



715 Main Street, P. O. Box 807
Rochester, Indiana 46975
Phone: (574) 223-2227 ♦ Toll Free: (877) 432-6423
Fax: (574) 224-3709 ♦ terri@nicf.org ♦ www.nicf.org

Creating a Scholarship Fund

Establishing a scholarship is a wonderful way to help students achieve their educational goals. Currently there are nearly 90 scholarship funds within the three counties that make up the Northern Indiana Community Foundation Inc. (NICF). Here at the foundation, we offer a variety of options to help you create a scholarship fund that meets your needs and expectations.

At the NICF we have endowment funds, which means that the initial gift and future contributions are invested and only the earnings are given out in scholarships. This way your fund will be helping students now and forever.

There are also tax benefits. Since the NICF is a 501(C)(3), not-for-profit you receive the maximum deduction allowed. We accept gifts of cash; shares of stock, including stock highly appreciated in value; closely held stock; life insurance; or even real estate (with special approval of the NICF property committee and board of directors) and we can also be a part of your estate planning. You can also continue to add to your fund once it is established.

You, the donor set up the criterion that is important to you for the scholarship and the NICF takes care of the rest of the work. We have a Scholarship Coordinator that handles all scholarship funds and is in constant contact with the local schools, media and universities to help find eligible students. The Scholarship Coordinator also manages the applications by distribution, screening, organization of committees, notifications to students and payments. The policy of the NICF is to pay the amount of the scholarship directly to the colleges or universities. We also make sure the student is enrolled and monitor their progress.

How much money does it take to create a Scholarship fund and how soon can I get started?

We can set up your scholarship fund as soon as you have your criteria established and sign the scholarship agreement, in addition to providing the funds. And of course you need to provide the funds. You can create a fund with a gift in any amount; however, it takes \$5,000 to create a permanent endowment fund. We can also establish a “non-permanent” scholarship fund.

How does the scholarship process work?

Some of our graduate student or non-traditional scholarships are offered throughout the year, but the majority of our scholarships are awarded in May in time for honors programs and graduations.

We distribute applications and information about our scholarships to the pertinent area schools and we are in constant contact with the guidance departments from each school in Fulton, Miami and Starke Counties. Upon the application deadline we ask that high school students return the applications to the guidance department of their school. All renewal, graduate school, non-traditional or home schooled applicants return applications to the NICF office.

The NICF office screens the returned applications to make sure they meet your specific criteria and include all necessary attachments. We can also score the applications for financial and academic measurements.

The NICF prepares a packet of material to be distributed to the committee and/or individuals that make the selection for the scholarship recipient. This packet includes copies of the completed scholarship applications and any relative attachments such as letters of recommendation, grades and financial information. We also include a score sheet to aid in the selection process. We ask that the committees give the name of their recipient and an alternate to the NICF office by the end of April.

We then contact the schools with the names of the recipients to be announced at the school honor’s program. Each scholarship recipient receives a certificate and acknowledgement of the scholarship at the event. Many times the donors’ wish to make the presentation at the school and we strongly encourage

their participation. We will have a representative of the Community Foundation at the event as well. The Community Foundation holds a scholarship reception during the summer. This is a great way for the donor to meet the student and to share information about the reason the fund was established. We do have some donors who wish to remain anonymous and we are mindful of those donors and their decisions. If you wish to remain anonymous, be assured that confidentiality is of the utmost importance here at the Foundation.

The NICF office sends voucher letters to the students to gather information that is needed in order to pay the college, university or trade school that they are going to attend. Our policy is to pay the college, university or trade school directly. Each student must provide the information included on the voucher letter in addition to any other documents as required by the scholarship fund agreement for payment to be approved. Examples of documentation could be; a letter of acceptance to the school, fall class schedule proof of grades, etc.

We encourage the students to write a thank you letter to the donor and committee. All thank you notes are copied for the file and then sent directly to the donor.

Creating Your Scholarship Fund

We at the Northern Indiana Community Foundation Inc. look forward to working with you to create your new fund. We will prepare the fund agreement with your specific instructions so your fund can be administered in accordance with your wishes. This fund will be here for forever, so it is important that the donor's wishes be clearly described. As long as a donor is living, changes can be made to the original agreement at any time simply by notifying the foundation and signing an amendment form.

Here are some things you need to decide when creating a new scholarship fund:

◆ **What will be the exact name or title of the fund?**

- You can name the fund to honor the memory of a loved one. Other ideas are family name, names of the donors, area of study, school or organization establishing the fund.

◆ **What criteria will you have for the recipients?**

- The process for selection of the recipient must be fair and open and available to all that qualify. You can however list qualifications that you would like your recipient to have. Such as:

- | | |
|---------------------------------------|---------------------------------|
| ▪ Graduates of a specific high school | ▪ Financial need |
| ▪ Specific locale of residency | ▪ GPA/SAT scores |
| ▪ Non-traditional student | ▪ Athletic or academic interest |
| ▪ Full time or part time student | ▪ Work, volunteer history |
| ▪ Current high school graduate | ▪ Awards and recognitions |
| ▪ Current college student | ▪ Specific career goals |
| ▪ College graduate | |
| ▪ Part time or full time student | |

◆ **Who will be selecting the recipient?**

- A committee must be formed to make the selection. Starke, Miami and Fulton Counties each have a Community Foundation Scholarship Committee comprised of local citizens who review the scholarships and can make the final decision.
- The donor, family members or friends may also be a part of the selection committee, but they need to be a minority of the scholarship committee as a whole. This maintains the integrity of the process and protects the tax benefits you have received by establishing a fund through the Community Foundation. If you choose this method in creating the selection committee, your members would be a part of the Community Foundation Scholarship Committee for the selection of your scholarship.

Including the NICF in Your Estate Planning

We always encourage our donors to contact their attorney or financial planner to review your fund agreement. We also invite them to give us a call to answer any questions.

You can also simply let your attorney know of your intentions for creating a scholarship fund when you are making arrangements for your will or other estate planning vehicle. Please feel free to use the attached “NICF Scholarship Fund Checklist” to give to your attorney for specific instructions for the creation of a scholarship fund. We highly suggest that a scholarship fund agreement be attached to the will.

Investing Our Gifts

The Northern Indiana Community Foundation, Inc. (NICF), is made up of Fulton, Miami and Starke County Community Foundations who share costs and pool funds into a single cost-effective foundation. The NICF is directed by a board consisting of five members from each of the three counties which provides for consistent, effective management of the endowments. Each of the three counties has its own volunteer board who are responsible for the distribution of proceeds from its general fund. The chief executive officer and the three member staff are paid positions.

The mission statement of the Northern Indiana Community Foundation Inc. is: *To improve the quality of life in our communities by assisting donors in fulfilling their charitable wishes.* We do this by an ever mindful Board of Directors and Finance Committee who have created the following statement designed to increase assets with minimal risk.

Statement of Objectives

The objectives of the Board have been established in conjunction with a comprehensive review of the current and projected financial requirements. The objectives are:

- (1) To maintain the purchasing power of the current assets and all future contributions. The objective is to maintain the level of services and programs in relation to the average cost increases. This requires establishing an equilibrium spending rate of 5.5%, subject to Board review.
- (2) To apply a smoothing rule to mitigate the effects of short-term market volatility on spending. The following smoothing rule will be applied:

Foundation’s spending policy is to spend up to 4.5% of a 3 year moving average of quarterly market values. In the early stages of fund accumulation, however, the Finance Committee may recommend and the Board may adopt an interim spending policy of up to 4.5% of a one year moving average of quarterly market values. This spending policy establishes the resources available for grant budgets of the Foundation. Operating expenses are outlined in item (3). Amounts that remain unspent at the end of the year may be carried over for disbursement in the following years.
- (3) The Foundation will assess a ½-of-one-percent administrative fee, on a quarterly basis, to all endowed funds. This fee is used to offset expenses associated with managing and administering all endowed funds.
- (4) To maximize return within reasonable and prudent levels of risk.
- (5) To maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy, while still having the potential to produce positive real returns.
- (6) To control costs of administering the Fund and managing the investments.

Investment results and endowment building are the critical elements in achieving the investment objectives.

Northern Indiana Community Foundation Scholarship Fund Checklist

Please check and fill in the blanks on any of the statements below that apply to your wishes:

Most Commonly Used Purpose Statements:

- Graduating from _____ High School
- Graduating from _____, _____, _____, High Schools
- Who is a resident of _____ County
- Who is a resident of _____ Township
- Who is a resident of _____, _____, _____,
or _____, Townships
- Pursuing a degree in _____
- Who is deserving of financial assistance
- Who plans to attend an accredited college or university
- Who plans to attend an accredited college, university, trade or vocational school
- Who plans to attend an accredited college or university in Indiana
- Who plans to attend an accredited college, university, trade or vocational school in Indiana
- Must attend _____ College or University
- Who is a ****non-traditional student attending college for the first time**
- Who is a ****non-traditional student attending college for the first time and who is a resident of**
_____ County or _____ Township.
- Who is a first generation college student and is the first person in their family to attend a college
or university
- Other Purpose/Donor to Specify: _____

- **What is a Non-Traditional Student?**

Every school has their own definition of what a "non-traditional" student is, but generally a non-traditional student is:

- An older student, usually over the age of 24 or 25.
- A student who previously has attended college and is returning to college after a few years' break.
- A student who graduated high school and went straight into the work force, and is now attending college for the first time.

Most Commonly Used Scholarship Criteria:

- Who is active and involved in school, work and community
- Who is active and involved in _____
- Who displays good citizenship in school, work and community
- Who displays good academic accomplishments
- Who displays good athletic accomplishments
- Who displays good artistic accomplishments
- Who displays good musical accomplishments
- Who displays _____ accomplishments
- Who must have a _____ or higher Grade Point Average
- Who must have a Class Rank of at least _____ or higher
- Who must have a _____ or higher SAT score
- Who must have a _____ or higher ACT score
- Graduating in the top/highest _____% of his or her graduating class
- Who must have attended high school in Indiana for at least _____ years
- Who must have attended high school in Indiana for at least _____ years prior to graduation
- Who must have attended _____ High School in _____ County
for _____ number of years
- Who is a resident of _____ County and has attended
_____ High School for _____ number of years.
- Who must have attended _____ Elementary School
- Who must have attended _____ Elementary School for _____ number of
years
- Who must attend the school of _____ at
_____ college/university
- Other Criteria/Donor to Specify: _____

Other Language Used In The Scholarship Agreement:

- Special preference will be given to those students who are pursuing a degree in _____

- Special preference will be given to first generation college students who are the first in their family to attend a college or university
- First year recipient must submit a copy of his or her acceptance letter from _____
(college/university)
- First year recipient must submit a copy of his or her acceptance letter from _____
(college/university/trade or vocational)
- No minimum Grade Point Average required
- No income limitations required (Financial Need N/A)
- Special Preference/Donor to Specify: _____

Payment of Scholarship: (Specific Instructions & Stipulations)

- No specific instructions and no specific stipulations specified—Payment to be made at the beginning of the school year
- Payment of scholarship after the completion of the first semester
- Payment of scholarship after the completion of the recipient’s _____ year of college (i.e., freshman, sophomore, etc.)
- Payment of scholarship after the completion of the first semester, and only after the recipient has submitted to the NICF Office a copy of his/her first semester grades
- Payment of scholarship after the completion of the first semester, and only after the recipient has submitted to the NICF Office a copy of his/her first semester grades and second semester class schedule
- Payment of scholarship after the completion of the first semester, and only after the recipient has submitted to the NICF Office a copy of his/her first semester grades and has maintained at least a _____ cumulative GPA
- Payment of scholarship after the completion of the first semester, and only after the recipient has submitted to the NICF Office a copy of his/her first semester grades and second semester class schedule and has maintained at least a _____ cumulative GPA
- Payment of scholarship after the completion of one (1) year of college
- Other Payment of Scholarship/Donor to Specify: _____

Renewable Scholarships:

Automatic Renewals:

- Automatically renewed only if sufficient funds are available (*first year recipient will receive the scholarship for four (4) years.*)
 - Automatically renewed only if sufficient funds are available for first year scholarship recipient who is continuing his/her education in a graduate program (*first year recipient will receive scholarship during his/her undergraduate and graduate education.*)
 - Other Automatic Renewals/Donor to Specify: _____
-

Non-Automatic Renewals:

- Recipients who are re-applying and graduating high school seniors who are applying for the first time will be given equal consideration in the selection process.
- The recipient may apply for renewal of said scholarship each year during such student's undergraduate college education, subject to the availability of sufficient funds, by:
- Completing a current-year application and re-applying each year
- Writing a letter of intent to re-apply to the Northern Indiana Community Foundation by _____ of each year
- Submitting a copy of his or her grades
- Submitting a copy of his or her grades along with a copy of his or her second or upcoming semester class schedule
- Maintain a cumulative GPA of _____
- Only if the recipient is a full-time student and achieves the following cumulative grade point averages:
 - (1) At the end of the freshman year - _____
 - (2) At the end of the sophomore year - _____
 - (3) At the end of the junior year - _____
- Only if the recipient is a full-time student at _____ College/University and achieves the following cumulative grade point averages:
 - (1) At the end of the freshman year - _____
 - (2) At the end of the sophomore year - _____
 - (3) At the end of the junior year - _____
- Non-Automatic Renewals/Donor to Specify: _____

Essay Question For Scholarship Application

- Use standard question: "In your own handwriting, describe your plans for the future and the importance of receiving a post-high school education.
 - Other Question/Donor to Specify: : _____
-

Examples Of Unique Criteria Not Often Used:

- Special consideration will be given to those who have overcome obstacles or unusual circumstances (Please define: _____)
- Special consideration will be given to those students who come from a single-parent household
- Special consideration will be given to those students who are in foster care or other specific living conditions (Please define: _____)
- Support educational opportunities for students with hearing, vision, mobility or range of motion impairments (Please define: _____)

Please Note: A scholarship with the above unique criteria may be difficult to award. So the following “*sample statement*” should be included in the agreement:

“If no qualified student applies, the following criteria shall be considered:”

(The donor can then specify what other criteria may be considered—for example: support of students who are **pursuing an education** in the field of:

- Physical Therapy
- Speech And Hearing
- School Or Family Counseling)

Recipient Selection/Recommendation Committee:

(The selection of all recipients are subject to the Northern Indiana Community Foundation (NICF) Board approval in accordance with IRS codes, applicable laws and the overall goals of the NICF Scholarship Program.)

- _____ County Community Foundation Scholarship Selection Committee will select and recommend the scholarship recipient to the Board for approval.
- The following people will be a part of the Community Foundation Scholarship Selection Committee and recommend the scholarship recipient to the NICF Office for Board approval.

- _____ committee will select and recommend the scholarship recipient to the NICF Office for Board approval. (Kiwanis, Rotary or other organization’s scholarship committee)

Donor to Specify (Please define: _____)
