

# Establishing an Endowed Scholarship at MIT

## DEFINITION OF AN ENDOWED SCHOLARSHIP GIFT

- An endowed scholarship gift is used to create a fund within the MIT endowment. The gift itself is not spent; rather, it is invested.
- An endowed scholarship gift supports one or multiple undergraduate scholarships in perpetuity.
- A portion of the investment return is paid out annually for scholarships.
- A portion of the investment return is reinvested to grow the principal, protect against inflation, and ensure the long-term stability of the scholarship fund. This is standard practice for endowed funds.
- The pledge period for an endowed scholarship is a maximum of five years.
- Donors receive an annual report on the financial performance of their endowed scholarship fund.

## SCHOLARSHIP ASSIGNMENT PROCESS

Donor-funded scholarships underwrite all or a portion of the need-based MIT scholarship awarded to an undergraduate. Each summer, new and returning undergraduates applying for financial aid from MIT are asked to complete a questionnaire about themselves. In early fall, Student Financial Services (SFS) assigns students to specific scholarship funds. Once the assignment process is complete, information from the student questionnaires is used to develop student profiles that are sent to the scholarship fund donors in December. At that time, students are informed of the source of their need-based MIT scholarship and are encouraged to visit a secure website to learn more about their donors.

## ADDING TO AN EXISTING FUND

Donors of endowed gifts are encouraged to bolster their existing scholarship funds to more fully support a student or to support multiple students.

## SCHOLARSHIP FUND ADMINISTRATION

Scholarship funds are administered by [Student Financial Services](#).

## DOCUMENTS NEEDED TO ESTABLISH A SCHOLARSHIP

A gift memorandum and a pledge agreement from the donor are needed to establish a scholarship.

## PLEDGING MORE THAN THE MINIMUM GIVING LEVEL

A larger gift will provide additional income to meet MIT's scholarship commitments:

- In the 2022–2023 academic year, the total cost of a student's education is about \$80,000, which includes tuition, fees, room and board, books, and other expected expenses. The median amount of a need-based MIT scholarship is more than \$60,000 a year.

- The income from a scholarship, based on an average endowment income distribution rate of 4% to 5%, differs based on the scholarship amount:
  - The income from a scholarship established at the minimum giving level of \$100,000 will pay out a maximum of \$5,000 in its first year.
  - A named scholarship at the \$250,000 level will pay out a maximum of \$12,500 in its first year.
  - A Mens et Manus Scholarship at the \$1 million level will pay out a maximum of \$50,000 in its first year, covering a significant portion of the median need-based scholarship amount MIT awards to students.
- If the fund's distribution is more than the need of a particular scholarship student, the additional amount is used to help meet the need of another student. If it is less, MIT meets the student's full need from other scholarship sources.

## SCHOLARSHIP PREFERENCES

For scholarships at \$500,000 and higher, donors may specify a preference for the type of student they wish to fund. However, donors are encouraged to keep the preference as broad as possible, which gives MIT more flexibility to award funds and effectively meet individual student needs. There is no guarantee that MIT can match students with specific restrictions.

All fund preferences must be vetted by the Institute for viability.

## SCHOLARSHIP DONOR STEWARDSHIP

Donor Relations and Stewardship (DRS) manages scholarship donor stewardship, which varies based on giving levels and purpose.

Key activities for endowed scholarship donors of \$100,000 and above include:

- **Reports to donors:** In December, donors receive an annual financial report about their fund, an update on the MIT endowment, and profile(s) of the student(s) receiving support from their fund.
- **Donor website:** Donors can share a personal story about their MIT experience or reason for supporting scholarships on a website that their beneficiaries can view.
- **Thank-you letters from students:** SFS partners with DRS to encourage students to write thank-you letters to donors. These messages from students are sent to donors with a cover letter from the vice chancellor for undergraduate and graduate education in March.
- **Biennial, flagship student/donor event on campus:** This signature MIT event, hosted by the chancellor and scheduled to launch in spring 2024, will spotlight the research and activities of a broad cross-section of MIT students, giving donors an opportunity to directly engage with students and learn about their MIT pursuits firsthand.

## STEWARDSHIP CONTINUATION

Donors and their spouses are usually stewarded together. After the end of a donor's life, stewardship continues for the surviving spouse. Children or other family members may subsequently request to receive stewardship information. These requests are managed by DRS.