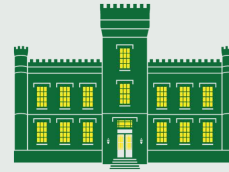


ESTABLISHING YOUR SCHOLARSHIP ACCOUNT



**KENTUCKY STATE
UNIVERSITY**

Thoroughbreds Foundation, Inc.

KSU Scholarship Planning and Student Impact Guide

Scholarships are more important than ever to the success of students pursuing a Kentucky State University education.

Your scholarship will help make the life-changing opportunity to attend and graduate from Kentucky State University a reality!

OUR GOAL:

To help you support KSU students' educational goals through scholarships. We work with you on a continuous basis to ensure that your goals are being achieved and that the criteria and processes are refined as needed.

The level of engagement is determined by you and you can be highly involved or as hands-off as you prefer. We take pride in keeping your philanthropy safe by ensuring compliance with applicable procedures of the Internal Revenue Code and adhering to best practices in the field.

We work with you to put in place guidelines to enable us to manage the scholarship process with you and to efficiently and effectively service both you as the donor and the scholarship recipients.

OUR TEAM IS HERE TO:

- Help you design scholarship guidelines that will reach the candidates you request to support according to your intentions and to achieve your philanthropic goals.
- Develop a scholarship selection process that is based on your scholarship fund's unique criteria.
- Implement scholarship industry best practices and engage with industry experts for up-to-date national data to ensure success.
- Verify that all scholarship processes and funds comply with Internal Revenue Service's (IRS) regulations.
- Manage scholarships according to your intent during your lifetime and beyond.

OUR SERVICES:

- Once your Scholarship Fund has been established, we will include your scholarship in our searchable database to match students and manage student applications with your wishes.
- Provide ongoing communication with scholarship recipients about the application, selection, and award processes.
- Verify relevant recipient eligibility data, enrollment status, and renewal criteria prior to sending scholarship awards for processing and distribution.
- Distribute grant checks directly to Kentucky State University students' accounts and ensure any unused portion is returned to your scholarship fund.
- Provide digital access to your quarterly fund reports and the ability to view gifts into the fund as well as any scholarships granted from the fund annually or when requested by you.

OUR FEES:

- The KSU Thoroughbreds Foundation, Inc. ensures students receive your scholarship during the award period, or every year for endowed gifts, not to accumulate fees.

As such, your scholarship account follows the below fee schedule:

- Restricted (non-interest bearing - \$500+ start) accounts: no scholarship processing or holding fees in award period
- Endowed (interest bearing - \$5,000+ start) accounts: 0.5% annual investment fee & 0.5% annual management fee
- Student Awards are never assessed a transaction fee

SERVICE, STEWARDSHIP & TRANSPARENCY

ESTABLISHING A SCHOLARSHIP TO BENEFIT KSU STUDENTS

This guide is intended to outline your annual impact on students through your scholarship. We are happy to provide additional information or answer questions anytime at foundation@ksu.edu or (502) 597-5500.

Scholarship Name: _____

SCHOLARSHIP CONTACT INFORMATION - to contact you only - not posted online or in reports

Your Name/s: _____

Cell Phone: (____) _____ - _____ Email: _____

SCHOLARSHIP BACKGROUND - What inspired your scholarship to impact KSU students?

Please share a paragraph about the scholarship's name or namesake. This information will be included in our annual report, on our website, and in award letters to recipients. This can be updated at any time by notifying us at foundation@ksu.edu.

ELIGIBILITY CRITERIA - Can all students receive your scholarship or what preferences are there?

Eligibility criteria define the minimum qualifications for students to apply for the scholarship. Be specific when outlining the students you wish to help; however, please note that defining your criteria too narrowly or too broadly can limit the likelihood of finding the right students. All scholarships are required to go to an enrolled student with financial need and not result in a refund.*

Some examples include a graduating senior, incoming freshman, college major, activity involvement, academic achievement (GPA on 4.0 scale), hometown or residency (state / country), etc.

- Preference given to: ___ Full Time or ___ Part Time (please select) Kentucky State University Student
- Preference given to: ___ undergraduate, ___ masters, ___ doctoral or ___ high school (please select one or more)
- Preference given to: _____
- Preference given to: _____
- Preference given to: _____

*All scholarship awards must go to a Kentucky State University student account, not directly to a student per IRS regulations.

SELECTION CRITERIA - When selecting, what factors impact the decision the most?

Please provide one to five criteria for the selection committee to use to determine the best candidates, weighted in your order to ensure the committee understands your intent. Some examples include financial need, major, academic merit, commitment to a field of study, and character. Selection criteria must include eligibility criteria.

1. _____
2. _____
3. _____
4. _____
5. _____

SELECTION COMMITTEE - who will select the scholarship recipients each year?

The selection committee is comprised of usually three to five individuals. You may choose to participate in the committee, have the decision made by a group of engaged members, or authorize the Kentucky State University Scholarship Committee (KSUSC) to select based on your eligibility and selection criteria. If no committee is listed, the KSUSC will make the selection using your guidelines.

The IRS regulates the selection process for scholarships.

- Donors, their friends, families, or employees are prohibited from occupying a majority vote on a selection committee.
- For employer-based scholarships:
 - Employees, board members, and others closely related to the employer may not have majority vote in selection.
 - Future employment must not be a criterion for eligibility for the scholarship or for renewal without signed employment contract in place with tax and payback provisions in place.
 - An application must not be considered a guarantee of a scholarship.

We highly recommend that titles rather than individuals be listed to facilitate the appointment of future members based on your intent (e.g. Chapter President, Dean, professor, superintendent, high school principal, secretary, etc.).

- Title & Name _____
- Title & Name _____
- Title & Name _____
- Title & Name _____
- Title & Name _____

If your committee is not able to annually provide 3 voting members, the KSUSC will select recipients to ensure your donation is awarded and students are positively impacted each year. You will be informed prior to this occurring and may participate.

APPLICATION REQUIREMENTS - Students apply online with Committee timelines

The KSU Thoroughbreds Foundation, Inc. uses online applications. The first option we have is a standard set of application requirements, listed below. Only information pertinent to the eligibility and selection criteria of a specific scholarship is included in committee packets. Additional information pertinent to the scholarship criteria may be requested.

- Student Contact and Educational Information.
- Essay: Why did you choose your major or course of study and what would receiving a scholarship mean to you?
- Resume: Include all work, extracurricular, volunteer, academic, and other experience.
- Two Letters of Recommendation: One academic letter and one from a volunteer or work experience (supervisor).
- Most Recent Transcripts (if high school or transfer student).
- Student Aid Report (SAR): This document is the result of completing the Federal Application for Federal Student Aid (FAFSA) and offers an objective way to compare applicants' financial situations (if not on file at KSU).

The second option we have is a custom application that a student completes solely for your scholarship. The scholarship application questions must fall within the KSU Thoroughbreds Foundation, Inc. guidelines and all state and federal regulations.

___ I/we wish to use the standard application. or ___ I/we wish to use a custom application.

ADDITIONAL GIFTS - Can others increase the impact to students?

Your scholarship will be established by you and the agreement will be signed by you and whomever you wish to include. However, you may allow others to donate towards your scholarship account, however they must abide by the terms of your scholarship agreement. If you do not wish to allow others to give to your scholarship, please opt out below:

___ I/we do not wish for anyone other than the signers (or company or family) to give towards the principal of my scholarship fund.

If your scholarship is a group scholarship, such as a Chapter Scholarship, these will always remain available for additional gifts.

AWARD AMOUNT - ENDOWED ACCOUNTS ONLY

When determining the annual award amount, consider your goals for the scholarship. Do you want your scholarship to live on indefinitely or to spend down over time? Do you plan to add to the fund annually, or would you like the fund to support itself into the future? Scholarship awards are determined by the following (please note, at no time will the principal - the original gift - be expended):

- ☐ The KSU Thoroughbreds Foundation Inc.'s Annual Spending Calculation (RECOMMENDED). The amount will vary somewhat year-to-year, but allows for the maximum scholarship payout without impacting the long-term availability of the fund. This is best for scholarships that you wish to exist indefinitely. The 2024 Annual Spending 12 Quarter Average Rate is 3.95%.
- ☐ Setting a Fixed scholarship amount or fixed percentage of the scholarship account to annually support the funds available to students.

We recommend the first option as it ensures your scholarship produces funds to support students annually with financial support.

RENEWAL - Can students be impacted more than once by your scholarship?

Scholarships may be awarded for only one year, recipients may be allowed to apply every year, or the scholarship may be renewed each year with proof that scholarship criteria have been met.

If you would like your scholarship to be renewable, consider the renewal parameters. The parameters can be as broad as maintaining good academic standing, or as narrow as maintaining a specific major and minimum GPA. Prior to sending renewal scholarship awards, the KSU Thoroughbreds Foundation, Inc. verifies student enrollment and that renewal requirements are met by each student.

- ☐ The scholarship is not renewable. The recipient can only receive once.
- ☐ The scholarship is not automatically renewable, but recipients are encouraged to reapply.
- ☐ The scholarship is automatically renewed so long as the student meets the criteria of the scholarship or the following parameters

SCHOLARSHIP ESTABLISHMENT - what scholarship type and what impact do you envision?

Are you considering a Restricted Account (non-interest bearing) or an Endowed Account (interest bearing)? Restricted accounts are accepted to be given out in the year received to students (award period) not to be held by the KSU Thoroughbreds Foundation, Inc. to accumulate fees.

When considering your impact on students, do you intend to support the scholarship annually, with a one time gift, or ensure its support by including your scholarship in your estate plans?

Endowed Scholarship Annual Impact
(Estimate 4% Annual Award)

\$10,000 = \$400	\$100,000 = \$4,000
\$20,000 = \$800	\$250,000 = \$10,000
\$25,000 = \$1,000	\$500,000 = \$20,000
\$50,000 = \$2,000	\$1,000,000 = \$40,000

The table shows the estimated annual scholarship impact based on the endowed balance.

PROMOTION - How is your scholarship is shared with students to apply?

An often-overlooked component of developing a scholarship is notifying potential recipients of its existence. While the Kentucky State University Thoroughbreds Foundation, Inc. communicates daily and directly with Kentucky State University students that are noted in the scholarship criteria, you may also share your scholarship information with potential applicants. However, please do not promise or commit to any student that they will be the recipient as we will not breach any IRS regulations. Your committee must select the recipient.

CONTACT US TO CREATE YOUR SCHOLARSHIP AGREEMENT WITH YOU AND THEN AWARD FIRST RECIPIENTS

ABOUT THE KSU THOROBREDS FOUNDATION, INC.

The KSU Thoroughbreds Foundation, Inc. exclusively serves the nearly 2,900 students of Kentucky State University. The Foundation maximizes private support for Kentucky State University by fostering lifelong relationships with key stakeholders and providing advancement leadership and fundraising services for the students and programs across the University. Donors can support or establish unique funds, as well as document planned gifts to make a difference in the lives of the students of the University. The KSU Thoroughbreds Foundation, Inc. is a IRS recognized 501(c)(3) non-profit.

WE ARE HERE TO ASSIST YOU!

Establishing a scholarship leaves a lasting legacy to Kentucky State University and we will help you every step of the way. Please contact our Scholarships Office, by calling 502-597-5500 or by emailing foundation@ksu.edu. Learn more about the KSU Thoroughbreds Foundation, Inc. and our Scholarship Funds by visiting www.ksu.edu/foundation.

