

Office for Advancement

How to Create a Scholarship

Last updated: 2003/12/11

Introduction

New Mexico Tech scholarships fall into two broad categories, Annual or Endowed. Both types may have specific requirements for determining how they are awarded to Tech students.

Annual Scholarship Accounts

Annual scholarship accounts are funded by donors who plan to provide a specific dollar amount on an annual basis. For example, a \$1000 gift each year will fund a \$1000 scholarship.

Endowed Scholarship Accounts

Endowed scholarship accounts are set up to eventually become self-funding, with the interest earned on the account funding the scholarship. The original gifts, which set up the scholarship, will always remain, and only interest from the fund will be spent. A single gift can be used to create an endowment account, or gifts over a number of years may be added to the account, building the principal to a level that the annual interest will fund the award perpetually.

New Mexico Tech's policy for endowments states that 4.5% of the endowment will be made available for expenditure. This assures the corpus of the account will not be used and any interest above 4.5% will be returned to the account to compensate for inflationary growth.

Endowment accounts generally do not produce enough income until the corpus has reached or exceeded \$15,000 and remain untouched for a year. Donors may initiate the endowment with a gift of \$15,000 or more, or may choose to make gifts over several years to build the account up to a level that will produce income to fund the scholarship award.

Both annual and endowed scholarships may be named to honor or memorialize a person or family at the discretion of the donor. Scholarship restrictions, such as student major, grade point average, student interest, may be created with advisement of the Office for Advancement and the Financial Aid Office to help meet both the needs of the students at New Mexico Tech and donor wishes.

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