

# WHAT IS AN ENDOWED FUND?

An endowment, by design, is a unique type of fund, as it benefits both current and future generations of Spartans. Endowed funds differ from other types of funds in that the total amount of the gift is invested. All endowed funds are pooled together to comprise the collective endowment. The principal is invested to grow over time while the university utilizes the spending distribution each year. The distributions support each fund's individual purpose, such as student scholarships or program and faculty support. These collective gifts over time, combined with strong investment performance, ensure the long-term stability and growth of San José State University. Creating an endowment demonstrates your commitment to making a lasting impact on the Spartan community for generations to come.



## 1 ENDOWMENT GIFTS



The minimum amount to establish an endowment is \$50,000. An endowed fund can be created through an outright gift of cash; appreciated assets such as securities or real estate; a provision in one's estate; a charitable trust or other life income plan; retirement plan assets; or an insurance policy. Endowment gifts can be pledged and paid over a period of up to five years. Additional gifts can be made at any point in time.



## 2 TOWER FOUNDATION ENDOWMENT POOL



Endowment gifts are added to a pool, which is then invested in a diversified, professionally managed portfolio that combines all endowed fund gifts to maximize each fund's benefit. The endowment investment portfolio is invested according to the Investment Policy set by the Tower Foundation Board of Directors.

## 3 INVESTMENT RETURN



The Tower Foundation Board of Directors sets the spending policy annually. The yearly distribution is based on a trailing three-year average market value. The use of a rolling average smooths market performance and minimizes dramatic swings in cash distribution amounts.

## 4 FUND PAYOUT



A distribution is typically made regardless of challenging short-term investment performance so that the University receives consistent support. The distribution percentage varies with a 10-year historic average of 4%.

## 5 TOWER FOUNDATION OVERSIGHT



The Tower Foundation of San José State is a self-supporting nonprofit 501(c)(3) auxiliary organization responsible for the investment, administration and banking of all philanthropic donations. The Tower Foundation Board of Directors and its Finance and Investment Committee have the legal and fiduciary responsibility for endowment oversight. The Uniform Prudent Management of Institutional Funds Act (UPMIFA), adopted in California in 2008, guides our endowments.

### Questions?

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