



## WHAT IS A DISCRETIONARY SCHOLARSHIP FUND?

A Discretionary Scholarship Fund allows you to establish a Scholarship Fund and define criteria while CCF oversees the selection process. It requires minimal participation from you, since CCF determines where your scholarship awards are needed most.

## WHO SHOULD CONSIDER A DISCRETIONARY SCHOLARSHIP FUND?

Donors who wish to support education and establish/name a scholarship program, but who would like to entrust CCF with selecting the scholarship recipients.

## WHAT ARE THE BENEFITS OF A DISCRETIONARY SCHOLARSHIP FUND?

- Establish general eligibility requirements (subject to applicable laws) and then allow CCF to oversee the fund
- Avoid administrative hassles by having CCF fully manage and administer the scholarship program

## at a glance

### Discretionary Scholarship Fund

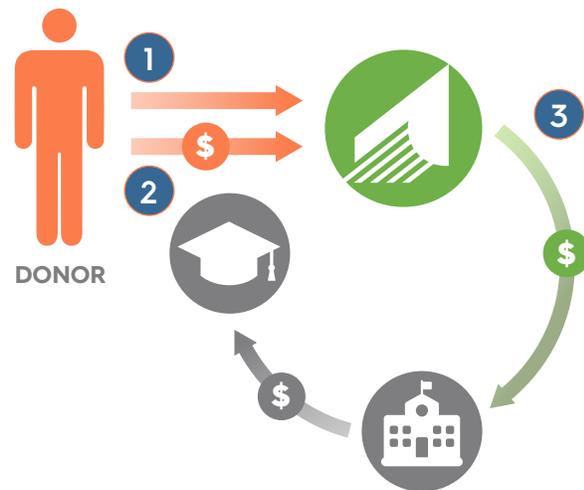
- Awards scholarships based on merit, need or other criteria you decide to benefit students of any age, background or educational level
- Requires minimal participation after establishing the scholarship's eligibility criteria
- CCF manages the fund and selects scholarship recipients based on eligibility requirements

- You can give complex or unusual assets at fair market value (e.g., real estate, closely-held stock)
- Opportunity to name the fund after you or in honor of a family member, a friend or an organization (e.g., the Katie Jones Scholarship Fund)
- Ability to grant anonymously to scholarship recipients
- You may connect with scholarship recipients if you choose, whether in person, through essays or by other means

|   | COMMITTEE ADVISED SCHOLARSHIP | RESTRICTED SCHOLARSHIP | DISCRETIONARY SCHOLARSHIP |
|---|-------------------------------|------------------------|---------------------------|
| DONOR INPUT INTO STUDENT ELIGIBILITY REQUIREMENTS | High                          | High                   | High                      |
| DONOR INPUT INTO SCHOOL SELECTION                 | High                          | High                   | None                      |
| DONOR INPUT INTO ANNUAL SELECTION PROCESS         | High                          | None                   | None                      |
| OVERALL DONOR PARTICIPATION                       | High                          | Low                    | Low                       |

## HOW DOES A DISCRETIONARY SCHOLARSHIP FUND WORK?

- 1 Establish the Scholarship Fund and recommend eligibility requirements.
- 2 Make contributions, which are then invested.
- 3 CCF reviews scholarship applicants and grants awards to recipients.\*



## WHAT ARE THE TAX ADVANTAGES OF A DISCRETIONARY SCHOLARSHIP FUND?

- Receive the maximum tax deduction available in the year the contribution is made
- Reduce estate taxes with testamentary gifts
- Avoid costly capital gains taxes while realizing the maximum tax deductibility of your donation with a gift of real estate or other complex assets
- Expenditure responsibility requirements do not apply, unlike with a private foundation

## CONSIDERATIONS

CCF takes care of all administrative and managerial responsibilities, so you do not have to select or grant the scholarship awards.

The Pension Protection Act requires an annual compliance process for donors and members of the committee, which CCF facilitates.

To establish a **Discretionary Scholarship Fund**, contact Vice President of Development & Donor Relations Teresa Mosqueda at [tmosqueda@calfund.org](mailto:tmosqueda@calfund.org) or (213) 452-6298.

\*CCF disburses funds directly to the student's school, which then makes funds available for the student. CCF does not disburse funds directly to the student.

## IMPORTANT LEGAL DISCLOSURE

The information provided is general and educational in nature. It is not intended to be, and should not be construed as, legal or tax advice.

The California Community Foundation does not provide legal or tax advice. You should consult your tax advisor to properly determine the tax consequences of making a charitable gift to the California Community Foundation.

Contributions to the California Community Foundation represent irrevocable gifts subject to the legal and fiduciary control of the foundation's board of directors.

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