



ROCHESTER AREA FOUNDATION

SCHOLARSHIP FUNDS



Rochester Area
Foundation

Supporting students in their educational pursuits through scholarships is a rewarding and effective way to meet your charitable objectives. Scholarship funds at Rochester Area Foundation (RAF) vary by size and complexity, but the common element they share is the charitable spirit of the donors who created them. Each scholarship fund is born of a deep belief in the power of education to help people achieve their dreams.

RAF OFFERS TWO KINDS OF SCHOLARSHIP FUNDS

> **FOUNDATION MANAGED SCHOLARSHIP FUNDS** are overseen by RAF. Every step involved in the standard scholarship process – from the creation and distribution of applications to the disbursement of funds to qualified educational institutions – is administered by RAF. RAF appoints a volunteer committee (that can include the donor) to review student applications and selects recipients based on eligibility criteria that you choose.

The minimum amount to establish a foundation managed scholarship fund is \$25,000.

> **BRIGHT FUTURES SCHOLARSHIP FUNDS** allow anyone to support college-bound students. Gifts of any size may be made to the Bright Futures Scholarship Funds at any time. The eligibility and selection criteria for Bright Futures scholarships are established by RAF. These awards are made either to fill gaps left by existing scholarship programs or to meet community needs.

There are two ways to support this program; gifts to support the Bright Futures Endowment Fund will ensure the long-term availability of scholarship funds, and gifts to support the Bright Futures Current Year Scholarship Fund will increase the number of scholarships awarded in any given year.

In appreciation of each donor's generosity, and with their permission, we list the names of donors who make a minimum gift of \$10,000 to the Bright Futures Scholarship program on the scholarship award letters that are sent to students.





FOUNDATION MANAGED SCHOLARSHIP FUNDS

YOUR GIFT

When you establish a Scholarship Fund with Rochester Area Foundation, you give countless students the opportunity to pursue their dreams while achieving your own charitable goals. Whether you want to establish a personal, family, or corporate legacy, give back to your community, or honor your alma mater, RAF will work with you to create a scholarship that is uniquely your own.

Scholarship Funds require a minimum initial gift of \$25,000, to be maintained in perpetuity. However, RAF does offer the option to build your fund's balance over five years.

YOUR CHOICE

RAF will work with you to draft scholarship criteria that meet your specific objectives. Scholarships can be crafted in a variety of ways, including but not limited to:

- > Students with demonstrated academic ability and/or financial need
- > Students from a particular area or high school (i.e. John Marshall High School, Olmsted County, etc.)
- > Students attending a specific institution (i.e. your alma mater)
- > Students concentrating on a particular field of study
- > Students from underserved communities

Many donors also choose to actively participate in the selection of scholarship recipients by becoming a member of their scholarship's Selection Subcommittee. With your input, the RAF Scholarship Committee appoints this subcommittee and relies on its input to award scholarships from your fund, according to your stated criteria.

OUR SUPPORT: YOUR LEGACY

RAF provides complete administration of your Scholarship Fund, including managing your investment, publicizing the scholarship, creating, managing and processing applications through our online application portal, organizing and convening selection committees, evaluating candidates, and communicating with scholarship recipients. RAF also provides annual reports on your Scholarship Fund, so you can track your legacy as it grows over the years.

HOW A MANAGED SCHOLARSHIP FUND WORKS

- > You make a gift to Rochester Area Foundation to start your scholarship fund. You can give cash, appreciated securities, real estate or other assets valued at \$25,000 or more at one time or over five years.
- > You sign a simple fund agreement which establishes an endowed Scholarship Fund bearing the name of your choice.
- > You receive tax benefits in the year your gift is made.
- > Our professional staff helps you determine the eligibility and selection criteria for your scholarship fund based on field of study, academic achievements, extracurricular activities or financial need, for example.
- > We handle administrative details and marketing of the scholarship opportunity to appropriate audiences based on your fund's eligibility and criteria.
- > In all cases, the selection subcommittees for scholarship funds are appointed by RAF; however, you may recommend people to serve as subcommittee members. You and parties related to you may serve on the selection committee, but neither you nor they may make up the majority or directly or indirectly control the committee. In addition, by law, no donor, member of the selection subcommittee nor anyone related to the scholarship fund's advisors may receive any material benefit from any grant distributed from the fund.
- > RAF's Scholarship Committee reviews eligible scholarship applications and makes the scholarship award selections.
- > RAF staff notifies recipient(s), secures appropriate paperwork, and disperses scholarship funds to academic institutions.
- > You and others can add to your Scholarship Fund at any time, receiving tax benefits with each new gift. And because the fund is endowed, it becomes a permanent educational funding resource.

SPECIAL REQUIREMENTS FOR CORPORATIONS

A corporation wishing to establish a scholarship program for children of employees and/or employees of the corporation must meet the conditions and percentage tests set forth by the IRS. Additional standards ensure that the purpose of the scholarship program is to enable recipients to obtain an education solely for their personal benefit and not to provide extra compensation or other employment incentives to employees.





10 REASONS TO GIVE THROUGH THE ROCHESTER AREA FOUNDATION

1. We are a local organization with deep roots in the community.
2. We actively invest in our community through our initiatives addressing community issues and needs.
3. We provide highly personalized service tailored to each individual's charitable and financial interests.
4. We help people invest in causes they care about most.
5. We accept a wide variety of assets and can facilitate even the most complex forms of giving.
6. We partner with professional advisors to create highly effective approaches to charitable giving.
7. We offer maximum tax advantage for most gifts under federal law.
8. We multiply the impact of gifts by pooling them with other gifts and grants.
9. We build endowment funds that benefit the community forever and help create personal legacies.
10. We are a community leader; we collaborate with others and coordinate resources to create change and make a difference.

ESTABLISHING YOUR SCHOLARSHIP FUND

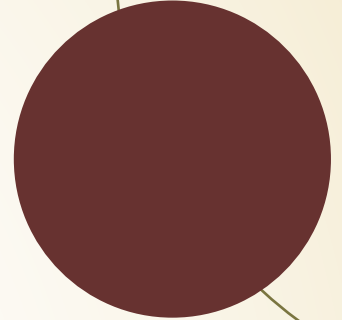
AT THE ROCHESTER AREA FOUNDATION

CONSIDER THESE QUESTIONS WHEN DESIGNING YOUR SCHOLARSHIP PROGRAM?

- > What is the inspiration behind establishing your scholarship fund?
- > Whom do you hope it will benefit?
- > How many awards do you want to make?
- > What is a meaningful award amount?

HOW TO ESTABLISH A SCHOLARSHIP FUND

- > Meet with RAF staff to determine which type of fund is right for you.
- > Establish the scholarship fund by signing a scholarship fund agreement.
- > Meet with scholarship staff to:
 1. Review scholarship policy and compliance documents.
 2. Establish a timeline for awarding grants from scholarship fund.
 3. Establish eligibility, selection criteria and selection process for your scholarship program.
- > Submit final scholarship program parameters for approval by RAF.
- > Upon approval, launch scholarship program.





FEE SCHEDULE FOR SCHOLARSHIP FUNDS

RAF fees offset the costs associated with administering a fund at RAF. Fees help pay for professional services and sustain the work of RAF within the community. These costs include the recordkeeping of each fund as well as staff time devoted to investment oversight and grantmaking. Fees are reviewed annually. RAF may adjust fees as appropriate, at its discretion. Scholarship funds are currently assessed an annual fee of 1.25%.

SPECIAL REQUIREMENTS & CONSIDERATIONS

Because Scholarship Funds benefit individuals, rather than nonprofit organizations, they are governed by special rules and legal requirements. RAF works diligently to ensure all funds comply with these regulations, while still fulfilling their charitable goals.

Scholarship Funds at RAF are structured and administered according to an IRS compliant, Trustee-approved uniform procedure for creating, awarding, and administering scholarships. Scholarships must be open to a broad, charitable class and awarded on an objective and non-discriminatory basis. Award eligibility is limited to students who are not RAF Trustees, staff, donors, advisors, committee members, or related parties.

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