



COMMUNITY SCHOLARSHIP PROGRAM

The Community Scholarship Program has made higher education possible for many residents with financial need in our region. We manage one of the largest community-based scholarship and loan programs in the country. We administer over 100 scholarships and interest-free loan programs as well as provide awards to over 800 students each year. Scholarships may be named to honor or memorialize a loved one or colleague.

Below are answers to frequently asked questions about the Community Scholarship Program.

Q. How do I establish a scholarship fund?

A. Scholarship funds can be established easily and quickly. The Foundation assists donors and their financial advisors with the fund-establishment process. Once the details have been discussed with the Foundation, simply sign a fund agreement letter and transfer the assets to establish the fund.

Q. What are the required minimums to establish a scholarship fund?

A. Separately identified scholarship funds can be established with gifts totaling \$25,000 or more, allowing a minimum annual scholarship award of \$1,000 or more. The Foundation can accept cash, stock, mutual fund shares, closely held stock, real estate, personal property, retirement assets, life insurance, planned gifts and private foundation assets. *Endowed scholarships will be awarded in the first available scholarship cycle after one year from the date the fund minimum is reached, unless otherwise approved.*

Q. How are funds invested?

A. Our funds are professionally invested under the supervision of expert community volunteers. Funds are pooled and invested with other assets of the Foundation for fuller diversification, with each fund accruing its own share of the earnings. Each fund is accounted for separately. Donors may choose from a selection of portfolios and will receive quarterly financial statements.

Q. What if I have to raise the money to reach the fund minimum of \$25,000?

A. Donors must submit a plan at the time the fund is established. The plan should include a detailed, realistic approach to raising the \$25,000 minimum by a specific date within two years of the fund's establishment. This allows time to gather gifts that have been committed to a fund by family, friends, or colleagues without turning the process into a long-term fundraising effort. If the \$25,000 minimum is not reached by the specified date and special arrangements aren't made with the Foundation, the fund balance will be transferred to the Future Scholars Fund.



Q. What if I wish to make a scholarship gift of a lesser amount?

A. Donors contributing less than \$25,000 have two contribution options: the Annual Community Scholarship Fund or the Future Scholars Fund, a permanently endowed fund.

The Annual Community Scholarship Fund pools gifts for a year. The entire balance is granted in awards of \$1,000 or more in the next available scholarship cycle. The Future Scholars Fund pools gifts and is managed in perpetuity, utilizing the Foundation's Endowed Fund Distribution Policy (currently 4.5% of a 13-quarter rolling average of the principal). Gifts to this fund extend their impact in perpetuity.

Awards made from these funds are not linked with specific donors. With a gift of \$10,000 or more, the name of the donor or individual in whose memory the gift is given will be listed in the Foundation's Annual Report. The donor will also receive notification of the scholarship recipient(s) in the year in which the gift is made.

Q. What are the administrative fees?

A. Below is our scholarship fund fee schedule.

<u>Fund Amount</u>	<u>Community Foundation Selection Committee</u>	<u>External Selection Committee or Donor Participation</u>
First \$500,000	1.50%	2.00%
Next \$500,000	1.25%	1.50%
\$1,000,001 to \$5,000,000	1.00%	1.25%
\$5,000,001 to \$15,000,000	0.85%	1.00%

Note 1: Fee percentages applied on a stepped basis to current fund balance for advised funds or to 13-quarter rolling average on endowed funds.

Note 2: Additional fee of 0.15% for any funds invested in specially created portfolios.

Note 3: Fees are in addition to the fund's investment expenses as outlined in the investment policies.

Q. What do the fees cover?

A. The fees cover all administrative tasks assumed by the Foundation, including publicizing it as part of our common application form, processing applications, and making the appropriate awards. The Community Foundation will undertake all other aspects of the administration of this fund, including recordkeeping, investment, filing all required reports, monitoring the charitable status of recipients of such grants, and the provision of tax receipts for gifts to the fund.



Q. What are the scholarship fund options?

A. Donors who want to ensure their fund serves as a permanent resource for the community may choose our Endowed Fund Distribution Policy (currently 4.5% of a 13-quarter rolling average of the principal), which attempts to preserve the fund's principal in perpetuity. Donors who want to be more actively involved in the fund's administration may establish an Advised Scholarship Fund, allowing them to recommend the amount of money above the \$25,000 minimum to be awarded annually (in amounts of at least \$1,000).

Q. Who is eligible to receive funds from the program?

A. Scholarships are primarily awarded to residents of Western Massachusetts for full- and part-time undergraduate and graduate study at accredited institutions of higher education who fulfill all application requirements.

Q. Can I choose criteria to define the students eligible for the scholarship?

A. Yes. Donors may choose selection criteria for a separately named scholarship fund based on information already collected on the current application form:

- Residency: Counties of Franklin, Hampden, Hampshire, city/town or a combination
- High School: Current graduating seniors or graduates of a specific high school
- Year of Study: Freshman, sophomore, junior, senior, or graduate student
- Specific College or University
- Major
- Ethnicity

The above criteria may be combined unless the combination creates the possibility that an award will not be made each year due to a lack of qualified applicants. In that case, donors may express a preference for such combined criteria with the right of the Foundation to award to applicants who do not meet such combined criteria.

Q. As the donor, can my family or I participate in the selection of candidates? Can I ask another group to make the selections?

A. According to federal law, scholarships require special administration when donors participate in the selection process. The Foundation does have a process that allows donors and families or other groups (companies or school employees) to participate in the selection of candidates. However, since this is bound by strict regulations, it must first be discussed with Foundation staff.