



## *Endowed Scholarship Worksheet*

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Before we begin creating the agreement, please understand that this worksheet assumes that you want to create an **endowment** that will fund **a scholarship(s)** for students at Howard Payne University. At this time endowments need to reach at least \$25,000 before they become fully funded (start providing scholarships).

While a donor does not need to provide the university with the full \$25,000 for the endowment at one time, the university does need to appreciate that the donor intends to fully fund the endowment within a reasonable amount of time. Donors can create endowments that are much larger, and can continue to give towards (grow) the endowment after it is established. The larger an endowment is, the larger the annual scholarships will be (or the greater number of students that will benefit) each year.

If you are not intending to create an endowment for scholarship purposes or have questions, please do not continue this worksheet but instead call the Howard Payne's Development Office at 325-649-8048.

If you do intend to create an endowed scholarship to help students attend Howard Payne, then the Worksheet is meant to help you think through information found on the scholarship agreement. You can either complete the worksheet on your own and return to the Development office ([sdelgado@hputx.edu](mailto:sdelgado@hputx.edu)), or you can contact our office and we will talk you through the worksheet. Whether you send back a completed worksheet or we talk through it together, the staff would then create a draft agreement for your review. Once you and HPU are pleased with the agreement, you and the university's president would both sign two original copies of the agreement. You would keep one signed copy for your records. Any questions? Call 325-649-8048.

*From Investopedia.com, An endowment is a financial asset, in the form of a donation made to a non-profit group, institution or individual consisting of investment funds or other property that may or may not have a stated purpose at the bequest of the donor. Most endowments are designed to keep the principal amount intact while using the investment income from dividends for charitable efforts.*

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### **Begin the Worksheet**

#### **Naming Issues**

**What would you like the endowment to be named?** \_\_\_\_\_

Endowments are sometimes named in honor or memory of someone. Endowments are sometimes named to reflect the type of student the scholarships are intended to help. The university would be open to most names offered by the donor.

**Donors Name(s):** \_\_\_\_\_

**Donor's City, State:** \_\_\_\_\_

**If created to honor or remember someone, who is that person(s):** \_\_\_\_\_

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Note: an endowment can serve to honor or remember people even if they are not used in the name of the Scholarship



**Financial Issues**

**How much do you envision giving to start the endowment:** \_\_\_\_\_

Note: not all of the \$25,000 has to be given at the time of the agreement, in fact some people set up an agreement with the understanding that the funds (\$25,000 or more) will be a part of that person’s estate upon their death. If not planned as an estate gift, the university needs some understanding of when the donor will have the endowment fully funded.

**If not initiating the endowment with \$25,000, when do you expect to have the endowment fully funded?** \_\_\_\_\_

**Criteria for those who will receive a scholarship**

A donor can choose any number of criteria to be used in determining who is qualified to receive the scholarship. The development office will work with you to create an agreement that satisfies you, the donor, and at the same time ensures that the scholarship gets used. In the past, the university allowed the creation of some scholarships that are rarely used because the criteria is too specific and inflexible.

**Check all that apply:**

**Does the student need to have a financial need?** \_\_\_\_\_

Most students have a financial need and most endowed scholarships require this.

**Does the student need an average grade point?** \_\_\_\_\_ **If yes, what grade point?** \_\_\_\_\_

**Does the student need to be studying in a particular academic program or pursuing a particular calling/career?** \_\_\_\_\_

**If yes, what program or calling/career?** \_\_\_\_\_

**Is there something else that you are thinking about as criteria?** \_\_\_\_\_ **What?** \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Mechanics of a scholarship**

**Check all that apply:**

**Once a particular student receives this scholarship, you want that student to continue to receive the scholarship each year until they graduate provided they continue meet the criteria** \_\_\_\_\_

**You prefer that a different student receive the scholarship each year** \_\_\_\_\_



## **Other Considerations**

Almost every student who attends HPU receives one of the university's six basic scholarships. Four different scholarships are given based on the students' high school grades and test scores and two basic scholarship are based on the students' geography (if they live relatively close to Brownwood). While these scholarships are real to the students in that they reduce the cost of admission, much of what the university offers through these scholarships is simply a discounted tuition and not really backed up with money.

As a donor, you can choose to have your endowed scholarship go to support one or more of these basic scholarships or you can choose to have your endowed scholarship function outside of the basic scholarship arena. **In either case, the student who receives the scholarship would be made aware that you provided a scholarship that helped them attend HPU and in either case, all of your criteria would be used to select the scholarship recipient.**

The only real difference would be that in one case, the student would just hear about your scholarship and would be told about you. In the other case, the student would hear that "as part of their (name of one of the basic scholarships) they received support from your scholarship" and would be told about you.

It is a benefit to the university if you choose to let your scholarship provide support for one of the basic scholarships. The reason, the university makes more tuition per student when its basic scholarships are backed up by real funds, your endowment, and not just discounts. When the university makes more of the tuition it is better positioned to provide students with the quality education that we all want.

Nonetheless, the university is pleased that you are considering an endowed scholarship and either approach is acceptable.

**This endowed scholarship can be used to support one of the basic scholarships that HPU offers all students \_\_\_\_\_.**

**I'd rather this endowed scholarship not be used to support one of HPU's basic scholarships \_\_\_\_\_.**

**I'd like to discuss this further with the development staff\_\_\_\_\_.**



**For your information:**

**Endowment Management Policies approved by the Board of Trustees**

The University's endowment distribution policy seeks to provide a means by which the annual payout is managed and maintained at appropriate levels consistent with the overall objectives of the University. The objective of the policy is to:

- Provide a stable and predictable cash flow for supporting the University's operations and scholarship needs, and
- Balance the needs of current spending and asset growth in order to protect the principal and income of the endowment assets

Realizing that the short-term financial needs of the University and natural cycles of the national economy may influence temporary deviations from this policy, the long-term goal is to distribute approximately 6% annually of the endowment's three-year average value.

On an annual basis, the University's Board of Trustees will review and approve the endowment's distribution rate for the upcoming academic year. In setting the distribution rate, the Board will take into account the following:

- the fund's current values
- the previous three years of quarterly market values
- historical returns
- the outlook for the economy and capital markets and projected future investment returns
- the overall fiscal health and needs of the University, and
- any other relevant information for making a prudent decision

The Board will typically set the distribution rate for the upcoming academic year during the budget adoption process. However, the Board may reassess and adjust the rate at any time that it believes it is prudent to do so, based on market performance and university operational needs.

In considering an appropriate distribution, the University shall protect and preserve the principal corpus of its endowment, which shall be referred to as the University's "permanent" endowment. For purposes of determining the permanent endowment amount, the University shall use the "historic dollar value" amount (fair market value of original gift + additional gifts + mandatory capitalizations) to be the amount permanently invested into perpetuity. The University shall not spend amounts below its permanent endowment level.

This policy shall apply only to those endowed funds for which Howard Payne University has control and authority to exercise discretion over the annual distribution rate. Funds that are held in trust by the Baptist Foundation or others, for which the University has no control, are not subject to this policy.



**(DONOR NAME) INFORMATION**

We request the donor provide information that they would like shared with each scholarship recipient.