

# Scholarships: How Alumni Can Pay It Forward

Alumni are often motivated by a desire to create a legacy at their medical school while simultaneously “paying it forward” for a medical student to benefit from an endowed scholarship. Scholarships support our role as an academic medical center to inspire students toward their goals as future doctors, nurse anesthetists, physician assistants, researchers—where they will touch thousands of patients, improving lives year after year. They will join generations of physician leaders educated in the Wake Forest Baptist Medical Center tradition of rigorous training, innovative research and deep compassion. This Q&A will help you understand how you can help our students reach their goals through an endowed scholarship

## **What is an endowed scholarship fund?**

An endowed scholarship fund works like an investment account. A donor’s charitable gift is invested by Wake Forest Baptist to generate income and gains. A portion of the account’s value (currently 5.3 percent) is available each year to benefit students enrolled in or intending to enroll in a degree program at the medical school. Scholarship availability often determines whether a potential student chooses Wake Forest as their medical school.

## **What can an alumnus accomplish by creating an endowed scholarship?**

An important goal for many donors is to establish their own legacy or to honor a loved one in perpetuity, which can be accomplished in the naming of the scholarship—e.g., the Jane and John Smith, MD, Scholarship. Scholarship recipients will receive financial support throughout their medical school journey while being known as a Jane and John Smith, MD, Scholar. Because of the ongoing need for student financial support, you or your loved one’s legacy will be honored through the annual awarding of your scholarship while allowing students to realize their dream of helping others.

## **How are endowed scholarship funds invested?**

Our endowed scholarship funds are invested for total return (income plus growth) in a balanced portfolio that typically includes stocks, bonds, real estate, cash equivalents, and other investments. Endowed funds are allocated among different asset classes depending on the economic climate at any given time. Good endowment management practices give the donor confidence the scholarship will always produce income and the purchasing power of that income will remain steady or even grow over time.

## **How have Wake Forest’s endowed funds performed?**

Based on a simplified calculation using historic yearly returns of Wake Forest’s endowment, a \$100,000 charitable gift invested on July 1, 1989, would have generated more than \$300,000 in income and would be grown in value to more than \$300,655 in the 25 years that followed.

## **How much do you distribute from the endowed scholarship fund each year?**

Wake Forest Baptist’s board of directors establishes a fixed percentage payout that reflects recent and anticipated returns. The percentage is meant to pay out a reasonable portion of total return and then reinvest any excess returns to help offset the long-term effects of inflation. Currently, our endowed scholarship funds are set up to pay out 5.3 percent. Although our historical investment returns have been considerably higher on average than the current payout rates, setting a modest, stable rate helps ensure that payouts are not subject to dramatic fluctuations and that a sufficient portion of total return is reinvested to keep the fund growing to offset inflation. As an example, a \$50,000 endowed scholarship fund will generate approximately \$2,650 for a student(s).

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## Scholarships ...continued

### How do I know you'll use the money as I directed?

New endowed funds are governed by a simple fund agreement, signed by the donor and an official of Wake Forest Baptist, which establishes permanent guidelines for the use of fund earnings and principal. Funds are audited periodically to ensure fund income is used as directed.

### Will I know how my endowed scholarship fund is doing?

Yes. Wake Forest Baptist provides annual reports to donors who establish endowed funds. These stewardship reports will update you on the value of your scholarship and how distributions from the fund are used, and will include the name and class year of your scholar(s), as well as their photo and thank-you note. You will also be invited to the annual Scholars Brunch to meet your scholarship recipient(s).

### How much money does it take to establish an endowed scholarship?

That depends on what you want to accomplish. Generally speaking, gifts of any amount can be added to existing endowments while new named endowed funds may be established with gifts ranging from \$50,000 to millions of dollars. A commitment of \$50,000 is required to establish an endowed scholarship. We will work with you to identify opportunities that are consistent with your interests and capabilities.

### Do I have to pay it all now?

No, multi-year pledges can be set up to fund the minimum or desired amount. Others – family, friends, colleagues – may also make gifts to your named fund at any time to add to its principal. Estate gifts can fund the endowed scholarship in its entirety or augment current gifts to grow the fund and scholarship award amount. The benefit of reaching the minimum funding level, thus generating an annual award, is to meet your scholar(s) annually.

### Can I set up an endowed scholarship through a gift from my estate?

Yes, you may make gifts to an endowed scholarship fund through your will, a retirement plan, annuities, life insurance or other assets. However, it is very important that you discuss your intentions with us in advance to make sure your gift is structured to accomplish your goals and to ensure that we fully understand your intentions.

### How can I set up an endowed scholarship?

Contact us to discuss in complete confidence the many charitable giving options available. For more information on establishing an endowed scholarship, please contact Teri Lemons, Director of Alumni Development, by phone at **336-716-3928**, by email at [tlemons@wakehealth.edu](mailto:tlemons@wakehealth.edu), or by mail at our Office of Philanthropy and Alumni Relations, PO Box 571021, Winston-Salem, NC 27157-1021.

**“This scholarship is nothing short of a blessing, and your support is the only reason I am in medical school. Not only has this scholarship, allowed me to attend medical school, it has allowed me to receive an education from some of the kindest and greatest minds I have ever been exposed to. I am so happy and thankful to be at Wake Forest School of Medicine.”**

Brandon Sowell, MD Class of 2020