



**FAIRFIELD
COMMUNITY
FOUNDATION**
CITY • TOWNSHIP Affiliate of the Hamilton
Community Foundation

Give the Gift of Education

by establishing a Scholarship Fund

TO: *Students pursuing
higher education*

FROM: *Generous Donors
Who Value Education*

About the Fairfield Community Foundation Scholarship Program

The Fairfield Community Foundation – an affiliate of the Hamilton Community Foundation – has provided scholarships to Fairfield students for nearly 20 years. It goes without saying that these scholarships are possible only because of the generosity of our donors and their commitment to education. Our donors are individuals, families, civic groups, and businesses who believe in the value of education and have established scholarship funds to provide financial assistance to students pursuing higher education.

We realize many of these scholarships would not be available if the families or organizations did not have someone to turn to for expertise and assistance in developing, promoting, and administering their scholarship from start to finish. In addition, there is tremendous need among families for assistance in meeting the rising costs of higher education. It is for these reasons – *and the belief that education is an investment in our future* – that the Fairfield Community Foundation offers a scholarship program.



Why Establish a Scholarship Fund with the Foundation

Scholarship Funds provide a tangible link to the future. The gift of education that a scholarship bestows benefits not just to the student, but the community as well. Whether a lasting memorial to a person or to meet current charitable needs, a scholarship fund provides access to educational opportunities for a wide variety of students --- from pre-school to post-graduate; for unlimited areas of study, locally, statewide or regionally, or for special populations. The Foundation offers flexible, affordable options for you to realize your charitable intentions.

How it works:

- You make a gift to the community foundation—you can give cash, appreciated stocks, real estate, or other assets.

Minimum gift to establish a scholarship fund is \$10,000. However, you may build your fund to the minimum size over five years. If your fund does not reach the minimum size, then after discussions with you, we may move these funds to the Foundation's General Scholarship fund.

- Receive tax benefits in the year your gift is made.
- Determine the name of your Scholarship Fund. This could be in the name of your family or business, or in honor of any person or organization you choose.
- Our professional staff will help you to determine eligibility requirements for the scholarship you establish.
- Sign a Fund Agreement with the Foundation to document the details of your scholarship fund.
- We handle all the administrative details—and award scholarships to deserving students in the name of the fund you establish.



Frequently Asked Questions About Scholarship Funds

How will the Foundation invest the assets of my fund?

The Foundation funds are pooled for purposes of investment management. This permits professional management, a diversified portfolio and low management fees. Investment returns are closely monitored by the Foundation's Investment Committee. The Foundation seeks growth in principal over time to preserve the "purchasing power" of each fund relative to inflation. Thus, the income generated by the fund will grow each year.

How will the Foundation manage my fund?

The Foundation strives to keep fees to a minimum by pooling funds for investment purposes and taking advantage of other opportunities to share costs. All funds are assessed an annual fee to satisfy the administrative costs. Scholarship funds are assessed a flat fee. Currently, the fee charged is 1% annually. The administrative fee includes all services provided by the Foundation. In addition, investment management fees are borne directly by each fund. Non-permanent/pass through funds are assessed a flat fee of \$150.00.

How much is available for awards every year?

The Foundation has recommended charitable disbursement rate at 5% of the market value (using 36 month rolling average) of the fund. The Foundation adopted this spending policy because of overwhelming evidence that spending all earned income will cause an endowment to lose value against inflation over time. Earnings in excess of the spending limit are reinvested in the fund's principal. As the fund's market value increases, so too will the amount available for awards. *If your fund does not earn enough during a certain year, you may, a) either make another tax-deductible gift to the fund for that year to make up the difference, or b) wait a year to allow your fund to grow.*

Generally, new scholarship funds shall be held for a period of at least one year before the initial distributions are made to students.

Can you tell me about the Scholarship Selection Committee?

The Foundation has established a non partial group of volunteers to participate in the scholarship selection process. This group is made up of education professionals and community members and all members are approved by the Foundation's Board of Trustees annually. The committee makes selections based on the criteria set forth by the donor at the time the fund is established and makes recommendations to the board for their approval.

May I select the students who will benefit from my scholarship?

You have the role of defining the parameters used by the Foundation's Selection Committee at the time the fund is established. You are permitted to be a part of the selection committee; however you will represent one vote on the committee. In accordance with the Pension Protection Act of 2006, the donor and/or other related parties are not permitted to be perceived as the deciding vote or in control of the selection committee.

Can a scholarship fund be changed once it has been established?

The IRS requires gifts to the Foundation be irrevocable. It is important for you to work with the Foundation at the outset to define the purpose of your fund so that it will remain useful for students in perpetuity. In some cases, the purpose may be broadened, but in no case may a purpose be further restricted. *If you want to spend down your scholarship fund, we will need to establish this at the time the fund is set up.* However, the Foundation's goal is to have funds that will be here to support education forever.



Considerations for Establishing a Scholarship Fund



When opening a scholarship fund at the Fairfield Community Foundation, a donor has enormous flexibility in designing the scholarship program to reflect the donor's preferences, but that flexibility also brings the need to thoroughly consider the structure of the fund and the scholarship award process. In order to ensure the scholarship can be administered efficiently and continue to be useful over time, we encourage you to choose only those criteria that are essential. The Fairfield Community Foundation will work with you to determine the best way to implement your scholarship in accordance with your interests, and reserves the right to change the criteria, always guided by your original purpose, if the criteria become irrelevant or difficult to administer.

The following suggests issues that a donor should consider when establishing a scholarship:

NAME OF THE SCHOLARSHIP The scholarship might bear the same name as the fund itself. Or a donor might choose to memorialize a significant person by naming the scholarship after him or her. If the donor does name the scholarship for a third person, the donor may also wish to supply biographical information about the honoree, both to explain the spirit of the scholarship and to guide the scholarship selection committee in fulfilling the donor's intentions.

ELIGIBILITY CRITERIA These criteria define the pool of potential applicants generally and should be broad enough to ensure an ample number of qualified applicants and a fair selection process. It is the Fairfield Community Foundation's policy that student's must have at least a 2.5 GPA to apply for any scholarship; however, the donor may increase this requirement if desired.

Examples you might consider:

- High School Students, College Students, Non-Traditional Students, Graduate Students
- One year award or multiple years awards
- Designate scholarship to a specific school – i.e. tuition for students with financial need at parochial school
- Resident of a specific geographic area
- Graduate of a specific high school (Prefer to support the school districts in the Foundation's service area that includes Fairfield. However, other surrounding schools may be included in your criteria.
- Attend a certain type of institution (e.g., two-year, four-year, technical, accredited, etc.) Intend to pursue a specific course of study
- Minimum high school grade point average (on a scale of 4.0)
- Proficient in a particular area such as art, music, writing
- School activities, community, or volunteer service
- Employment history
- Merit and financial need

For corporate scholarship funds, will employees themselves be eligible, or only their children or grandchildren? Are there any groups of employees, such as senior officers, whose children will be ineligible? Whether a company-sponsored scholarship program is administered by the company's private foundation or through a donor advised fund in a community foundation, the IRS rules state that an environment of open and fair competition must be preserved, and that the applicant pool should be large enough so that company scholarships do not become an employee benefit.



APPLICATION PROCESS This section deals with the nuts and bolts of the scholarship process. This relates specifically for scholarships for graduating high school seniors planning to further their education after high school. For scholarships designated for tuition assistance at the junior high or high school level, typically the funds are distributed directly to the school to determine recipients. An objective committee at the school typically selects these recipients based on criteria set forth by the donor.

The Fairfield Community Foundation uses a common scholarship online application to reflect the specific details of all scholarship funds.

- **Who will publicize the scholarship?** The Fairfield Community Foundation staff will do so through scholarship search services and other means appropriate to the particular scholarship. But some donors may also want to publicize the scholarship within a company or association newsletter or other internal communication medium. For scholarships at a single school, publicity is obviously much easier.

- **When will applications be accepted, and the scholarships awarded?** The schedule will coincide with the other Fairfield Community Foundation scholarship timelines.

The Timeline: In December, scholarships are made available on our website. Mid January applications from high school students are due; college and adult scholarships are due in June. In May, an awards reception is held. This is where you will have the opportunity to meet your recipient(s).



- **Who will receive the scholarship applications?** The Hamilton Community Foundation will serve as the collecting point. All applicants apply through the Foundation's online scholarship management system.

- **Who will serve on the scholarship advisory committee and for how long? How will new representatives be selected?** The donor(s) can recommend members for consideration to serve on the committee. The donor may serve on the committee, however there must be more non-donor/family members involved in the selection. **In accordance with federal tax law requirements, no scholarship committee may be controlled, directly or indirectly, by any combination of a donor or donor advisor or persons appointed by a donor, or any persons related to such persons.** The Hamilton Community Foundation must approve the selection committee.

- **For what purpose may scholarship funds be used?** Tuition and fees only? Books? We recommend scholarship funds to be used for basic educational needs which include tuition, room and board, fees and books.

- **How will the funds be distributed?** The award is paid directly to the school after the student has confirmed his/her enrollment.

- **Should the scholarship be applied entirely to the first semester's obligations, or split evenly between fall and spring semesters?** Typically, the award is provided at the beginning of the student's first year.



- **How many scholarships will be awarded and for how much?** We ask that the award be at least \$500 per year.

- **What happens if the process does not yield an adequate number of qualified applicants?** The donor might want to specify that the scholarship advisory committee is not required to award a scholarship if it is dissatisfied with the quality or quantity of applicants.

-**What is a renewable scholarship?** You may want to consider whether you want to support a student for a single year, or, for example, through all four years of college, or something in between. To renew scholarships, students are required to submit an essay describing their year in school and also their official transcript. The essay is shared with the donor each year the student receives the scholarship allowing the donor to stay abreast of their recipient's progress in school.

For our renewable students, the Foundation recommends students should be rewarded for maintaining a reasonable GPA (2.5) unless there are circumstances beyond their control. The student must communicate with the Foundation staff regarding these situations. If they do not comply with the criteria, they are typically ineligible to receive further awards.

Please contact
Katie Braswell,
Vice President at
(513) 805-0220 to discuss
your specific interests and
answer any questions
about establishing your
scholarship fund.



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