

Designated Scholarship Fund Guidelines

For donor-advised funds making automatic annual grants

Scholarship fund options

At Thrivent Charitable Impact & Investing[™] (Thrivent Charitable), there are three options to provide scholarship support. You may make a gift to the Thrivent Charitable Education Impact Fund, with no gift minimum required; you may create your own scholarship fund by creating a donor-advised fund making automatic annual grants; or you may create a Thrivent Charitable-administered scholarship fund. In general:

- 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.
- 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 scholarship administration, we request donors consult with staff to determine the best solution for your scholarship interests.

About scholarship funds from a donor-advised fund making automatic annual grants

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. The minimum gift required establishing a donor-advised scholarship fund making automatic annual grants is \$5,000 per educational institution; the scholarship amount available each year

is calculated according to the Thrivent Charitable's distribution policy. Please note that for high school scholarship fund options it is necessary to consult with Thrivent Charitable staff.

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 annual 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, automatic annual 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.

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 of directors 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.

About us

We believe humanity thrives when people make the most of all they've been given. Thrivent Charitable Impact & Investing helps people do just that—bring their generosity to life so that they can support the organizations and causes closest to their hearts, now and into the future. Grounded in our purpose to serve, we take a holistic, personalized approach to help our donors create strategic charitable plans and give in a way that best reflects their values and financial priorities. Together, we are committed to creating positive impact and inspiring lasting change in our communities.

Thrivent Charitable Impact & Investing™, a separate legal entity from Thrivent, the marketing name for Thrivent Financial for Lutherans, 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.

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 Broker Check 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.