



HOW TO CREATE A SCHOLARSHIP ENDOWMENT THROUGH THE EASTERN ILLINOIS UNIVERSITY FOUNDATION

Scholarships are created by donors who seek to support academically talented students at Eastern Illinois University. When a donor provides the necessary funding to establish such an endowment, a formal agreement is written between the donor and the EIU Foundation, a not-for-profit corporation, to manage and administer the fund in perpetuity. The attached sample agreement and the following guidelines will help you create and define the selection process and criteria of your scholarship.

Considerations and Decisions

1. Decide on what to name your scholarship.
2. Determine what your initial gift will be. The minimum amount required to set up a fund endowment is \$20,000. Temporary funds can be created with initial and subsequent gifts in any increments as long as full funding is achieved in five years.
3. Determine the college and/or department area of interest for your scholarship. The selection committee of that area shall determine the award winners based on criteria you select when setting up your scholarship.
4. Select the criteria for your award. For example, criteria might include items such as: Award recipient shall have a 3.0 GPA; Award recipient shall be either a junior or senior English major; Financial need is/is not a consideration; etc.
5. Current Foundation policies allow for a 5% spending rate on all endowed scholarships. Of this, 4.25% of the fund balance is used for your award and 0.75% is used for administrative fees. New funds starting up will not be permitted to spend its earnings until the funds have been invested for at least one full fiscal year. A first-year award may be given provided the donor makes an additional gift for that purpose.
6. Initial and succeeding contributions to your scholarship corpus shall be deposited, invested, and reinvested as directed by the Foundation Board of Directors.
7. Excess income and net appreciation over the approved spending rate will be retained for future spending.