

A no-nonsense newsletter from The Dayton Foundation for estate planners and financial advisors

When It Comes to Scholarship Funds, Your Client Has Options

By Regis J. Lekan, Retired Executive Director, Development and Gift Planning for Wright State University

“While it often makes sense to work directly with a school or university to establish a scholarship fund, not all donors wish to restrict their scholarship giving to one institution.”

— Regis J. Lekan

In my over 30 years in institutional advancement, I have had numerous opportunities to facilitate donors’ philanthropic wishes. Almost always, those discussions were meaningful to the donors and highly significant to the two universities for which I raised money – the University of Dayton (UD) and Wright State University (WSU).

Both institutions, and virtually all others, have a perpetual objective to create funds that provide financial assistance in the form of student scholarships. In fact, WSU recently completed its “Rise. Shine.” campaign. Of the final amount raised, 22 percent, which totaled over \$36 million, was in the form of scholarship gifts that created 376 new scholarships. At UD, close to 700 students benefit from scholarships generated through donor-created funds.

Why a Scholarship Fund through The Dayton Foundation?

While it often makes sense to work directly with a school or university



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to establish a scholarship fund, not all donors wish to restrict their scholarship giving to one institution. In this case, they have the option to use The Dayton Foundation, as

a community foundation, to create their scholarship fund. This past fiscal year alone (July 1, 2017- June 30, 2018) the Foundation awarded a total of \$1.8 million in scholarships to nearly 1,400 students.

Your client may have an overall goal of supporting higher education, an area of academic interest, or students in a particular city or school district but not a particular university. He or she may wish to provide need-based financial support to deserving students or reward academic excellence and potential.

When a donor works with The Dayton Foundation to establish a scholarship fund, he or she may select the guidelines for candidate selection, award requirements and award use. Many such funds utilize the Foundation’s experienced and capable staff to administer and award the scholarship. Your client, however, may wish to serve on the selection committee and be a part of the award process.

As with so many charitable funds, scholarships may be established through current or planned gifts, or, as is often the case, a combination of both. A word of caution, however. When establishing a scholarship with a future gift, you’ll want to be sure to work with the Foundation’s staff. They can help you establish guidelines and requirements that are not too restrictive so as not to tie the hands of the scholarship administrators when the gift is realized.

I have found most planned gift donors to be open to expressing preferences for scholarship award criteria rather than requirements. That way the selection committee would be able to make an award even if the exact criteria is not met. Seldom will a donor want a scholarship from his or her fund to go un-awarded due to a lack of eligible students.

Scholarship Fund Examples

Let me present two illustrations for scholarship funds created through The Dayton Foundation.

Pearl Dale and Audrey (Dale) Parker moved to Dayton in the 1940s and began teaching in the Dayton Public Schools. They both enjoyed long careers in education, inspiring others through their teaching. During childhood, their parents had emphasized to them and their brother the importance of getting an education. Inspired by this passion, Pearl Dale established a scholarship fund with a deferred gift through the African-American Community Fund of The Dayton Foundation. She wanted to help Greater Dayton African-American youth pursue their educational dreams, free of the difficulties she had faced as a single African-American woman trying to make her own way.

Though Ray Wright had planned to go to college to study architecture, he loved his high school job so much that he decided to forgo his studies for a career

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with McDonald's. He and his wife, Debbie, eventually went on to own and operate five McDonald's restaurants. After Ray's passing, and with the support of many friends, Debbie established the Ray Wright Memorial Scholarship Fund through The Dayton Foundation. The fund provides financial assistance to current employees of McDonald's restaurants in Ohio to further their studies at an accredited college, university or trade school.

The possibilities for a scholarship through The Dayton Foundation are fairly open-ended. Often donors have no particular desire to name a fund or to stipulate the criteria to make awards. For this reason, your client may wish to support The Dayton Foundation Scholarship Fund. This scholarship fund is for Dayton-area students but otherwise unrestricted.

In Conclusion

Establishing a scholarship fund is a natural philanthropic activity for many donors. They most likely were college students once themselves and perhaps benefitted from a scholarship. So this fund option can help fill both the personal and charitable needs of a client.

Your client can initiate an endowed scholarship fund for a relatively low initial gift of \$25,000. With the current endowment spending rate of 4 percent, that provides an annual award of \$1,000, which can be quite meaningful to students and their families. Your client also would

Futures is made possible by five Dayton Foundation

I Believe!

donor families who have stepped forward to become the 2017-2018 “I Believe!” Partners of The Dayton Foundation. Their commitment underwrites a full year of Dayton Foundation publications, thereby freeing resources for the Foundation's other community work.

“I Believe!” Partners Ann & Timothy O. Cornell; Roberta A. & J. Norman Eckstein; Candice A. & Randale J. Honaker; Rosalind J. Jackson, M.D.; and Aleksandar Svager.

Thank You for Letting Us Help Your Clients

Fiscal year 2018, ending June 30, 2018, was an outstanding year for The Dayton Foundation, thanks to you and the many individuals and families who opened charitable funds through the Foundation – 319 new endowed and non-endowed funds and Charitable Checking Accounts.SM This represents more new funds than in any other year during the Foundation's 97-year history. Many of these new fund holders were referred to the Foundation thanks to you and your dedication to supporting their financial and charitable giving needs.

This holiday season, if your clients are looking for an easier, hassle-free way to contribute to their favorite charities think about The Dayton Foundation. With the many charitable fund options available through the Foundation, including the free Charitable Checking Account Service, there is something to match anyone's giving and financial needs.

Learn more online at www.daytonfoundation.org or call (937) 222-0410 or toll free at 1-877-222-0410.

have the option to create a non-endowed scholarship in which gifts would be used immediately to make scholarship awards. And, like so many funds at The Dayton Foundation, a scholarship fund can be established in honor or memory of someone who, perhaps, made a difference in the academic or professional life of the donor.

For additional information or assistance in setting up a scholarship fund at The Dayton Foundation, contact a member of the Foundation's Development staff at (937) 222-0410 or toll free at 1-877-222-0410. 📞

Note: Solutions will differ from case to case. The above does not constitute professional financial or tax advice.

Regis Lekan retired in 2017 after 33 years in institutional advancement primarily at the University of Dayton and Wright State University. He continues to serve the greater Dayton community as a volunteer and non-profit board and committee member, including on The Dayton Foundation's Development Committee.

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