

## **GUIDELINES FOR MEMORIAL AND HONORARY ENDOWED SCHOLARSHIP PROGRAM**

**Purpose:** To establish a program where families and individuals in Granville & Tolland can establish a named scholarship in memory of or in honor of a loved one, utilizing the resources, experience, and 501(c)(3) status of Granville Tolland Citizens' Scholarship Foundation (G-TCSF) and its parent organization, Citizens' Scholarship Foundation of America (CSFA), to assist and guide them through the entire process.

**Background:** Every day tragic deaths occur and important personal and professional milestones take place. Often the impulse of family members or survivors is to establish a scholarship program to honor or memorialize the person in question. "In lieu of flowers (or gifts), please make contributions to the Jane Doe scholarship program in care of Centerville Savings Bank." When these situations arise in a community with a Dollars for Scholars chapter, the initial impulse can have a quick and positive outcome. When the community does not have a chapter, the interested family usually visits their local bank to set up the scholarship fund, using their own Social Security number on the account. Donations are then deposited from donors and the immediacy of the situation passes.

When the family is ready to proceed with the funds they have collected, they discover at least four unpleasant issues:

1. All of the donations are considered taxable income to the individual whose Social Security number is assigned to the account.
2. Any and all accrued interest is fully taxable.
3. Donors cannot take a legal tax deduction for their contributions because the donations were not made to a designated 501(c)(3) tax-exempt organization.
4. Turning charitable intent into a viable program is far more complicated than they originally envisioned.

In these circumstances, the Granville-Tolland Citizens' Scholarship Foundation is well positioned to provide a needed service to our two towns' families. By applying our tax-exempt status and our experience in scholarship management, we can address potential problems and assist a family in creating a scholarship program that will honor or perpetuate the memory of their loved one.

**Guidelines:** The following guidelines will be in effect with all Memorial and Honorary Scholarship Management (MHSM) programs unless otherwise stipulated:

- The G-TCSF shall maintain a **donor-restricted endowment** consisting of separately contributed permanent funds bearing the name of individuals, organizations, or companies. These restricted permanent funds will protect the principal gift(s) in perpetuity. The G-TCSF will disburse only the interest earned on principal.

- A **donor-restricted endowment** requires a minimum of ten thousand dollars (\$10,000) deposited with the G-TCSF. This amount will generate sufficient income to allow at least one scholarship to be awarded annually. Additional gifts of any amount may be added to the principal gift at any time. Such gifts will earn interest immediately upon deposit.
  - Individuals wishing to establish a **donor-restricted endowment** will sign a letter of agreement with the G-TCSF. These individuals are referred to as fund sponsors unless the letter of agreement stipulates an alternative reference.
  - The Granville-Tolland Citizens' Scholarship Foundation will provide the fund sponsor with annual statements reflecting accrued interest and the total amount on deposit as well as the names and addresses of contributors and the dollar amount of each donation. At least once annually, the G-TCSF will inform the fund sponsor of scholarship award information including the name and address of the scholarship recipient(s) and the amount of the scholarship(s). This information will be provided in the interest of full and complete disclosure.
- ☐ The Granville-Tolland Citizens' Scholarship Foundation shall maintain a **donor-restricted term endowment** consisting of separately contributed funds bearing the name of individuals, organizations, or companies. These donor-restricted term endowments will be distributed as scholarships annually until all principal and accrued interest are reduced to zero (\$0).
- A **donor-restricted term endowment** requires a minimum of five thousand dollars (\$5,000) deposited with the G-TCSF. Additional gifts of any amount may be added to the principal gift at any time. Such gifts will earn interest immediately upon deposit.
  - Individuals wishing to establish a **donor-restricted term endowment** will sign a letter of agreement with the G-TCSF. These individuals will be referred to as fund sponsors unless the letter of agreement stipulates an alternative reference.
  - The Granville-Tolland Citizens' Scholarship Foundation will provide the fund sponsor with annual statements reflecting accrued interest and the total amount on deposit as well as the names and addresses of contributors and the dollar amount of each donation. At least once annually, the G-TCSF will inform the fund sponsor of scholarship award information including the name and address of the scholarship recipient(s) and the amount of the scholarship(s). This information will be provided in the interest of full and complete disclosure.
- ☐ The Granville-Tolland Citizens' Scholarship Foundation shall maintain a **donor-restricted scholarship program** consisting of contributed monies bearing the name of individuals, organizations, or companies. These donor-restricted scholarships will be distributed in their entirety, including original gifts and any accrued income, as scholarships in lump payments the June immediately following the receipt of the gifts.
- A **donor-restricted scholarship** requires a minimum gift of one thousand dollars (\$1,000) deposited with the G-TCSF.

- Individuals wishing to establish a **donor-restricted scholarship** will sign a letter of agreement with the G-TCSF. These individuals are referred to as fund sponsors unless the letter of agreement stipulates an alternative reference.
- Each year, following the distribution of all **donor-restricted scholarships** the G-TCSF will inform the donor of scholarship award information including the name and address of the scholarship recipient(s), and the amount of the scholarship(s). This information will be provided in the interest of full and complete disclosure.
- ❑ Once **donor-restricted endowments, donor-restricted term endowments, and donor-restricted scholarships** are on deposit with the Granville-Tolland Citizens' Scholarship Foundation, they become funds of the G-TCSF, a division of Citizens' Scholarship Foundation of America, Inc. (CSFA), having its permanent address at 1505 Riverview Road, St. Peter, MN 56082. CSFA and the G-TCSF are 501(c)(3) tax-exempt organizations with the following TINs: 04-2296967 and 23-7173797, respectively.
- ❑ All **donor-restricted endowments, donor-restricted term endowments, and donor-restricted scholarships** are under the direct control of the Investment Committee of the Granville-Tolland Citizens' Scholarship Foundation's Executive Board. The funds will be invested in a manner consistent with the investment policy of the G-TCSF. The G-TCSF assumes no liability for market volatility or its effect on the value of **donor-restricted endowments and donor-restricted term endowments**.
- ❑ The scholarships from **donor-restricted endowments, donor-restricted term endowments, and donor-restricted scholarships** shall be awarded to students who are enrolled in a full-time postsecondary program and are pursuing one of the following educational goals:
  - A four-year college education leading to a bachelor degree
  - A two-year college education leading to an associate degree

The fund sponsor may stipulate, in conjunction with the GTCSF, additional eligibility and selection criteria.
- ❑ The Granville-Tolland Citizens' Scholarship Foundation will publicize to potential applicants the availability of its Memorial and Honorary Scholarship Program and the named funds included therein in as many ways as is practicable in conjunction with each fund sponsor and any specific sponsor-identified eligibility and selection criteria.
- ❑ The fund sponsor or fund donor may participate, if stipulated in the letter of agreement, in choosing the scholarship recipient(s) of his or her named fund after a preliminary screening of applicants by the G-TCSF. If, in a given year, no student applies for the scholarship who meets the fund sponsor's or donor's specific eligibility and selection criteria, then the G-TCSF will award the scholarship at its discretion.
- ❑ The Granville-Tolland Citizens' Scholarship Foundation will generate all scholarship payments. The G-TCSF will, at its discretion, make scholarship checks payable either to the institution the recipient is attending or jointly to the recipient and the institution. The GTCSF will complete all paperwork associated with any recipient attending a Dollars for Scholars

Collegiate Partner or Matching Collegiate Partner institution. The G-TCSF will make every reasonable effort to ensure that the scholarship(s) from the Fund are not used by the college(s) to displace previously awarded gift aid, and will tailor scholarships accordingly.

- ❑ The Granville-Tolland Citizens' Scholarship Foundation will make every reasonable effort to have unused scholarships returned for future use, in the event the selected recipient does not attend college as planned. For students who change institutions, the G-TCSF will make every reasonable effort to reissue scholarship checks to the new institution. Scholarships returned unused will be re-deposited with accrued income for disbursement the following year.

If you would like additional information or have questions please feel free to contact the Endowment Committee Chairman as follows:

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