

Endowments | Frequently Asked Questions

What is an endowment, and why is it important to San José State University?

An endowment is a type of fund where the entire gift is invested, and the earnings distributions generated are used to support San José State in perpetuity. 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.

What is the minimum amount to establish an endowment at San José State University?

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.

Who will oversee my endowment, and how are endowment investments managed at SJSU?

The Tower Foundation of San José State is a nonprofit 501(c)(3) auxiliary organization responsible for the investment, administration, and banking of all philanthropic donations. The endowment investment portfolio is invested according to the Investment Policy set by the Tower Foundation Board of Directors. As part of the Foundation Board, the Finance and Investment Committee reviews the quarterly investment portfolio prepared by the investment firm Beacon Pointe Advisors.



Can I name my endowment?

Yes! Donors can establish an endowment and name it in honor of a person or organization — including themselves or a loved one. Named endowments help our campus grow, inspire others to give, and create a personal connection to San José State that will exist in perpetuity.

How is the endowment distribution determined?

The spending policy is set annually by the Tower Foundation Board of Directors. 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. A distribution is typically made regardless of challenging short-term investment performance so that the University receives consistent support. The distribution amount varies with a 10-year historic average of 4%.

How soon will new endowments provide a distribution to spend for programmatic purposes?

Once established the fund begins to accrue earnings and those earnings will lead to a distribution (typically a full distribution occurs after 3 years). This is due to the impact of the trailing three-year average. We suggest that donors continue to invest in their endowment so that it increases through earnings but also additional investment.



Are any fees charged?

All endowments are subject to a management fee. The current management fee is annualized at 2%. The fee is assessed monthly based on the current market value of the endowment. The Tower Foundation is entirely self-supporting and receives no funding from San José State University. The management fee helps offset costs related to the charges incurred as a result of the investments within the endowment pool and supports the administrative, financial, and operational costs of the Tower Foundation and its oversight of the endowment.



Questions?

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Endowment Impact Report



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