



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. All scholarships are 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 Scholarship Agreement Form

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 or 317-844-9961 x2689.

Sincerely,

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

Jennifer Penix

Executive Director

Carmel Education Foundation

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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 state of the art application software, staff resources, accounting platforms, and all communication with applicants, recipients, and donors, 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:** 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 may review essays and applicable responses to established criteria (i.e. leadership experience, years of service to a particular club). Donors will not receive any identifying applicant information. Donors may rank recipient preferences, but the CEF Selection Committee has final approval of all recipients.
- **IMPACT.** How many students will receive the scholarship, 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 yield approximately a \$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 top-tier technology to manage the application, review, and accounting processes; overseeing the

scholarship process; 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 CECF 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?

For the long-term integrity of an endowed scholarship we require this minimum threshold.

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.

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.



Carmel Education Foundation
Memorandum of Understanding for the
Establishment of a CEF Scholarship

This scholarship agreement is made and entered into this date, _____, between the
Carmel Education Foundation (CEF) and _____
_____(Donor/Representative).

This agreement is set forth to provide guidelines and conditions for the administration of this scholarship.

1. This scholarship shall be named: _____

2. Type of scholarship:

___ **Pass-Through** (minimum \$1,000 annual investment, plus CEF administrative fee of \$100).

This will renew annually; revisions will be considered amendments.

___ **Endowed** (minimum \$25,000 one-time investment, plus CEF \$300 establishment fee)

Do you have the full amount for investment with CICF (\$25,300)? ___ Yes ___ No

NOTE: If full funding for an endowed award is not available at the time of this agreement, CEF will maintain funds in a restricted account for up to 60 months from the date of initial investment. If \$25,300 is not attained within 60 months, the available funds will be converted to a pass-through scholarship, with a minimum award of \$1,000 annually, plus a \$100 annual fee until funds are depleted, at the discretion of CEF. **Initial for understanding, if applicable** ___

3. Contribution amount: _____

4. Date of contribution: _____

NOTE: Funding must be received by December 1st of the calendar year prior to the award year.

5. Expected/anticipated amount of annual scholarship: _____

6. Number of annual scholarships to be awarded: _____

7. **Description:** Please write a brief description of this scholarship to be used in the scholarship directory (2-3 sentences are ideal). Criteria will be outlined separately- this is to share the purpose of the award. CEF may alter wording, as needed, to align with other scholarships, but will keep the intent and spirit of the description.

Establishment of a CEF Scholarship, p. 2

8. **Criteria:** Donors may select up to three criteria for eligibility of this scholarship. Criteria may include academic or activity involvement, field of study, academic performance, financial need, selected college or university, community or leadership service, or other. Please list up to three criteria, in order of preference here:

9. **Essay:** Will an essay be required? ☐ Yes ☐ No

NOTE: If you include an essay, you, or your designee, are required to create the essay question and annually review the essays for award consideration. Due to the volume of applications, the CEF selection committee is not able to thoughtfully review essays. Essay responses may be no more than 300 words in length. **Initial for understanding, if applicable** ☐

Essay Question:

10. **Selection:** Please indicate your involvement in the selection process:

☐ Defer to CEF to select recipient(s) using your criteria (may not include essay).

☐ You, or your designee, will review applications (with names and identifying factors removed) and provide a ranked list of preferred recipients by designated date, utilizing designated resources. CEF makes final award determination.

11. **Presentation:** Please indicate how you would typically like the award presented at the Community Scholarship Night (date and time to be determined, typically mid-May at Carmel High School):

☐ You, or your designee, presents the scholarship award to the recipient

☐ CEF presents the scholarship to the recipient

12. **Revision:** In the event an appropriate recipient cannot be identified based on the criteria set forth in this agreement, CEF will attempt to communicate the issue to the Donor/Representative and may request a modification.

13. **Return of funds:** In the event a scholarship check is returned, or not cashed within six months from the award date, CEF will attempt to resolve the issue with the student. If the recipient is no longer eligible to utilize the award, or if the recipient is not able to be reached, the payment will be cancelled, funds will be returned to the designated scholarship fund and the Donor/Representative will be notified.

Establishment of a CEF Scholarship, p. 3

Contact Information:

Primary contact for annual scholarship updates, award information, and/or modifications:

Name: _____ Phone: _____ Email: _____

Relationship to Donor/Representative: _____

Secondary contact:

Name: _____ Phone: _____ Email: _____

Relationship to Donor/Representative: _____

Amendments:

If any amendments or updates to this scholarship need to be made, the following individual(s) _____, or their successors, may make changes to this Memorandum of Understanding with the written agreement of CEF.

I (we) agree to the terms of the Memorandum:

Printed Name: _____ Signed Name: _____

Mailing Address: _____

Phone: _____ Email: _____

Date: _____

Printed Name: _____ Signed Name: _____

Mailing Address: _____

Phone: _____ Email: _____

Date: _____

Received by Carmel Education Foundation Representative:

Printed Name: _____ Signed Name: _____

Title: _____

Date: _____