

# ENDOWMENTS 2020 FORUM

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## Endowment Fundraising Best Practices

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# WHAT IS AN ENDOWMENT AND WHY IS IT SO IMPORTANT?

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- An endowment is an invested fund **maintained in perpetuity**
- The principal of the fund remains intact, and a **set percentage of the fund's annual earning is used** in support of the organisation
- Its purpose is to provide a **permanent and steady source of income**, complementing and supplementing existing income streams
- Provides **long-term, enduring financial support** for key programmes or projects

# COMMON MISTAKES IN ENDOWMENT FUNDRAISING

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- Focusing too much on “endowment” and not enough on impact when soliciting these gifts
- Accepting gifts that are too restrictive
- Failing to plan for the financial and programmatic reporting endowment gifts require

# POLICY AND PROCESS QUESTIONS TO HELP YOU GET STARTED

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- By whom will the endowment fund be managed?
- What programmes are appropriate for endowment gifts?
- What is the process for establishing and approving endowment naming opportunities?
- What are the minimum gifts to name a fund, position, or programme?
  - Who will set these and how often will they be reviewed?
- Should you employ the concept of “pooled funds” to support key programmatic areas?
  - If so, will there be a minimum gift to those?
- Should there be a term limit for recognising endowed positions, funds, etc.?
  - If there are term limits for certain types of recognition (e.g. naming a position), how will the ongoing endowed fund be acknowledged after the position naming expires?
- What is the process for approving these gifts?

# POLICY AND PROCESS QUESTIONS TO HELP YOU GET STARTED

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- Will funds be used for budget relief only or may they be budget-enhancing? For instance, if a faculty position is named, will it come with a stipend for travel, etc.?
  - If there is a stipend, who decides how that money may be spent? Is there a process for approving expenses?
  - If they may be budget-enhancing, is there an amount or percentage of the annual spend which still needs to be budget-relieving?
  - If they are budget-relieving, will the department or unit get some additional consideration as a reward for fundraising?
- If a fund is endowed with pledge payments over multiple years, will it be awarded before it is fully funded? Will the donor begin to be recognised before it is fully funded?
- What happens to a fund if a donor stops making pledge payments before they fulfill their pledge?
- What recognition and stewardship will we offer to endowment donors?

# ENDOWMENT FUNDRAISING BEST PRACTICES

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## ■ **Build the Case Statement**

- Building a strong case is essential to garnering interest and potential support for the endowment.
- When discussing the endowment to prospective donors, focus on the purpose of the endowed fund rather than the vehicle.

## ■ **Make the Ask**

- As with any principal gift effort, consider “blended gifts” when discussing the endowment with a prospect.
  - I.e., asking for current-use, spendable support, and/or legacy gifts along with the endowment gift.

## ■ **Steward the Donors**

- Regularly report on the impact of the endowed funds, both to the donors themselves as well as to others who might be interested in supporting and/or creating an endowment themselves.
- Be transparent and create clear reports related to how the endowed funds are being managed.

# Thank You!

