



Scholarship Endowment Fund Guidelines

Please note that these requirements are in compliance with the Internal Revenue Service regulations, and are the same regardless of where donors create scholarship endowment funds.

1. **Administrative Fees**—Administrative fees for scholarship funds are based on one of the following three levels:

Level I—The Community Foundation invests the assets of the fund and disburses a check annually. The Community Foundation Operating Fund will receive an annual fee based on:

- 1.0 percent¹ of asset market value on the first \$500,000²
- 0.8 percent¹ of asset market value on the next \$500,000²
- 0.6 percent¹ of asset market value on the excess value in the fund

The minimum annual fee for a Level I scholarship endowment fund is \$200.²

Level II—The Community Foundation invests the assets of the fund, distributes the application forms to potential scholarship recipients, and disburses a check annually. The Community Foundation Operating Fund will receive an annual fee based on:

- 1.5 percent¹ of asset market value on the first \$500,000²
- 1.3 percent¹ of asset market value on the next \$500,000²
- 1.1 percent¹ of asset market value on the excess value in the fund

The minimum annual fee for a Level II scholarship endowment fund is \$200.²

Level III—The Community Foundation invests the assets of the fund, distributes the application forms to potential scholarship recipients, manages the screening and selection process, and disburses a check annually. The Community Foundation Operating Fund will receive an annual fee based on:

- 2.0 percent¹ of asset market value on the first \$500,000²
- 1.8 percent¹ of asset market value on the next \$500,000²
- 1.6 percent¹ of asset market value on the excess value in the fund

The minimum annual fee for a Level III scholarship endowment fund is \$200.²

2. **Board Approval is Required on Distributions of more than \$20,000**¹— Any single distribution that exceeds \$20,000² must be approved by the board of directors at its quarterly meetings before the funds can be distributed.

¹ Fees may change from time to time.

² Amounts may change from time to time.

³ Dates are subject to change.

3. **Charity Gaming**—Indiana law permits charitable organizations to sponsor charity gaming events. The Community Foundation of Greater Fort Wayne Inc. will not be the sponsor of a charity gaming event.
4. **Conflict of Interest**—All scholarship selection committee members and scholarship recipients must agree to abide by the Community Foundation’s Conflict of Interest Policy.
5. **Control of Selection Committee**—In compliance with the Pension Protection Act of 2006 scholarship fund donors and other disqualified persons cannot control the selection committee.
6. **Distributions**—Distributions from the fund will be made in accordance with the Community Foundation’s Spending Policy, which may be amended from time to time. Distributions are made to the school, for the benefit of the student’s account. Funds will not be disbursed directly to the students. In addition, scholarship awards of \$4,000¹ or less per student must be distributed in a year; multi-year distributions will occur only with scholarships in excess of \$4,000¹ per student.
7. **Fund Minimum**—A named scholarship fund may be opened with a gift of \$100,000 or more.¹ We suggest annual additions to the fund. When initially establishing your fund or making additional contributions, please make your check payable to the Community Foundation of Greater Fort Wayne Inc. and reference the fund name on the check memo line.

The American Funds option is available for endowed scholarship funds.

For an initial gift of a scholarship of less than \$100,000, donors are encouraged to explore the Community Scholarship Fund.

8. **Gifts to Individuals**—A fund cannot be used to make a distribution to benefit a specific individual as outlined in the “Qualifying Grant Recipient” section.
9. **Investment Management Fees**—Funds are assessed an annual investment management fee of 0.75 percent.²
10. **Personal Pledges**—A distribution from a fund cannot be used to satisfy a legally enforceable personal pledge. Fulfillment of nonenforceable pledges, such as an annual pledge to a church, is permitted.
11. **Private Inurement**—The donor cannot receive personal benefit from a distribution from a fund. This includes a charity dinner, tickets to an entertainment event, raffle, or any other benefit above the de minimus value. Under IRS regulations, donors can receive items of value up to the de minimus amount (which is redefined annually).

¹ Amounts may change from time to time.

² Fees may change from time to time.

12. Qualifying Grant Recipients—Distributions from scholarship funds must satisfy the IRS requirements for eligibility for scholarship recipients and the screening and selection process. Those IRS requirements include the following:

Those eligible to apply must be a “**qualified charitable class**” meaning that the pool of potential applicants is large enough that the eventual recipient is indeterminate. For example, a scholarship for which only the quarterback of the high school football team is eligible would not qualify, as the pool of potential recipients is low. A scholarship in which each member of the senior class is eligible, however, would qualify as the number of potential recipients is relatively large (assuming the number of senior class members is relatively large).

The eventual recipient must be selected using an **unbiased selection process**.

13. Affirmation of Understanding—You will be asked to affirm your understanding and compliance with the above when you sign the scholarship endowment fund application.

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