

Donor-advised Scholarship Fund Guidelines

For automatic annual and advise-as-you-go grants

Scholarship fund options

We can help provide scholarship support that's aligned with your specific interests using these charitable fund options through Thrivent Charitable Impact & Investing[®] (Thrivent Charitable):

- Designated donor-advised fund or non-advised charitable fund.
- Dynamic (advise-as-you-go) donor-advised fund.
- Thrivent Charitable-administered scholarship fund (contact Thrivent Charitable for more information).

In general, our scholarship fund options provide the following flexibilities:

- Scholarship grants may be awarded in your name or in memory or honor of another. You may also choose to remain anonymous.
- You may designate scholarships for any level of education from preschool to postgraduate studies, provided the application and selection process is through an accredited educational institution. See more about scholarship criteria below.
- Scholarship grants are made payable to the educational institution and can be used to defray educational expenses such as tuition, fees, books, supplies and equipment required for study.

Due to complexities and tax issues related to the administration of scholarship funds, please consult with Thrivent Charitable staff to discuss the best solution for your specific interests.

Note: Thrivent Charitable also offers the Thrivent Charitable Education Fund that accepts gifts of all sizes. Through this option, Thrivent Charitable determines the scope and direction of annual grants.

About scholarship funds from a donor-advised fund

You can create an annual scholarship fund that provides support through a specific, accredited educational institution. Through this option, you recommend the educational institution and have the option of recommending scholarship criteria. Generally accepted criteria include financial need, academic performance and area of study. Selection of recipients is made solely at the discretion of the institution.

Automatic annual scholarship support through a designated donor-advised fund

The minimum gift required to establish a scholarship fund with automatic annual grants is \$5,000 per educational institution. The scholarship amount is calculated annually in accordance with Thrivent Charitable's distribution policy and will likely not be an even, round number (e.g., \$500). Benefits include:

1. Once the scholarship is established, there is no responsibility or action needed on your part to recommend scholarship grants. Scholarship grants will be distributed automatically and in a timely fashion, providing the school with adequate time to publicize and select a scholarship recipient.
2. Thrivent Charitable's distribution policy enables the scholarship fund to sustain itself over time.
3. You can select perpetual scholarship grant support or grants for a term of 10, 15 or 20 years.
4. You have the option to make changes to your fund scholarship criteria (or name a different charity to receive support) by amending your Fund Agreement throughout your lifetime.

You may also create a non-advised scholarship fund using qualified charitable distributions (QCDs) from an IRA. The key difference between a designated donor-advised scholarship fund and non-advised scholarship fund is that donors cannot make changes to a non-advised scholarship fund after it is established.

Advise-as-you-go scholarship support through a dynamic donor-advised fund

There is no minimum required to establish an advise-as-you-go fund. The scholarship amount is decided by the advisor(s) on an annual (or as determined) basis, and distributed upon request. In this circumstance, it is important to request the grant in February for high school scholarships, and March for higher education (college, trade schools, graduate schools, etc.) so the grant check is received prior to selection of the recipient and gives the educational institution adequate time for selection.

The benefits:

1. The advisor can request the exact scholarship amount (e.g., an even, round number), and change in the fund's value will not affect the distribution amount.
2. The fund is dynamic in nature and can easily accommodate other charitable interests as needed.

Scholarship criteria and selection process

Under the Pension Protection Act of 2006 (HR-4), donor-advised funds through community foundations are prohibited from making grants to individuals, including grants to educational institutions for the benefit of selected scholarship recipients. In order to comply with this law, all grants through donor-advised funds making grants for scholarships must be distributed to educational institutions for the purpose of scholarships. The scholarship selection process and application of the grant towards recipients' educational purposes (financial support for the expense of tuition, fees, books, etc.) occurs at the educational institution where grants are sent. Educational institutions, as charitable organizations, must then award these scholarships in an objective and non-discriminatory basis, with no private benefit conferred.

Scholarship programs through high schools require advance discussions with, and approval by the school. In this scenario, grants are made payable to the high school and they hold the money until a recipient is selected and forward the grant for the benefit of providing financial support for the recipient's educational costs. Like all grants distributed from Thrivent Charitable, scholarships must be distributed for charitable purposes. Since furthering education is a charitable purpose, scholarships can be defined as charitable activity, so long as benefiting recipients are members of a "charitable class."

Charitable class. In general, a charitable class is a group of applicants large enough so an indefinite number of individuals may benefit. "All graduating seniors at a local high school" is a common and generally acceptable class. A class that includes members of a single family, on the other hand, wouldn't qualify and thus is not acceptable. Religious, race-based, ethnic and gender limitations pose special questions, and must be discussed with Thrivent Charitable staff.

Scholarship purpose. Scholarship grants are awarded to provide financial support for the expense of tuition, fees, books, supplies and equipment required for study.

Thrivent Charitable Impact & Investing® is a public charity that serves individuals, organizations and the community through charitable planning, donor-advised funds and endowments. Thrivent Charitable Impact & Investing works collaboratively with Thrivent and its financial advisors. It is a separate legal entity from Thrivent, the marketing name for Thrivent Financial for Lutherans.

Insurance products, securities and investment advisory services are provided by appropriately appointed and licensed financial advisors and professionals. Only individuals who are financial advisors are credentialed to provide investment advisory services. Visit Thrivent.com or FINRA's BrokerCheck for more information about Thrivent's financial advisors.

These guidelines provide an overview of Thrivent Charitable's scholarship fund guidelines and are not intended to be all encompassing. As each scholarship fund is unique and customized to meet the donor's recommendations, you are strongly encouraged to contact Thrivent Charitable staff regarding your specific scholarship fund interests before proceeding. Thrivent Charitable wishes to work with you to create a scholarship fund consistent with your wishes, and complies with Thrivent Charitable and IRS guidelines for scholarships.

As with all charitable funds created at Thrivent Charitable, our responsibility is to serve as stewards of each gift to address the charitable interests and needs of donors and the community. With regard to scholarship funds, Thrivent Charitable will work with you to offer scholarship support for deserving students.

Applicant criteria. The following are generally accepted criteria to consider if you are establishing a scholarship fund:

- Financial need.
- Achievement in academics (GPA, test scores, etc.), athletics, music and the arts, community service, leadership or character.
- Superior performance or work in a particular field of study.
- Enrollment or acceptance to an accredited educational institution in the United States (college or university, public or private, community college or vocational school, seminary, etc.).

Selecting scholarship recipients. To best comply with IRS guidelines for administering scholarship grants, and to protect both the donor and Thrivent Charitable, we generally require all scholarship recipients be selected through an accredited, educational institution. Educational institutions are best equipped to ensure recipients are selected in an objective and non-discriminatory basis. Those responsible for selecting scholarship recipients must not be in the position to derive an economic benefit, directly or indirectly, from the scholarship process, and relatives of applicants also should not serve on selection committees. Relatives of donors are ineligible to receive scholarship grants from a donor-established scholarship fund, and members or relatives of Thrivent Charitable's Board and staff are ineligible to receive grants from Thrivent Charitable.

Due to the complex administrative procedures, Thrivent Charitable discourages "renewable" scholarship awards. In addition, IRS rulings suggest serious issues regarding roles of donors and fund advisors in the selection process. There is considerable concern that such individuals would exert excessive donor control or undue influence in the selection process, in which case neither the scholarship grant nor the donor's gifts to establish the fund would be considered charitable. There is also concern that donors and fund advisors may "pre-select" individuals—meaning contributions and scholarship grants may be earmarked to a particular person. Again, such situations are not considered charitable no matter how deserving or needy that person might be, and can also place the donor and Thrivent Charitable at risk.

Fundraising policy. Due to IRS restrictions, Thrivent Charitable cannot accept checks from individual supporters in response to fundraising events (i.e., golf tournaments, banquets) for charitable funds at Thrivent Charitable. Gifts from such fundraising events must be made payable to the individual organizing the event, and are not eligible for a charitable tax deduction through Thrivent Charitable.