



Sample United Methodist Church Scholarship Fund Policy

Note: This is a sample policy. You are encouraged to follow the outline and general direction but in no way is it to be construed to be the “correct” way for an endowment to be managed. In order for it to be effective, any endowment policy must represent the needs, wishes and culture of the local church.

1. Establishment of Fund

Sample United Methodist Church has established the Doe Scholarship Fund (hereinafter, “Fund”). It is named in memory of Jack Doe, who established the Fund with a bequest in 2008.

2. Eligibility

An eligible applicant must be a high school senior or recent graduate and an active member of the Sample United Methodist Church. He or she must plan to pursue education at an accredited four-year college or comprehensive university. DESCRIBE ELIGIBILITY REQUIREMENTS HERE.

- Does the applicant have to be a member of the church? Active in the congregation?
- Should the eligibility be limited to high school students or should it include adults going back to school?
- Do trade school, two year college, or a one-time computer class at the local community college qualify?
- Is the church committing to funding for more than one year?
- Is there a required minimum grade point average?
- Should the student’s financial need be a consideration? What financial information will need to be submitted with the application?

3. Distributions

Distributions will be made annually on or about August 1. Distributions may not exceed five percent of the value of the fund on December 31 of the previous year. Distributions will be made directly to the scholarship recipient(s). In years when there are no eligible applicants, no award will be made and the funds will remain part of the principal of the fund.

4. Awards

Annual Scholarship Awards will be made to qualified scholarship recipients on an objective and non-discriminatory basis. The Church shall appoint members to a Scholarship Committee who will be responsible for advertising the availability of the scholarships, distributing and collecting applications, reviewing applications, and determining scholarship recipients. DESCRIBE SCHOLARSHIP COMMITTEE MEMBERSHIP HERE. Churches often have the senior pastor, youth pastor, youth group advisor, Christian education leader, administrative board chair and/or at large members of the committee.

5. Investment

The Fund shall be managed in a way that seeks the best balance between risk, income and growth. Investment authority shall rest with the Scholarship Committee. ALTERNATIVELY, INVESTMENT AUTHORITY MAY BE GIVEN TO THE CHURCH TRUSTEES or ENDOWMENT COMMITTEE.

6. Reporting

The Fund is a general asset of the church and as such shall be reported to the congregation regularly on appropriate financial statements. In addition the Committee will, at least annually, report to the congregation the balance of the Fund, the amount disbursed, recipients and any changes made to this policy.

7. Amending this Policy

The Committee may amend this policy, with the exception of Section 8, invading the principal, with a two-thirds majority of the Committee and a majority approval of the Administrative Board. Section 8 may only be amended with a two-thirds majority vote of the committee, a two-thirds majority vote of the Administrative Board and a two-thirds majority vote of a duly-called Church Conference.

8. Invading the Principal

The Fund is established with the expectation that at no time will more than five percent of the value of the fund be disbursed in any year, as outlined in Section 3. However, in time of emergency, disbursing more than five percent of the value, including invasion of the principal, will require a two-thirds majority vote of the Committee, a two-thirds approval of the Administrative Board and a two-thirds majority of a specially-called Church Conference.