholarship funds is 1.15% based on the fund's balance. The fees paid for management stay local and are ultimately reinvested in the community.

### Rules for Scholarship Funds

- Descendents of the fund establisher and/or major fund donors are not eligible to receive the scholarship.
- Recipients can be chosen by either a selection committee organized by the fund establisher or the CFO selection committee.
- A majority of selection committee members cannot be comprised of family members or donors. An odd number of members is recommended for the committee.
- Descendents of selection committee members are not eligible for the scholarships awarded by the committee.

