



STABLISH
FOUNDATION

The Legacy Digest

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Funding Scholarships Through a Donor Advised Fund

Many Donors to Stablsh Foundation set up a Donor Advised Fund (DAF) for the purpose of granting scholarships for K-12 or post-secondary education. Understanding the rules for making scholarships can be complicated, but scholarships can be awarded with careful planning and thought.

The first rule is that the entities to which “grants” can be made must be one of the following:

- ◆ Religious Organizations - Any religious organization can earn tax exempt status when serving a community;
- ◆ Governmental Entities - A public purpose must exist if a Donor desires to make a scholarship through a public university or college or even high and elementary schools. Scholarships fulfill this public purpose.
- ◆ Public Charities - Some public charities provide grants for scholarships.
- ◆ International Organizations - Although research must be done, some international organizations can qualify to grant scholarships.

The second rule is that a scholarship must be administered by a 501(c)(3) public charity or educational institution. While the Donor and/or members of the Donor’s family may participate on the independent selection committee, they may not represent the majority of the committee, nor may they designate a recipient by name.

In order to be assured of the appropriateness of the scholarship grant, Stablish Foundation recommends that the Donor not participate in the selection process. It is also important to note that DAF funds cannot be used to assist the Donor or the Donor's family. Any grant from a DAF is made payable to the approved organization sponsoring the scholarship. The grant cannot be made to an individual.

In order to maintain an "arm's length" scholarship grant process, Stablish Foundation does not participate in the selection process. However, Stablish Foundation does assist the Donor in determining where and how the scholarship can be made.

These are the steps a Donor will go through with Stablish Foundation to create a DAF to grant scholarships:

- ❖ 1 The Donor creates a DAF with Stablish Foundation;
- ❖ 2 The Donor needs to specifically determine the entity or entities to benefit from the scholarship grants;
- ❖ 3 Stablish Foundation then coordinates with the entity or entities to determine its method of selecting recipients of the scholarships. In many cases an entity may have a separate qualified organization to administer the scholarship process;
- ❖ 4 The Donor also may determine a department or purpose with the entity to handle the selection process. This is the area where a Donor can uniquely create the purpose and parameters of the qualifications for the scholarship grant; and,
- ❖ 5 The Donor should also determine whether he or she wants the grants to remain anonymous or he or she wishes acknowledgement for the gift.

As a creative example, Stablish Foundation had a DAF created at the death of a Donor. Before her death, the Donor provided Stablish Foundation with name of a university where she wanted to create a scholarship fund for a potential student. Stablish Foundation discussed the process with the university and the parameters created by the Donor. Although she was a university professor when she passed away, she was just a C-student in high school and she wanted to encourage students like her to reach higher. Therefore, the primary parameter for a student to receive the university scholarship was having been a C-student in high school. This is just one example of a Donor's creativity in establishing a scholarship program for a unique category of student.

A scholarship DAF created by a Donor with Stablish Foundation can be as unique as the Donor desires as long as the parameters are within the IRS rules for granting scholarships.

Featured Charity

College Possible

College Possible is a non-profit organization that has helped more than 80,000 first-generation college students and students from under-represented communities succeed in getting their college degrees. Studies have shown that people with a college degree are three-and-a-half times less likely to live in poverty, 24 percent more likely to be employed, and are likely to earn as much as \$1,000,000 more in their lifetime than those with a high school diploma.

To accomplish this goal, College Possible provides programs that remove obstacles to college admission and that continue to support the student throughout their college years. Beginning in their junior year of high school and continuing throughout their college graduation, College Possible matches each eligible student with a near-peer coach who helps the student navigate the application process and overcome any challenges that may arise. Student testimonials credit their feelings of being supported and encouraged, as well as the continued guidance of their College Possible team of coaches for their academic success. After graduation, College Possible graduates have a high rate of giving back to their communities to help the next generation of students succeed.



<https://collegepossible.org>

“Our parents were both educators and actively involved in the community. We have enjoyed the opportunity to give back to the Chatfield community and honor our parents, by establishing the Gilman and Beverly Halvorson Memorial Scholarship. Over a period of 28 years, the program has provided scholarships to 48 students. During our involvement with this scholarship program, we learned that there are many ways to structure a program supportive of students as they continue their education. As you look to the future, there may be many ways to proceed. Stablsh Foundation can help you determine the best way to accomplish your goals.”

David and Jack Halvorson





◆ ◆ ◆ Why Stablish

Because Stablish is smaller than many Community Foundations, we can tailor each DAF to the specific goals of the donor. We do NOT offer a “cookie cutter” approach. For example, rather than offering Donors broad categories of giving (i.e. education, arts, health) with a list of approved charities in each category that they can choose from, we work directly with each donor to locate and vet the charity that will create the specific legacy that the donor wishes to leave.



We want to hear from you, what are your questions?

Go to www.stablish.org/contact and send us a message. Or call Amy Hafenbrack, Stablish Executive Director, at 952-854-9188.

VALUES
Legacy
Goals



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