Rising to Distinction

A Guide to Establishing Endowed Funds

UNIVERSITY OF WISCONSIN River Falls
An endowment is a permanent fund that may be designated for a specific purpose or may be unrestricted. The UW-River Falls Foundation invests the fund, and a specific portion of the income is spent annually. The remaining income is added back to the fund, thus ensuring the continued life of the endowment.

Types of endowments

Scholarships
Endowed scholarships provide financial assistance for students ensuring that UW-River Falls continues to provide accessibility to deserving individuals.

Professorships/Chairs
Endowed professorships and chairs ensure that UW-River Falls will continue to retain highly qualified, truly exceptional faculty who enhance the value of education for all students.

Lectureships/Visiting Professorships
Lectureships and visiting professorships bring to the UWRF campus prominent scholars and teachers who enrich the educational programs with specific projects or teaching assignments.

Program Endowment
Restricted or designated endowment gifts allow donors to support a particular academic or administrative program.

Unrestricted Endowment
Income from an unrestricted endowment allows the Foundation to provide support to the greatest needs of the university and makes it possible to keep student-related costs at a competitive level.
How do I fund an endowment?

An endowment may be funded with an immediate gift, a pledge payable over a period of up to five years, or a planned gift through a bequest or a life income gift (e.g. a charitable gift annuity or a charitable trust).

A life income gift can provide an immediate tax deduction and income to the donor and/or other designated recipient for a fixed number of years or a lifetime. At the end of the term (or death of the income recipient), the principal remaining is used to fund the permanent endowment.

An endowment may be established to honor family, friends or the donor. For example, memorial scholarships honor the memory of a family member, friend or teacher. Other endowments pay tribute to living persons for their contributions to the university or the community. Gifts may also be made to existing endowed funds.

Prior to a gift being accepted for a new endowment, the UW-River Falls Foundation works with the donor to formalize a gift agreement that accurately describes the purpose of the fund.

### Minimum Funding Necessary

<table>
<thead>
<tr>
<th>Unrestricted Endowment</th>
<th>A gift in any amount can be added to the unrestricted fund of the university</th>
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<tbody>
<tr>
<td>Endowed Chair</td>
<td>$2,000,000</td>
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<tr>
<td>Endowed Professorship</td>
<td>$1,000,000</td>
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<tr>
<td>Endowed Visiting</td>
<td>$500,000</td>
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<tr>
<td>Professorship</td>
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<td>Endowed Lectureship</td>
<td>$100,000</td>
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<tr>
<td>Endowed Scholarship</td>
<td>$25,000</td>
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<tr>
<td>Program Endowment</td>
<td>Varies, depending on nature of program being supported</td>
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Scholarships
Some criteria for selection of recipients can be suggested by the donor, for example, financial need, merit or academic field. To ensure that the criteria are sufficiently broad and flexible, as well as compliant with UWRF guidelines and government regulations, a member of the UW-River Falls Foundation staff will work with the donor to establish selection criteria. Scholarship recipients will then be selected according to these criteria by the University Scholarship Committee or its designees (IRS rulings suggest serious issues regarding donors themselves having a role in the selection process).

Professorships/Chairs
Professorships and chairs may be established in any discipline and are awarded to faculty members within those academic areas. Funds from the endowment provide salary supplements and support for research and professional activities. Endowed faculty positions are appointed by the University Provost and confirmed by the University Chancellor.

Visiting Professorships/Lectureships
Visiting professorships and lectureships bring scholars to campus for a period of time to present lectures, teach courses, perform research and interact with students and faculty. Recipients are selected based on scholarship and contributions to the individual's field of study.

Program Endowment
Donors may stipulate that their gift be used for activities, facilities or an aspect of campus life. Funds may also be restricted for use by an academic department or area.
How are endowments recognized?
Endowed funds are recognized in appropriate University publications and on the UWRF website. In exceptional circumstances, new endowments or endowment awards are announced in the news media.

What are the tax benefits of establishing an endowment?
Contributions to all endowments are tax deductible. Federal and state tax laws offer advantages for planned gifts, cash gifts, transfer of stock, and estate tax deductions for testamentary gifts made through a will. Please consult with a tax professional for more information.

More importantly, your support ensures that students get the education they deserve from faculty teaching at high levels of excellence within distinctive academic and extra-curricular programs.

How are endowments managed?
The UW-River Falls Foundation endowment is overseen by the Investment Committee of the UWRF Foundation Board of Directors. Professional investment advisors are retained by the Foundation to provide day to day management of the endowment according to the Foundation’s investment policy. The policy is based on the Foundation’s fiduciary role to preserve long-term growth and purchasing power while providing the maximum resources to the University. A copy of our investment policy is available upon request.

Endowment management and payout policies are governed by the Federal Uniform Prudent Management of Institutional Funds Act, or UPMIFA. Endowment payouts are calculated at a payout rate that is reviewed annually by the UWRF.
Foundation Board of Directors. The distribution rate is designed to provide a relatively stable annual payout, while maintaining the purchasing power of the endowments over time. An endowed fund must be invested for four quarters prior to its first payout.

As the Foundation receives limited operating support from UW-River Falls, the Foundation collects a quarterly management fee from the endowment for operating purposes. The rate of assessment is established by the UWRF Board of Directors and reviewed annually.

What happens if the value of the endowment declines?

As the endowment is invested in a mix of stocks, bonds, and other market based funds it is subject to risks inherent in the financial markets. It is possible that an endowment fund may be underwater, where the market value is less than the principal or gift amount.

The UW-River Falls Foundation does not make a payout from underwater endowments without the permission of the donor. Donors are informed of underwater funds and additional gifts to supplement payouts during years of low market performance are always possible.