



## Employee Scholarship Fund

Some employers may choose to create a scholarship fund to help financially support the children of employees who are pursuing higher education. The fund can grow through employee donations, employer contributions, or co-funding by the employer and employees.

There are two ways for employers to establish a scholarship fund.

1. A company can create a 501(c)(3) private foundation to administer the scholarships. The IRS has special regulations related to employer scholarship funds that must be adhered to, including having a board of directors, tax filings, and limiting the amount of scholarships awarded based on the number of students eligible/applied. An independent committee will review applications and select recipients.
2. Employers can also choose to establish a scholarship fund within a public charity, such as the Give Back Foundation or a community foundation. Working with a public charity relieves the administrative burden on the employer. With this format, the employer can focus efforts on sustaining the fund and promoting the opportunity to apply.