



Establishing a SCHOLARSHIP ENDOWMENT

Why do we need private scholarships?

Now more than ever, private scholarships have become increasingly important for public institutions. As state support continues to decline, many universities struggle to provide the same level of financial resources for their students. Private scholarships not only incentivize young people to attend A-State, but also provide better access to low-income students to pursue their academic and career goals. Funds provided from private scholarships can be the difference in a student completing their degree or being forced to abandon their educational pursuit.

What is a scholarship endowment fund?

A scholarship endowment is a permanent fund in which the principal amount remains intact and invested at all times. Scholarships are awarded from the allocated income earned on the principal investment in accordance with the ASU System Foundation endowment/spending policy.

How can I endow a scholarship at Arkansas State University?

Endowing a scholarship is easy! Discuss the following steps with a development officer or another member of our University Advancement team. We are here to translate your philanthropic goals into action that will impact A-State students today, and for generations to come.



Step One

What is the purpose of your endowed scholarship?

Endowed scholarships can be established for a variety of reasons. From supporting the program from which you graduated, to memorializing a beloved friend or family member, privately funded scholarship endowments can carry a name that characterizes its purpose, as well as target specific audiences.

- Memorial or honorary scholarships
- Specific identified academic field
- Extracurricular activities

Step Two

What is your desired level of impact?

Endowed scholarships can provide annual financial assistance to students in increments of \$1,000 per year. An easy rule of thumb to remember is that for every \$25,000 endowed, \$1,000 can be awarded annually, after year four. Until the endowment is fully funded, the donor may wish to make annual contributions to fund the award. Once fully funded, endowed accounts are allowed to spend up to four percent of their five-year average market value, annually.

- \$25,000 endowment – can yield \$1,000 for scholarships, annually
- \$50,000 endowment – can yield \$2,000 for scholarships, annually
- \$100,000 endowment – can yield \$4,000 for scholarships, annually

Step Three

How would you like to fund your endowed scholarship?

An endowed scholarship must reach a minimum of \$25,000. You may decide to fund it entirely on your own, or with the help of friends and family members. Your employer might offer a matching gift program, which can be directed towards the establishment of a scholarship. In addition to tax benefits for contributions, future funding through a gift in your will may include estate assets, helping Arkansas State's educational mission while reducing possible capital gains or estate taxes. Contact a professional adviser for specific details.

Donors may also make use of a pledge option to fund your endowed scholarship over a period of five years. This option requires a Statement of Intent document which will outline your intent to gift a specific dollar amount over a fixed time schedule. This document is not legally binding, and alterations to the plan can be made at any point along the way.

Step Four

What criteria should be used for selection of a recipient?

The donor chooses the criteria that fits their vision for the investment. We strive to select best qualified student(s) for your criteria. Common examples include:

- Financial need
- GPA
- Leadership skills
- Writing skills demonstrated by application essay
- Interest demonstrated in specified major/activity
- Geographical location

Step Five

How is my endowment fund managed and invested?

The ASU System Foundation, in partnership with a team of licensed fiduciary advisers, will manage and steward your fund to ensure that your scholarship lasts in perpetuity. A Memorandum of Agreement will be drafted and signed clearly outlining the policies and practices of the ASU System Foundation for investing your funds.

What happens next?

Congratulations, you have just established an endowed scholarship at Arkansas State University! Now sit back, and let University Advancement take it from here. You will receive an annual endowment report showing the balance and earnings at the beginning of each calendar year.

Publicity

A-State will draft and submit a press release to appropriate news media outlets announcing the establishment of your endowed scholarship once it is fully funded. You will have the chance to provide input and review the draft.

Recipient Selection

Private scholarships are awarded on an annual basis. Students can apply each year beginning in October. Scholarship applications must be submitted by February 1. Applicants are reviewed by a scholarship committee assigned to each academic college at A-State.

Scholarship Award

Awarded funds are applied directly to a student's account through the Office of Financial Aid after verifying that the student is enrolled and meets the criteria established by the donor.

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