



The University of Vermont
FOUNDATION

PERPETUAL PHILANTHROPY: ENDOWMENTS BENEFIT UVM NOW AND FOREVER

Endowment gifts create perpetual funding for your philanthropic priorities at the University of Vermont. Your endowment gift is invested and the investment income provides annual funding for scholarships, professorships or any program you choose. By creating an endowment, you provide the margin of excellence needed for student and faculty success now and forever.

ENDOWMENTS FUND THE PRESENT AND THE FUTURE

One of the greatest challenges for higher education is the fiscal pressure created by rising education costs balanced against flat or modest tuition increases, student debt capacity, and competition for limited state resources. ***Endowments relieve current and future fiscal pressures by creating a new permanent source of funding to the University.*** The best students and faculty know a strong university has a strong fiscal footing built on donor endowments.

CREATING AN ENDOWMENT IS EASY

Here is what you'll need to consider when creating an endowment:

PURPOSE — Choose an area of support at UVM, like a scholarship, professorship, or program. Remember, an endowment lives forever so the purpose and any other criteria need to be sufficiently broad to last hundreds of years.

NAME — Name the endowment, perhaps after you, in memory of a family member, or in honor of an influential campus leader.

MOTIVATION — Tell us your motivation for investing in the University's future or give us a history of the namesake. Your legacy will be carried through your words to generations and generations of students, faculty and alumni.

GIFTS — Contribute in one year or pledge over multiple years an amount to provide sufficient funding for your purpose in light of a 4.5% spending policy. Consider expanding, or even creating, your endowment through an estate gift. See policies for minimum gift amounts.

IMPACT — See your endowment in action through contact with UVM students and faculty you help and by reviewing annual reports that show how your endowment benefitted your philanthropic priority and appreciated from investment performance.

ENDOWMENT PURPOSES

You can customize an endowment by selecting a University purpose to support. Each purpose has an endowment gift minimum based on the typical scale of expenses. The endowment gift minimum does not necessarily fully fund the purpose.

- **Deanship** — provides support to a range of discretionary uses, including but not limited to a dean's compensation, faculty research and scholarship, public service, professional conferences and other programs related to the promotion of academic excellence in the school or college.
- **Chair, Professorship, or Green and Gold Professorship** — provides support to a faculty member's teaching, instructional programs, research, public service, professional conferences, and other scholarly activity, and may supplement salary and benefits.
- **Faculty Teaching or Research Award** — provides support to a faculty member's scholarly activities including teaching, research, public service, professional development and other general purposes.
- **Graduate Fellowship** — provides support in the form of financial aid, stipends or other support to graduate students for education, research and scholarly work.
- **Scholarship** — provides financial aid to students. Donors may specify recipient criteria (including undergraduate/graduate, academic unit, degree/program, residency, or merit/need), which should be limited in order to ensure awards can be made every year.
- **Research Fund** — provides support for the research activities of a department, including equipment, supplies, wages, and other general research purposes.
- **Departmental or Programmatic Fund** — provides support to a department, program or other unit for its general purposes, including but not limited to teaching, professional development, internships, lectureships, and equipment.

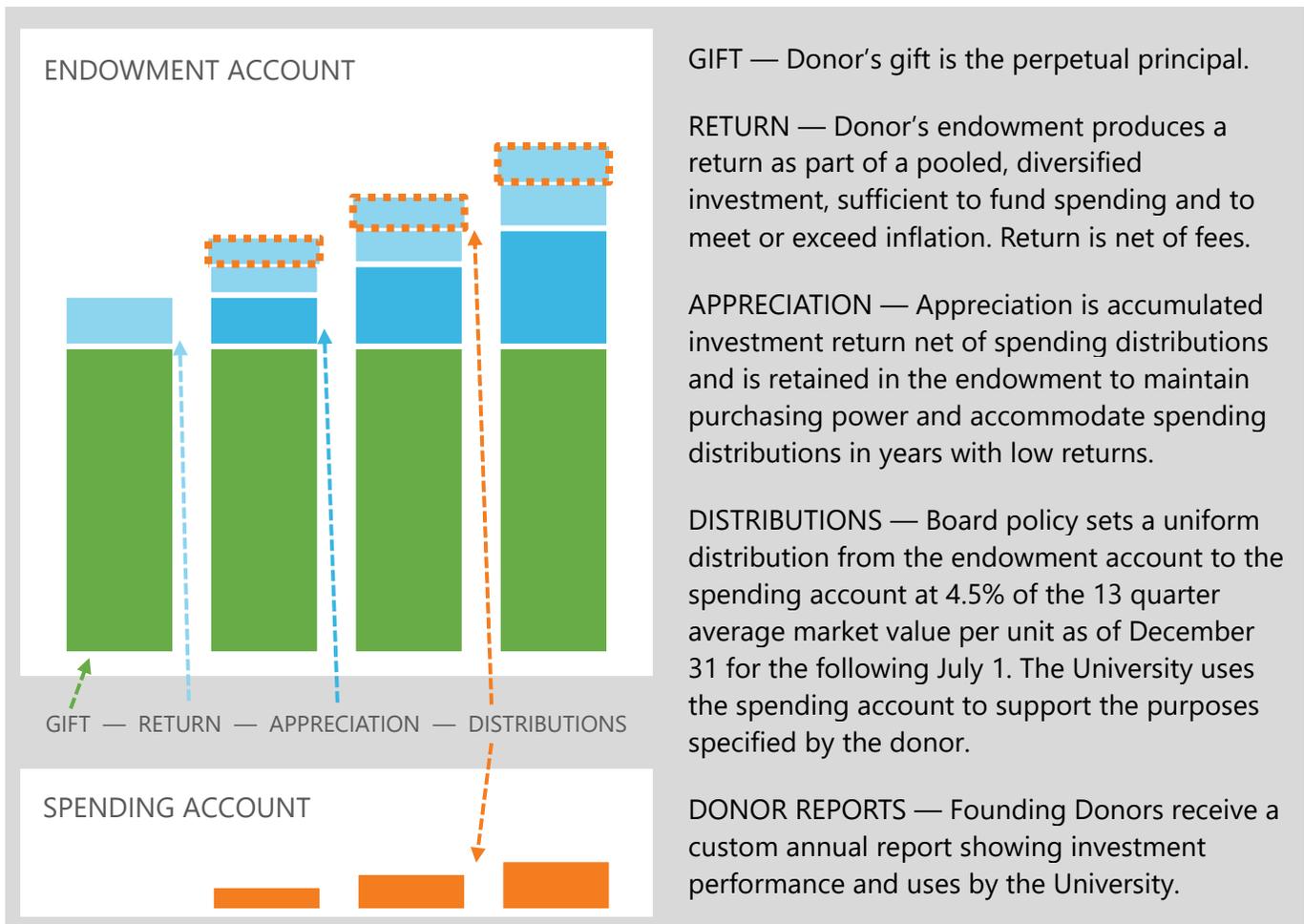
Endowment Purpose	Endowment Gift Minimum	Estimated Annual Spending Distributions
Deanship	Custom	Custom
Chair	\$3,000,000	\$126,000
Professorship	\$1,000,000	\$42,000
Green and Gold Professorship	\$250,000	\$10,500
Faculty Teaching or Research Award	\$100,000	\$4,200
Graduate Fellowship	\$250,000	\$10,500
Scholarship	\$1,000,000	\$42,000
	\$100,000	\$4,200
	\$50,000	\$2,100
Research Fund	\$50,000	\$2,100
Departmental or Programmatic Fund	\$50,000	\$2,100

ENDOWMENT BASICS

Your endowment will forever benefit the University. Each year, approximately 4.5% of your endowment is made available to support your philanthropic purpose at UVM. Year after year, investment growth increases the endowment, which also increases the amount available for your philanthropic purpose.

Once you have created your endowment, UVM Foundation and the University handle your endowment's day to day management. All donor endowments are pooled together for investment purposes and are administered in a uniform and prudent manner, governed by board policies. A board committee is charged with selecting diverse investments that provide long-term growth sufficient to cover annual spending distributions and inflation. Policy determines spending distributions, which are the annual amounts made available for spending at the University. Investment returns in excess of spending distributions are retained in your endowment both to help preserve purchasing power over time and to provide a cushion in down markets.

Here is an illustration of the first four years of a new endowment:



ENDOWMENT POOLS

The Long Term Pool is the primary and default pool of donor endowments. UVM Foundation offers the Green Fund as an alternative investment pool for those donors who create new endowments and choose to have their endowments invested in an environmentally-conscious manner.

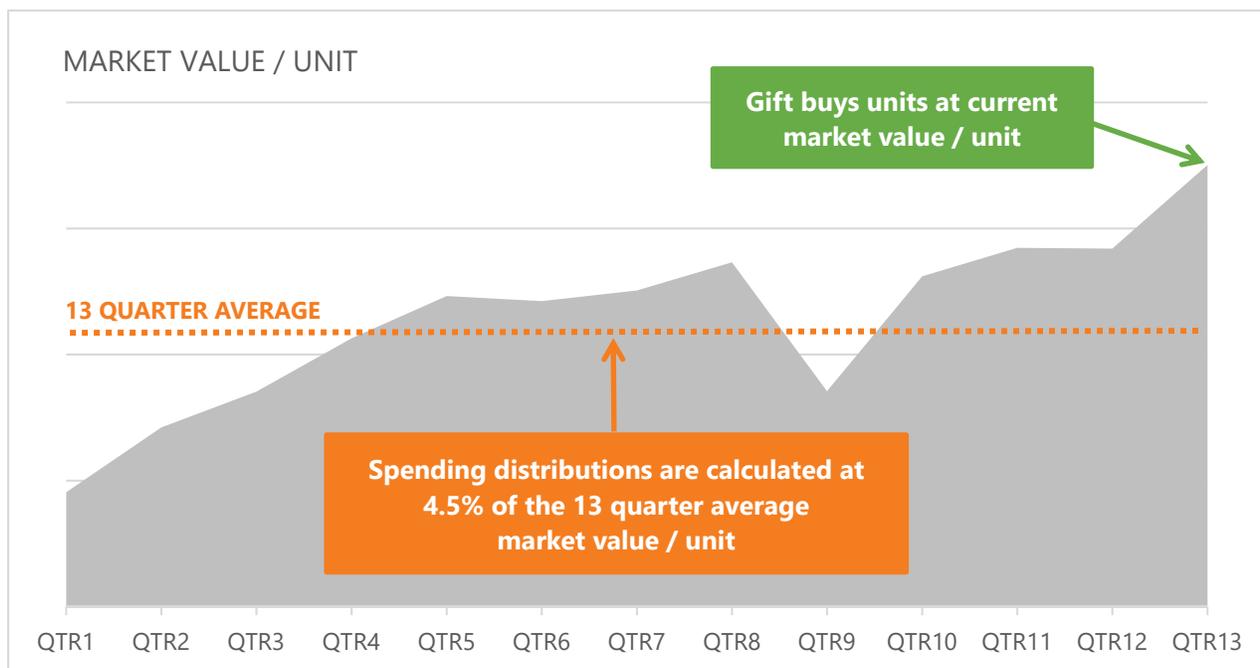
	LONG TERM POOL	GREEN FUND
Endowment Composition	The Long Term Pool is UVM Foundation's primary investment pool and is used for all donor endowments unless otherwise stipulated. The Long Term Pool includes over 300 UVM Foundation endowments as well as over 800 legacy University endowments created before UVM Foundation.	The Green Fund is an alternative investment pool if selected by a donor. The Green Fund began in late FY14 with a single donor endowment. As of June 30, 2020, the Green Fund is comprised of five donor endowments.
Total Assets	\$519.3 million at 6/30/2020 \$429.4 million in University endowments \$89.9 million in UVM Foundation endowments	\$2.4 million at 6/30/2020
Oversight	Finance and Investment Committee of UVM Foundation's Board of Directors and Investment Sub-Committee of the University's Board of Trustees	Finance and Investment Committee of UVM Foundation's Board of Directors
Investment Objective	To generate sufficient return to meet or exceed spending distributions and inflation. Return is net of all fees including a 1.00% endowment management fee assessed at the University, with a portion directed to fund the operations of UVM Foundation.	To generate sufficient return to meet or exceed spending distributions and inflation. Return is net of all fees including a 0.25% endowment management fee to help fund the operations of UVM Foundation.
Asset Classes	A mix of assets including Public Global Equity, Public Real Assets, Private Investments, and Marketable Alternatives. Assets of the Long Term Pool are spread over 80+ fund managers specializing in one or more asset classes. The University does not invest in fossil fuels, coal, cluster munitions, Sudanese government and tobacco companies.	Investments are selected in part based on non-financial environmental performance indicators and, while diversified, investments related to fossil fuel and nuclear energy are excluded. Given limited assets currently, this pool consists of a single mutual fund with a diversified portfolio of stocks and bonds, based on corporate environmental responsibility and sustainability.
Investment Performance History	0.0% in FY20 4.0% Trailing 5-Year Average 6.5% Since Inception in 2012 at UVMF 7.5% Since Inception in 1987 at UVM	5.3% in FY20 5.3% Trailing 5-Year Average 6.1% Since Inception in 2014
Spending Rate	4.5% of the 13 quarter average market value as of December 31 for use July 1	4.5% of the 13 quarter average market value as of December 31 for use July 1

ENDOWMENT SPENDING DISTRIBUTIONS

Your endowment is accounted for in a manner similar to a mutual fund investment. **When you make an endowment gift, your gift purchases units (or shares) in a pool at the current quarter-ending market value per unit.** The value of your endowment at any point in time can fluctuate based on market gains and losses.

Spending distributions are made from the endowment account to the spending account on a uniform and regular basis. **At the end of each December, spending distributions are calculated for use in the following academic year starting in July.** This approach provides the University with a stable and predictable calculation to plan and budget for the academic year and provides your endowment an opportunity to earn investment gains before withdrawals for spending. Gifts received after December 31 are invested and retain earnings, but will wait until the next December's spending calculation cycle.

To smooth the highs and lows of an endowment's market value, **spending distributions are calculated at 4.5% of the pool's average 13 quarter market value per unit** (not the current market value per unit). For this reason, at the time of your gift, illustrations of spending distributions are estimates only (4.2% of the gift is an estimate of the actual 4.5% average 13 quarter market value per unit calculation).



For example, a donor makes a gift of \$100,000 for a new scholarship endowment in November. It will purchase units in the Long Term Pool at the end of the quarter (October-December) based on the December market value per unit. During the next two quarters (January-March and April-June), the endowment is invested and earnings are credited to the endowment. Distributions are not made. Beginning July 1 (first month of new academic year), distributions begin based on the number of units as of December 31 and based on the 13 quarter average market value per unit as of December.

PERPETUAL PHILANTHROPY: ENDOWMENTS BENEFIT UVM NOW AND FOREVER

The following chart illustrates how gifts received by December 31 will be eligible for spending distributions beginning the following July 1, which provides at least two quarters of earnings before spending distributions begin and gives UVM time to plan on your endowment for the academic year.

Year 1				Year 2				Year 3
Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1
Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Gift	Earnings	Earnings	Earnings	Earnings & Spending				
	Gift	Earnings	Earnings	Earnings & Spending				
		Gift	Earnings	Earnings	Earnings	Earnings	Earnings	Earnings & Spending
			Gift	Earnings	Earnings	Earnings	Earnings	Earnings & Spending
				Gift	Earnings	Earnings	Earnings	Earnings & Spending
					Gift	Earnings	Earnings	Earnings & Spending

TOTAL UVM ENDOWMENT

The Total UVM Endowment includes the pools held at the University of Vermont and at UVM Foundation. In addition to the Long Term Pool and Green Fund, there are other pools comprised of unique donor agreements, including land, partnerships, trusts, annuities and student-managed investments.

	6/30/2018	6/30/2019	6/30/2020
University of Vermont Endowment			
Long Term Pool	440,443,405	438,855,393	429,354,941
Separate Investments	10,625,360	11,328,024	10,147,226
Subtotal University Endowment	451,068,765	450,183,417	439,502,167
UVM Foundation Endowment			
Long Term Pool	71,985,750	82,121,365	89,913,104
Green Fund	779,912	2,316,435	2,359,218
Student Managed Pool	104,323	110,580	125,131
UVMF Holdings LLC	29,784,891	30,665,973	29,267,802
Trusts Held by Others	1,260,938	1,316,615	1,325,592
Subtotal UVM Foundation Endowment	103,915,814	116,530,968	122,990,847
TOTAL UVM ENDOWMENT	554,984,579	566,714,385	562,493,014

ENDOWMENT ILLUSTRATIONS

\$1,000,000 PROFESSORSHIP GIFTED OVER 4 YEARS

Professorship endowments provide funding for the holder's teaching, research, public service and other scholarly activities. When gifts are received over multiple years, the endowment provides the holder with limited resources until the donor's commitment is fully paid.

	Year 1	Year 2	Year 3	Year 4	Year 5
ENDOWMENT ACCOUNT					
Beginning Market Value	0	257,500	520,000	787,400	1,059,800
Investment Return	7,500	23,000	38,700	54,700	63,600
Distributions to Spending Account	0	(10,500)	(21,300)	(32,300)	(43,400)
Gifts to Endowment Principal	250,000	250,000	250,000	250,000	0
Ending Market Value	257,500	520,000	787,400	1,059,800	1,080,000
SPENDING ACCOUNT					
Beginning Balance	0	0	500	1,800	2,100
Distributions from Endowment	0	10,500	21,300	32,300	43,400
Gifts to Spending Account	0	0	0	0	0
Gift Fees	0	0	0	0	0
Spending at the University	0	(10,000)	(20,000)	(32,000)	(43,000)
Ending Balance	0	800	1,800	2,100	2,500

\$1,000,000 PROFESSORSHIP GIFTED OVER 4 YEARS WITH \$70,000 IN CURRENT USE GIFTS

A donor can make current use gifts in addition to endowment gifts. In this example, the combination of current use gifts and endowment spending distributions provide the holder will full resources even as the donor builds the endowment over multiple years.

	Year 1	Year 2	Year 3	Year 4	Year 5
ENDOWMENT ACCOUNT					
Beginning Market Value	0	257,500	520,000	787,400	1,059,800
Investment Return	7,500	23,000	38,700	54,700	63,600
Distributions to Spending Account	0	(10,500)	(21,300)	(32,300)	(43,400)
Gifts to Endowment Principal	250,000	250,000	250,000	250,000	0
Ending Market Value	257,500	520,000	787,400	1,059,800	1,080,000
SPENDING ACCOUNT					
Beginning Balance	0	0	1,750	4,800	3,600
Distributions from Endowment	0	10,500	21,300	32,300	43,400
Gifts to Spending Account	0	35,000	25,000	10,000	0
Gift Fees	0	(1,750)	(1,250)	(500)	0
Spending at the University	0	(42,000)	(42,000)	(43,000)	(43,000)
Ending Balance	0	1,750	4,800	3,600	4,000

\$100,000 SCHOLARSHIP GIFTED IN 1 YEAR

Scholarships provide funding to students to cover tuition, room, board, fees and other expenses.

	Year 1	Year 2	Year 3	Year 4	Year 5
ENDOWMENT ACCOUNT					
Beginning Market Value	0	103,000	105,000	107,000	109,000
Investment Return	3,000	6,200	6,300	6,400	6,500
Distributions to Spending Account	0	(4,200)	(4,300)	(4,400)	(4,500)
Gifts to Endowment Principal	100,000	0	0	0	0
Ending Market Value	103,000	105,000	107,000	109,000	111,000
SPENDING ACCOUNT					
Beginning Balance	0	0	0	100	300
Distributions from Endowment	0	4,200	4,300	4,400	4,500
Gifts to Spending Account	0	0	0	0	0
Gift Fees	0	0	0	0	0
Spending at the University	0	(4,200)	(4,200)	(4,200)	(4,200)
Ending Balance	0	0	100	300	600

The preceding endowments examples are provided for illustration purposes only and assume: gifts are received in December; annual investment return is 6%, net of all fees; spending distributions are estimates of the 13 quarter average market value / unit calculation (4.2% of the gift is an estimate of the actual 4.5% average 13 quarter market value per unit calculation); and spending at the University is used to demonstrate both expenses as well as carried-forward balances.

10/8/2020



Your gift is administered based on your intentions as well as policies approved by the Board of Directors of UVM Foundation. Visit uvmfoundation.org to view statements related to donor rights and privacy; gift, endowment and fee policies; board bylaws and meeting minutes; audited financial statements; IRS forms and documents; and FAQs.