
Endowed Funds Policy

Definition: “Endowed Fund” shall refer to any fund, or any part thereof, not wholly expendable by the Illinois State University Foundation on a current basis under the terms of the applicable gift instrument. Endowed funds are created from private gifts to the Foundation of adequate size to provide support for a specified purpose through interest income from the investment of the principal.

Dollar Requirements: The minimum amount required to establish an endowed fund is \$20,000. Minimum dollar requirements as set, and periodically reviewed, by the Foundation Board of Directors. If, and when, the Foundation acts to increase the minimum amount required establishing an endowment fund, such action shall not be retroactive to funds already established.

Unmet Minimum: The principal amount of the original gift need not meet the minimum dollar requirements if the donor(s) agree to fully fund the endowment at the minimum dollar requirement within five (5) years; however, accrued capital (i.e. interest income) does not count toward minimum dollar requirements. Endowments not fully funded within five (5) years may be combined with established endowments per the needs of the responsible unit after consultation with the original donor. No expenditures will be made from the fund until the minimum level is achieved unless the donor provides additional funds for annual awards.

Investment of endowed funds: Endowment funds are invested according the policies established by the Illinois State University Foundation (see the Foundation’s *Investment Policy and Spending Limitations Guidelines*).

Distribution of Gains/Losses: Both realized and unrealized capital gains add to the value of the principal for endowed funds. This distribution occurs on an annual basis.

Fundraising Fees: A spending policy established by the Foundation Investment Committee includes an allocation to cover a small portion of the investment management fees.

Endowment Agreement: When establishing an endowed fund, a formal Endowment Agreement should be used to specify the name of the donor(s), the name of the fund and the donor’s purpose for use of the earnings. This Agreement is dated and executed with signatures of the donor(s), the fiscal agent, Unit Head, and the Executive Director of the Foundation.

Designation: In designating an endowment gift for a specific purpose, the donor is encouraged to: (a) describe that purpose as broadly as possible; (b) avoid detailed limitations and restrictions.

Benefactor Naming: Endowed funds can qualify for benefactor naming (see *Benefactor Naming of Funds, Positions and Programs Policy*).

Date of Board Approval: 11/04
Reviewees: Investment Committee
Review Cycle: Every 3 years
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