

The SCCF's 20th Anniversary Series

Volume 6 - August 31st 2016

How the SCCF Works

How can the SCCF be sure that it will continue to grow forever? Here's a little bit about how it works:

Donors give money to the Community Foundation. It could be as little as \$1 or as much as \$1,000,000 or more. Every dollar makes a difference. Donors can put their money into any fund they want; we have more than 120. There is a list of funds on our website, where donors can pick and choose to determine which fund supports what they care about. Or, they can put their money into our community fund. We choose where the grants from this fund go, based on community needs.

If donors give \$5,000 or more, they can start their very own fund, which they get to name. They can name it after themselves, a family member who they care about, the organization they want to support, etc. They can choose what this fund supports. If donors give \$10,000 or more, they can start a scholarship fund. They also get to name this fund and decide the criteria for the scholarship.

These dollars will never be spent. Instead, we invest the money through two investment firms. This is called endowing the money. The funds generate interest.

It's like keeping money in a savings account, rather than a checking account.

We aim to get 8% interest back on our investments each year. Here is how the 8% is used: usually, about 3.5% will go out in grants, 1.5% is a fee that the Community Foundation uses to operate, and 3% then goes back into the investment so that the fund grows. That way, even if we have a bad year and don't get an 8% return, we can still make grants because we have that money that we rolled over from previous years.

Here's an example of a \$100,000 fund. If we have an 8% return, that's \$8,000. 3.5% is \$3,500, so that much is going to pay out in grants. 1.5% is \$1,500, so that is going back to the Community Foundation for operating. The remaining \$3,000 is going back into the fund.

If no one ever gives another penny to this fund, which would mean that it's solely growing from the interest it earns, in 25 years, it will have paid out \$186,860 in grants, and it would have \$199,968 in the endowment. The fund will have doubled in size and paid out almost twice as much as it was originally worth!

Let's say no one still ever gives another penny to the fund, and it continues to grow on its own for another 25 years. In that case it will have paid out \$541,837 and will have \$379,878 in the fund!



Assuming 8% growth, 3.5% payout, and 1.5% fee each year.

How incredible is that?

So if you choose to give \$20 to the Community Foundation each month, your money will never be spent and will still be there growing and supporting your community 100 years from now and forever! Pretty amazing!

Have questions? We'd love to answer them. Contact Sarah Origer at 574-772-3665, by email at starke@nicf.org, or stop by the SCCF office at 310 Lane Street, Suite A in North Judson (We're located in the North Judson Town Hall building).