

What Is An Endowment?

An endowment is a fund established with the intention to be maintained in perpetuity with a gift or gifts from one or more donors to Clemson University or the Clemson University Foundation (CUF). The endowment fund is invested to distribute financial support for a purpose or purposes mutually agreed to by the donor(s) and Clemson University and/or the Clemson University Foundation.

Endowment funds are invested for long-term growth with an annual distribution (currently 4% of the twelve quarter average market value) made available in support of donor-designated purposes. Endowments provide important financial stability to Clemson University, perpetually supporting students inside and outside the classroom through funding of programs and research, as well as supporting our public service mission.

An endowment is assessed an administrative management fee that is utilized in securing, raising, investing and administering endowment funds in accordance with policies and procedures of CUF in effect at the time. Currently, the Board's policy is to assess a 1.25% annual fee on a quarterly basis.



Key Endowment Terms

Fund Agreement: The written and signed document stating the mutually agreed-upon purpose or purposes for which a specific endowment's budget can be spent.

Corpus or Principal: The gift(s) made to establish or increase an endowment. The corpus of a permanent endowment is held in perpetuity. The corpus is invested according to CUF's investment policy, and only a portion of the total return may be expended to carry out the donor's purpose.

Permanently Restricted Endowment: an endowment created by a donor to exist forever



FAQs

How soon can the program area that my endowment supports receive income from the endowment?

Several criteria must be met before endowments generate a payout:

1. An endowment must meet the minimum funding requirements set forth in the fund agreement establishing the endowment. For example, if an endowment fund includes a pledge commitment, the pledge must be paid in full before the endowment is considered fully funded.
2. After an endowment is fully funded, it will be reviewed to determine whether it has sufficient investment earnings to generate a payout while also maintaining the endowment's health. The Foundation's current policy is that the endowment must have earned at least 8 percent of the corpus of the endowment before it will be allowed to generate a payout.

When will my endowment fully fund the purpose for which it was given?

Market factors greatly influence when an endowment will generate a payout that will fully support the purpose intended (e.g. a certain level scholarship or salary support for a chair or professorship). An endowment's payout for an academic year is calculated several months in advance of the date it is available for spending. The calculation is based on an approved spending policy, currently 4 percent of the average market value of an endowment for the 12 quarters preceding the payout calculation date. Especially in the early years after the payout commences, the level of funding generated may not be as much as desired. For this reason, many donors choose to provide annual gifts to supplement the purpose of their endowment for this interim period.

How will Clemson communicate endowment reporting and impact?

Two fundamental responsibilities accompany being the beneficiary of an endowment: 1) the responsibility to use the funds for the purpose(s) for which the endowment was established; and 2) commitment to appropriate stewardship, which may entail communications with donors regarding how donations are making an impact on students and faculty. These responsibilities apply particularly to the specific department/unit and individuals benefiting from an endowment, since donors expect to hear from those who are most directly benefiting from the funding being provided.

Currently, on an annual basis after the close of the fiscal year, the Office of Donor Relations prepares and mails endowment statements to the endowment's designated contact.

Donor stewardship is of the highest priority to Clemson University and CUF. We welcome questions and strive to provide donors with relevant and current information regarding an endowment's impact.