



CARMEL EDUCATION FOUNDATION SCHOLARSHIP PROGRAM ESTABLISHING A SCHOLARSHIP

Greetings,

Thank you for your consideration of establishing a Carmel Education Foundation (CEF) Scholarship. Scholarships are central to our mission of supporting Carmel Clay Schools (CCS) students in lifelong learning. An investment in a CEF scholarship creates a legacy for donors and a lasting impact for students.

Established in 1966, the CEF scholarship program is the largest public education foundation scholarship program in Indiana, awarding more than 100 scholarships each year. CEF scholarships represent educators, athletes, scholars, performers, school and civic leaders, and families who have invested in the future of our young people.

Each CEF scholarship is as unique as the investor, yet, all CEF scholarships honor our guiding principles centered around public education.

CEF scholarships are available to Carmel High School seniors who have completed at least seven semesters of coursework. Scholarships are primarily applied for through a common application, which is open for at least 90 days on the CEF website. Applicants may be eligible for multiple scholarships, but each student can earn only one CEF scholarship, thus allowing more students to benefit.

This packet includes the following:

- Why create a CEF Scholarship?
- Considerations in creating a CEF Scholarship
- CEF Endowed Scholarship FAQ
- CEF Annual Pass Through Scholarship FAQ
- CEF Memorandum of Understanding (linked to document)

We welcome the opportunity to discuss creating a scholarship with you and to answer any questions you may have. Please contact our office at foundation@ccs.k12.in.us.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Penix".

Jennifer Penix
Executive Director
jpenix1@ccs.k12.in.us
317-844-9961 x2680

A handwritten signature in black ink that reads "Stacey Hetrick".

Stacey Hetrick
Program Coordinator
shetrick@ccs.k12.in.us
317-844-9961 x2692



CARMEL EDUCATION FOUNDATION SCHOLARSHIP PROGRAM ESTABLISHING A SCHOLARSHIP

Why Create a CEF Scholarship?

Scholarships make a difference to students and are an investment in their future. A scholarship honors the work a student has done in a classroom, as part of club, on a field, in their community or beyond. An investment in a CEF scholarship has a local impact, benefiting a student right here in Carmel.

A scholarship tells a student that you believe in them, and in their future.

CEF is a Top-Tier Scholarship Program:

- Since 1966, CEF has awarded more than 5,000 students over \$2,500,000 in scholarships.
- The Board of Directors has established a comprehensive application, selection, and award process.
- CEF manages funds wisely. Pass through scholarship donations are managed in a restricted account which is separate from our operating account. Endowed funds are invested in Central Indiana Community Foundation (CICF) to be awarded in perpetuity. All scholarship checks are made payable to the student and the school they are attending to assure proper use of funds.
- CEF staff oversees all administrative operations including: conferring with donors at least twice annually; creating a comprehensive directory outlining a description and criteria for each scholarship; managing the on-line application and selection platform; verifying data for all applicants; organizing a selection team to ensure donors are involved where applicable; coordinating with CICF for fund disbursements; organizing award packets and the presentation ceremony; and maintaining all reporting.
- Accounting and legal experts assure that all operations are following legal guidelines.

Considerations for Creating a CEF Scholarship

Prior to completing an agreement form, please carefully consider each of the following:

- **PURPOSE.** What is the intended purpose of this scholarship? Will it serve as a memorial, or honor someone? Will it promote a specific program, interest group, population, sport, or club?

- **ELIGIBILITY.** What are two or three key eligibility requirements? Examples may include leadership, financial need, what college they will be attending, etc. Creating requirements that are too focused may limit the ability to award the scholarship based on applications.
- **INVESTMENT.** What is your financial commitment?
 - **Endowed:** CEF partners with CICF to support scholarships that are awarded in perpetuity. To create a CEF Endowed Scholarship, a minimum investment of \$25,000 is required. These funds are invested in a “pool” of endowments held by organizations all across Indiana to maximize the investment power of each scholarship. CICF manages the principal and allocates an annual spendable amount of up to 5% of the fund balance on December 31st of the previous year. Refer to the **CEF Endowed Scholarship FAQ** for more information.
 - **Annual Pass Through:** Donors may choose to submit funding to a CEF restricted scholarship account for a one-time award. CEF maintains and manages all funds donated for annual scholarships. A minimum investment of \$1,000 is required per scholarship. Funds need to be received by October 1st of the year prior to the scholarship award to be included in the application.
 - **CEF Fee Structure:** To support the administration of scholarships, including software and accounting platforms, a tiered fee structure is as follows:
 - **Endowed funds:** A one-time fee of \$300 will be assessed by CEF to establish an account with CICF. An annual fee of \$100, or 10% of the spendable amount, whichever is less, will be withdrawn from the spendable amount each time the scholarship is awarded.
 - **Holding funds:** If the donor does not have the full amount of \$25,300 upon establishment of the MOU, CEF will maintain funds in a restricted account for up to 60 months. If funds are not available at that time, the scholarship will be converted to a pass-through.
 - **Annual pass through funds:** The amount of the scholarship plus an annual fee of \$100 will be due to CEF by October 1st of the year prior to the date of the award.
- **INVOLVEMENT.** CEF is unique in that it allows for donor involvement in the selection process, as permissible by law. For instance, donors, or their designee, may review essays and applicable responses to established criteria (i.e. leadership experience, years of service to a particular club). In compliance with data privacy standards, donors/reviewers will not receive any identifying applicant information. Donors/reviewers may rank recipient preferences, but the CEF Selection Committee has final approval of all recipients.
- **IMPACT.** How many students will receive the scholarships, and what is the anticipated award amount?

What is an endowed scholarship?

A scholarship endowment is an established investment with the purpose of issuing an annual scholarship award in perpetuity. This fund is meant to be permanent, so the money you donate is never actually spent. Instead, it is invested and investment income earned from your endowment fund is used to fund your scholarship for years to come.

Do we have any control over how the donated money is invested?

Endowed scholarship funds are set up under Carmel Education Foundation through the Central Indiana Community Foundation which is essentially a pool of endowments held by organizations throughout central Indiana to maximize the investing power. All decisions are made by the investment managers of the CICF fund. To learn more, please visit CICF.org.

Do we have any control over how the donated money is used?

Yes. When you make the donation, you will establish a Memorandum of Understanding (MOU) on how you would like your endowment to be used. CEF will work with you to choose the name for the scholarship, and set criteria for eligibility. For instance, you can decide whether the scholarship is need-based or merit-based and whether it is limited to students in a particular area of study. When the fund is established with CICF the intention of the scholarship will be outlined in the agreement.

What is the maximum award of the scholarship endowment annually?

The maximum spendable amount each year is 5% of the fund balance on December 31st of the previous year. The initial investment will determine the amount of the scholarship and that amount along with the annual administration fee will be requested from CICF by CEF annually to award the scholarship. Any portion of the spendable amount not taken is reinvested to increase the fund balance - which could make it possible in future years to increase either the amount of the award or the number of awards. For reference, a \$25,000 initial investment would typically yield a single \$1,150 scholarship annually.

Why can't we take out more than 5% if we wanted to give a larger award one year?

Legally, only 5% of the balance may be withdrawn in any one year. The way an endowment works is a large amount of money is set aside in an investment account and then only the interest is used by the organization each year. Ideally, when investments generate at least 5% income per year, the fund slowly grows, continuing to generate a 5% withdrawal opportunity forever. Endowments are set up with legal agreements that allow up to a 5% annual withdrawal to give the funds the best possible chance to grow and provide income for as long as possible.

What are the fees associated with an Endowed Scholarship?

As is common practice in non-profits, CEF assesses fees for scholarship administration. The fees are assessed for the purpose of strengthening the developmental capabilities of the organization and defraying the costs to administer the scholarships. Costs include, but are not limited to; investment in technology to manage the application, review, and accounting processes; overseeing the scholarship process and management of technology associated with scholarship applications; managing the scholarship fund; and efficiently disbursing funds in accordance with donor intent and bursar office requirements. The CEF administration fee associated with endowed scholarships is \$300 for the initial

set up of the fund, and then \$100 each time the scholarship is distributed. When funds are requested from CICF annually, \$100 will be included in that requested distribution to cover the fee.

What is the minimum initial investment needed to establish a scholarship endowment?

The minimum investment required is \$25,000.

Can I set up an endowed scholarship with less than \$25,000?

No. For the long-term integrity of the scholarship we require this minimum threshold. We do have other options we would be happy to discuss such as investing in an established scholarship endowment or doing a one-time direct donation scholarship.

Pass-Through Scholarship FAQ's

What is a Pass-Through Scholarship?

A pass-through scholarship is an annual investment with the purpose of issuing a one-time award. The investment can be renewed each year, but the full amount of the investment is awarded to a student.

Do we have any control over how the donated money is used?

Yes. When you make the donation, you will establish a Memorandum of Understanding (MOU) on how you would like your scholarship to be awarded. CEF will work with you to choose the name for the scholarship, and set criteria for eligibility. For instance, you can decide whether the scholarship is need-based or merit-based and whether it is limited to students in a particular area of study.

What is the minimum amount of the annual award?

The minimum award amount of a pass-through scholarship is \$1,000. A pass-through agreement may award more than one scholarship, but each scholarship must be at least \$1,000.

What are the fees associated with a Pass-Through Scholarship?

As is common practice in non-profits, CEF assesses fees for scholarship administration. The fees are assessed for the purpose of strengthening the developmental capabilities of the organization and defraying the costs to administer the scholarships. Costs include, but are not limited to; investment in technology to manage the application, review, and accounting processes; overseeing the scholarship process and management of technology associated with scholarship applications; managing scholarship funds; and efficiently disbursing funds in accordance with donor intent and bursar office requirements. The CEF administration fee associated with pass-through scholarships is \$100 per scholarship awarded. Therefore, to award one \$1,000 scholarship, an annual investment of \$1,100 is required.

Can a Pass-Through Scholarship be awarded to more than one person?

Yes, a scholarship may be awarded to multiple students if the award amount to each is at least \$1,000. A fee is assessed on each individual award. Therefore, if you award two students a \$1,500 scholarship, your annual investment would be \$3,200- \$3,000 for the student award, and a \$100 fee for each award.