



CHAPTER ENDOWED SCHOLARSHIP PROGRAM FACT SHEET

WHAT IS IT? An endowed scholarship program is a tax-deductible contribution to a Dollars for Scholars chapter for the purpose of using only the earnings from the principal of the contribution for the purpose of distributing scholarship awards or funding other chapter approved programs.

CAN THE DONOR DEFINE THE USE OF THESE CONTRIBUTED FUNDS? Yes. The local chapter accepts restricted contributions for any purpose fitting within the mission of that chapter. In fact, special provisions are included within the endowment agreement that allow the Donor to work with the local chapter to establish his or her scholarship program and necessary future program changes.

CAN ENDOWED SCHOLARSHIP PROGRAMS BE ESTABLISHED THROUGH A WILL? Yes. There are many methods used for the establishment of endowed scholarship programs; a will is only one of them. The local chapter has the flexibility to work with the financial needs of all Donors in the establishment of an endowed scholarship program on a current or deferred basis.

CAN DONORS EVER RECEIVE THEIR CONTRIBUTION BACK? No. By law, any endowed contribution to a Dollars for Scholars chapter is irrevocable. This law allows all contributions to the local chapter to be tax deductible.

WHAT HAPPENS IF THE PURPOSE OF THE ENDOWED CONTRIBUTION CEASES TO EXIST? All of the local chapter's Endowed Scholarship Agreements contain a special provision called a "Sunset Clause." This clause within the endowment agreement details what will happen if the purpose of the scholarship ceases to exist or if, for some reason, the local chapter ceases to exist.

CAN ADDITIONAL CONTRIBUTIONS TO THE ENDOWMENT BE MADE? Yes. Any future contributions to the endowment will be tax-deductible by the donor and the earnings legally restricted according to the terms of the endowment agreement.

DO EARNINGS FROM THE ENDOWMENT NEED TO BE SPENT IMMEDIATELY? No. It is permissible to build the principal of the endowment to a specified level prior to spending the earnings for the scholarship program.

HOW DOES THE LOCAL CHAPTER INVEST THE FUNDS? All local chapter investments are controlled by the Governing Board of the local Dollars for Scholars chapter. Generally, all endowed scholarship funds are invested in conservative, interest-bearing securities such as U.S. Treasury Securities. The local chapter has an investment policy established by their Governing Board which is available to potential donors.

ARE THE FUNDS PROTECTED FROM A CHAPTER'S CREDITORS? Yes. By establishing an endowment with a Dollars for Scholars chapter, all funds are protected from creditors.

HOW DOES THE PROCESS OF ESTABLISHING AN ENDOWED SCHOLARSHIP PROGRAM BEGIN? A potential donor need only contact their chapter representative. The local chapter has all forms necessary to complete the establishment of the endowed program.

For more information please contact Bob Fenger at 507-423-6675 or scbger@BasicISP.net.