

# PERPETUAL PHILANTHROPY

Endowments benefit UVM now and forever



The University of Vermont  
**FOUNDATION**



# FUNDING THE PRESENT AND THE FUTURE

- You create **perpetual funding** for your philanthropic priorities
- Your endowment **gift is invested**:
  - A portion of investment return provides annual funding for scholarships, professorships, or any program you choose
  - The rest of investment return compounds to grow your endowment
- Your endowment **relieves fiscal pressures** – *current and future*:
  - *Pressures*: Rising education costs balanced against flat or modest tuition increases, student debt capacity, and competition for limited state resources
  - *Relief*: Endowments create a new permanent source of funding



# CREATING AN ENDOWMENT IS EASY

**PURPOSE**

**NAME**

**MOTIVATION**

**GIFTS**

**IMPACT**



# CREATING AN ENDOWMENT IS EASY

## PURPOSE

Choose an area to 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.

# CREATING AN ENDOWMENT IS EASY

## 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 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 distribution policy. Consider expanding, or even creating, your endowment through an estate gift.

# CREATING AN ENDOWMENT IS EASY

## 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

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
Research Fund	\$50,000	\$2,100
Departmental or Programmatic Fund	\$50,000	\$2,100
Graduate Fellowship	\$250,000	\$10,500
Scholarship	\$1,000,000	\$42,000
	\$100,000	\$4,200
	\$50,000	\$2,100

# ENDOWMENT PURPOSES

- **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**

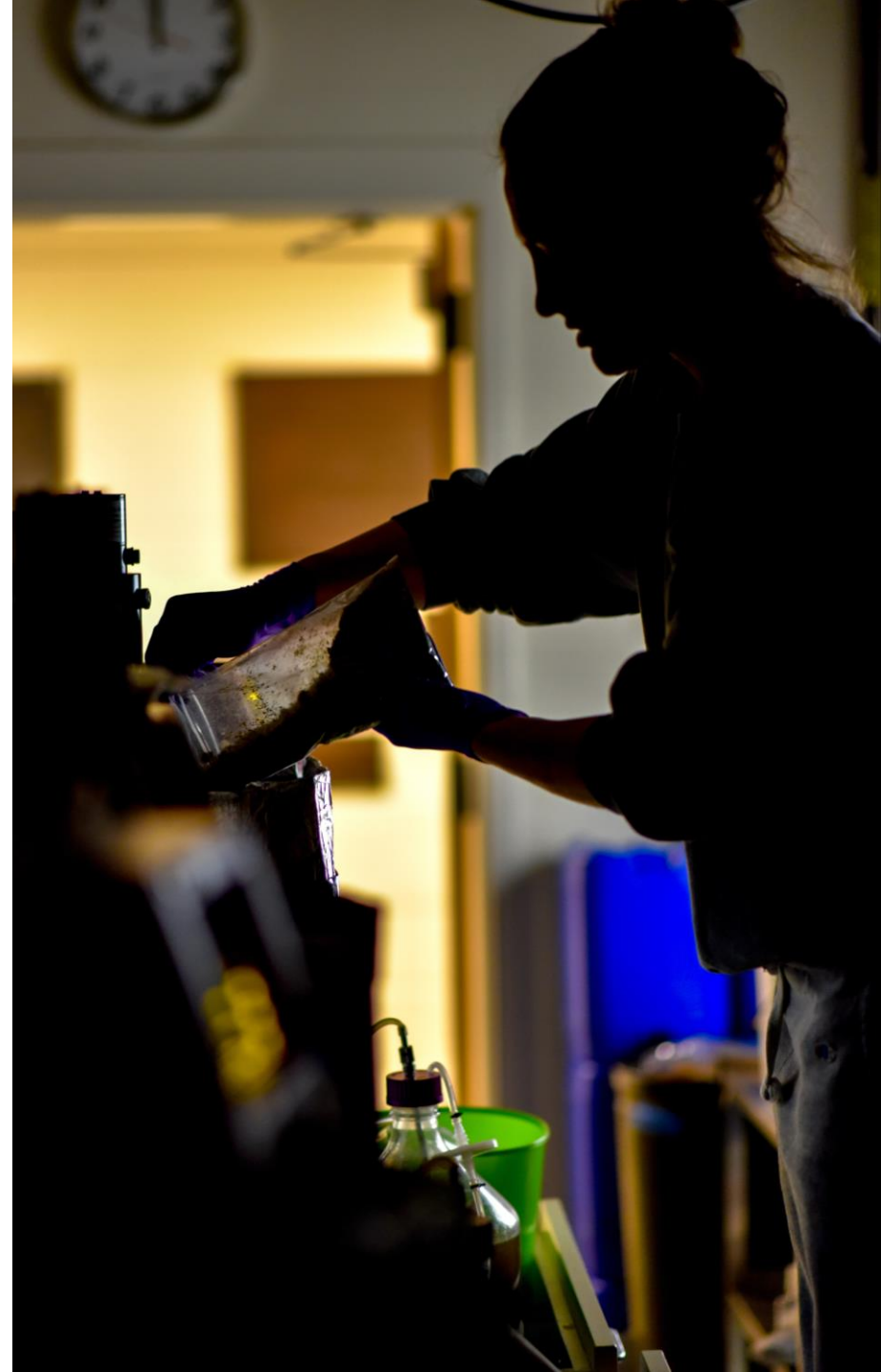
- Provides support to a faculty member's teaching, instructional programs, research, public service, professional conferences, and other scholarly activity, and may supplement salary and benefits





# ENDOWMENT PURPOSES

- **Faculty Teaching or Research Award**
  - Provides support to a faculty member's scholarly activities including teaching, research, public service, and professional development
- **Research Fund**
  - Provides support for research activities of a department, including equipment, supplies, and wages
- **Departmental or Programmatic Fund**
  - Provides support to a department, program or other unit for its general purposes



# ENDOWMENT PURPOSES

- **Graduate Fellowship**

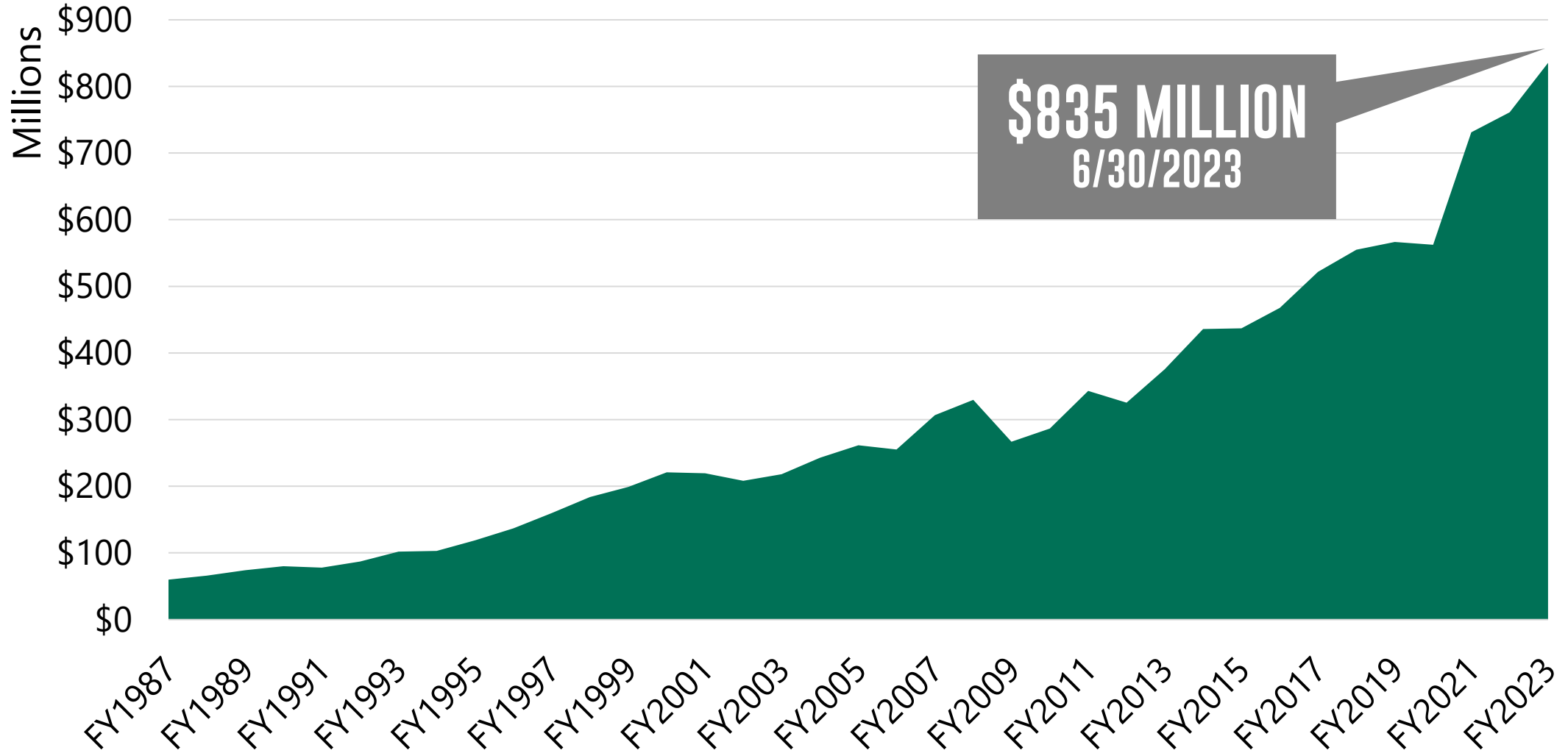
- Provides financial aid, stipends or other support to graduate students for education, research and scholarly work

- **Scholarship**

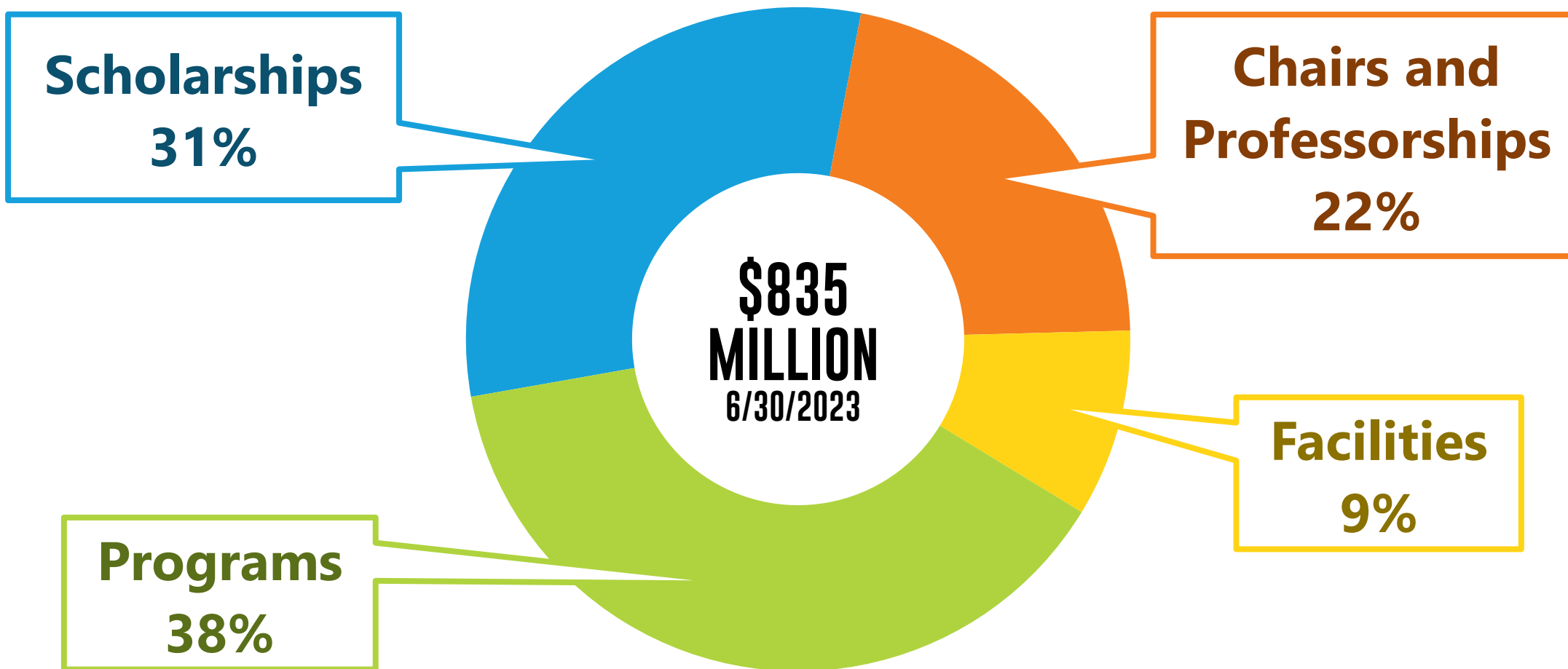
- Provides financial aid to students
- Donors may specify recipient criteria which should be limited in order to ensure awards can be made every year
- Undergraduate/graduate, academic unit, degree/program, residency, merit, need



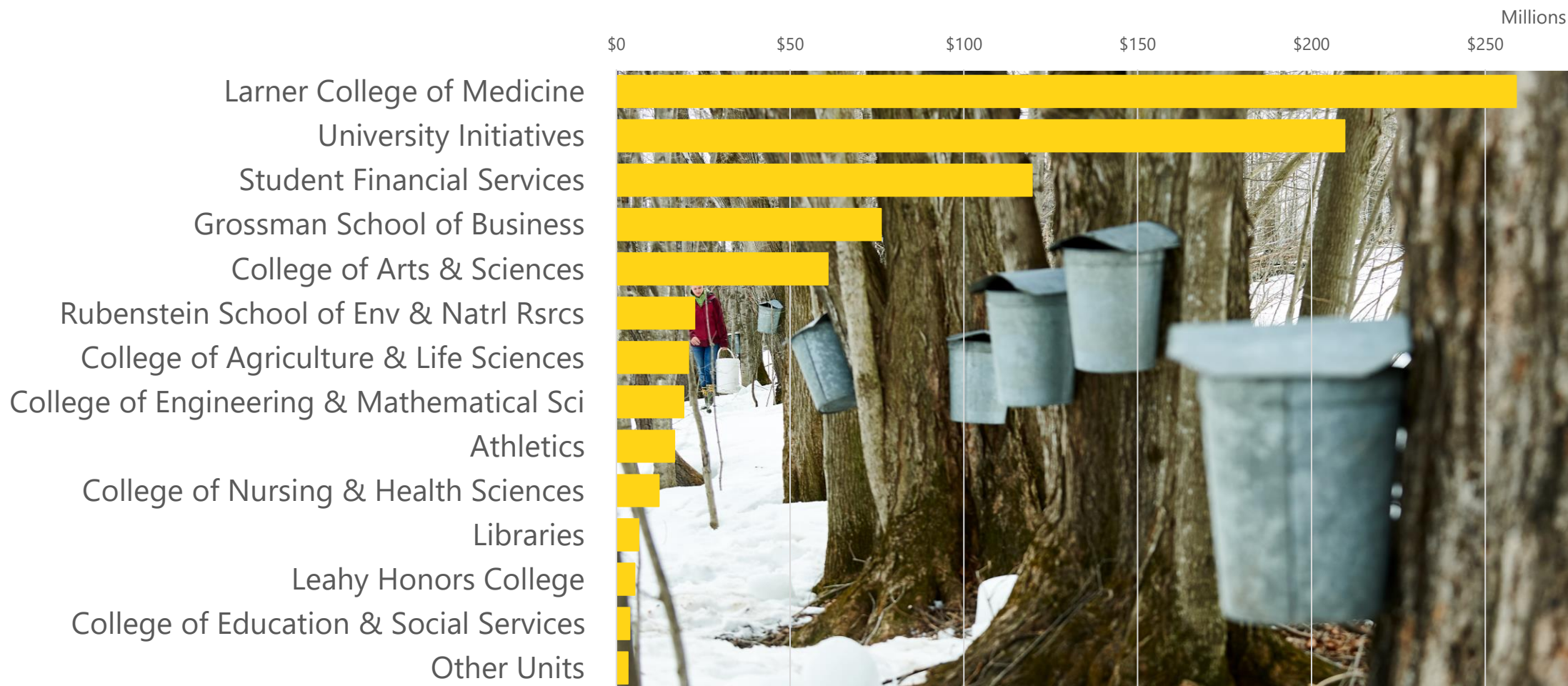
# TOTAL UVM ENDOWMENT



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# TOTAL UVM ENDOWMENT

**July 1, 2022 to June 30, 2023**

**Market Value**

Beginning Market Value

761,012,573

Investment Return

41,811,934

Distributions to Spending Account

(31,927,052)

Gifts to Endowment Principal

63,921,119

Transfers and Other Changes

460,162

**Ending Market Value**

**835,278,736**



# TOTAL UVM ENDOWMENT

## University of Vermont Endowment

Long Term Pool	572,876,891
Separate Investments	9,508,602
Subtotal University of Vermont Endowment	582,385,493

## UVM Foundation Endowment

Long Term Pool	203,229,729
Green Fund	4,894,757
Student Managed Pool	456,633
UVMF Holdings LLC	42,773,768
Trusts Held by Others	1,538,354
Subtotal UVM Foundation Endowment	252,893,243

**TOTAL UVM ENDOWMENT — 6/30/2023** **835,278,736**



# INVESTMENT POOLS

- **University of Vermont Endowment**

- Long Term Pool — Primary pool for donor endowments
- Separate Investments — Endowments that are individually managed

- **UVM Foundation Endowment**

- Long Term Pool — Primary pool for donor endowments
- Green Fund — Alternative pool for donor endowments
- Student Managed Pool — Educational pool for students in the Grossman School of Business
- UVMF Holdings LLC — Endowments that are individually managed
- Trusts Held by Others — Endowments managed by third parties





# INVESTMENT POOLS

## LONG TERM POOL

- Primary investment pool
- Invested in Public Global Equity, Public Real Assets, Private Investments, and Marketable Alternatives
- No investments in fossil fuels, cluster munitions, Sudanese government and tobacco

## GREEN FUND

- Alternative investment pool
- Investments selected in part based on non-financial environmental performance indicators
- No investments in fossil fuel and nuclear energy

# INVESTMENT RETURN

## LONG TERM POOL

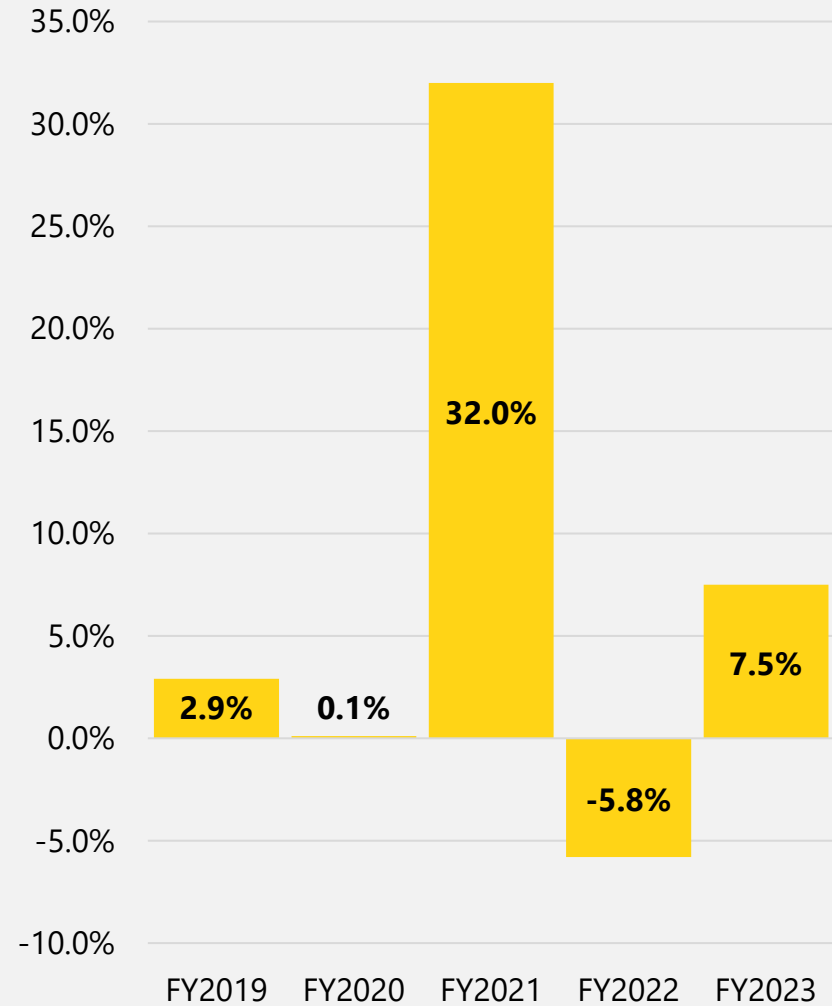
7.5% in FY23  
6.6% Trailing 5-Year Average  
7.3% Since Inception  
in 2012 at UVM  
Foundation  
7.8% Since Inception  
in 1987 at the  
University

## GREEN FUND

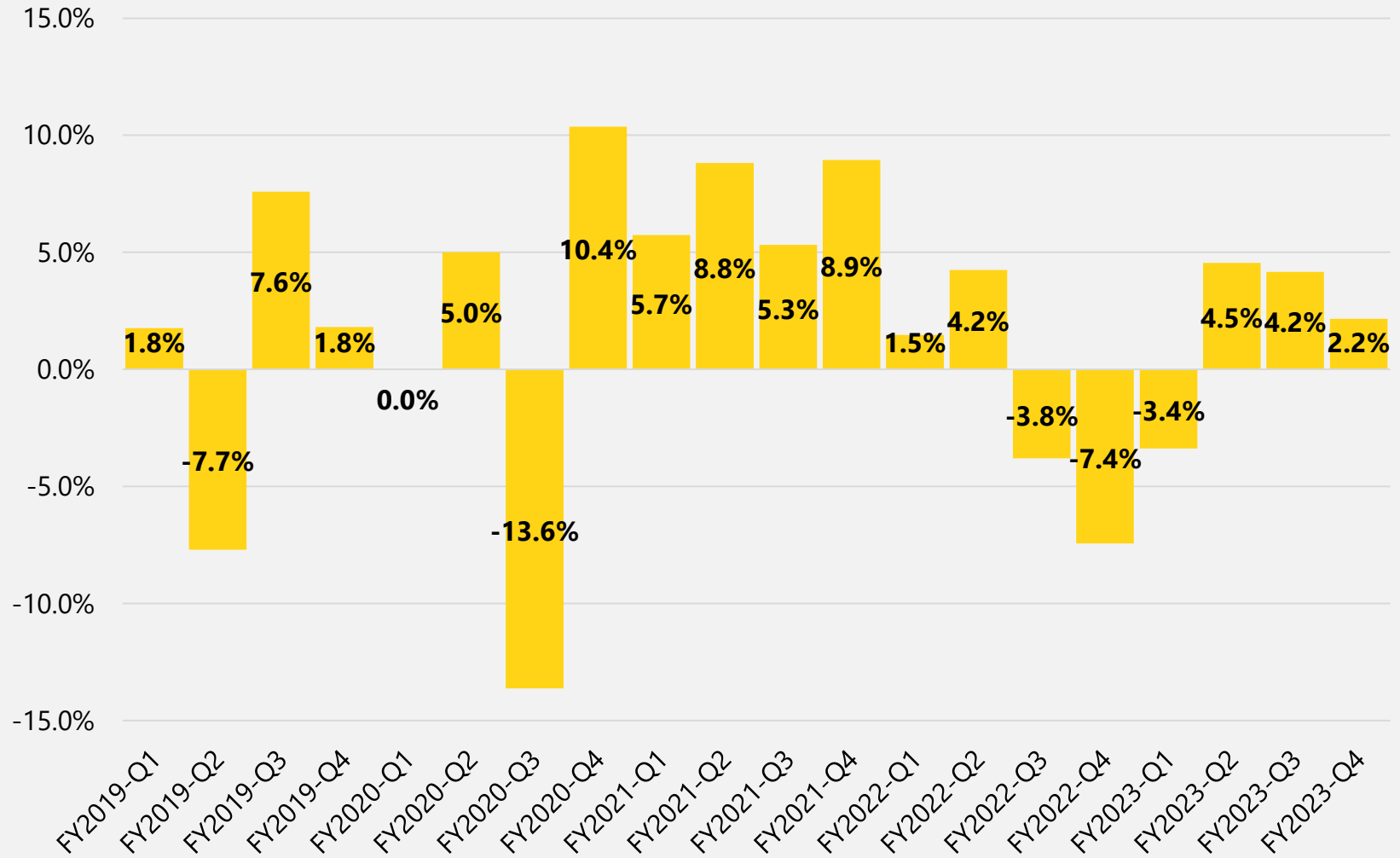
6.9% in FY23  
7.6% Trailing 5-Year Average  
6.7% Since Inception  
in 2014 at UVM  
Foundation

# LONG TERM POOL INVESTMENT RETURN

## BY FISCAL YEAR

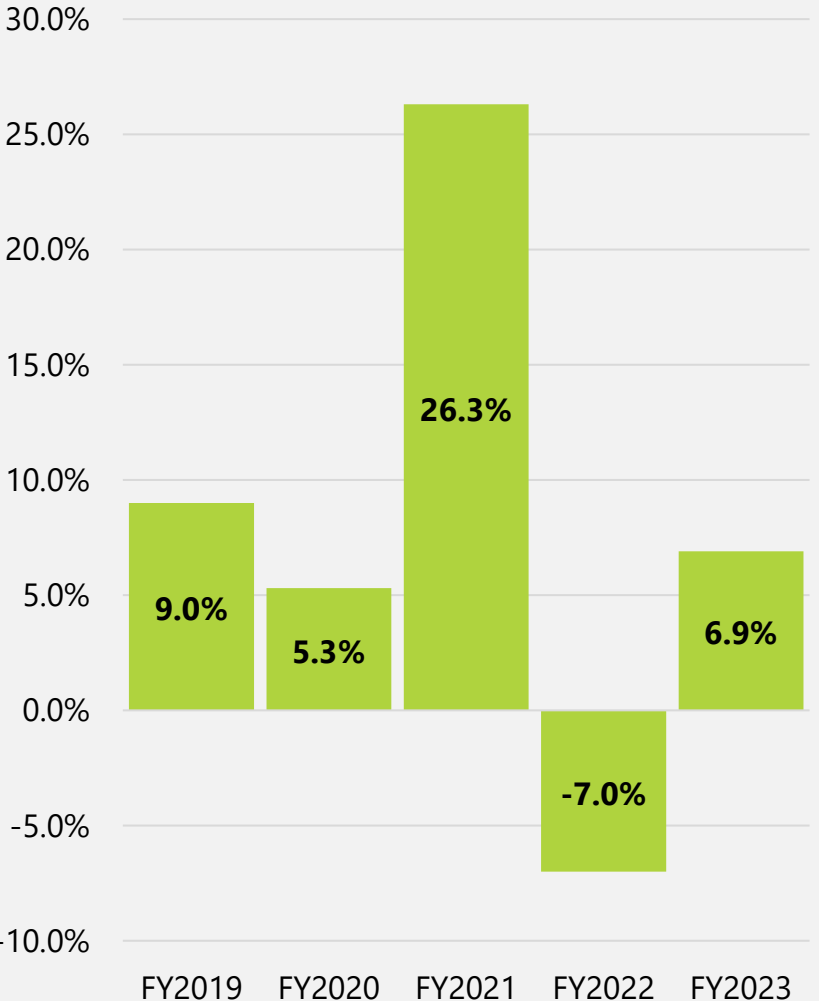


## BY QUARTER

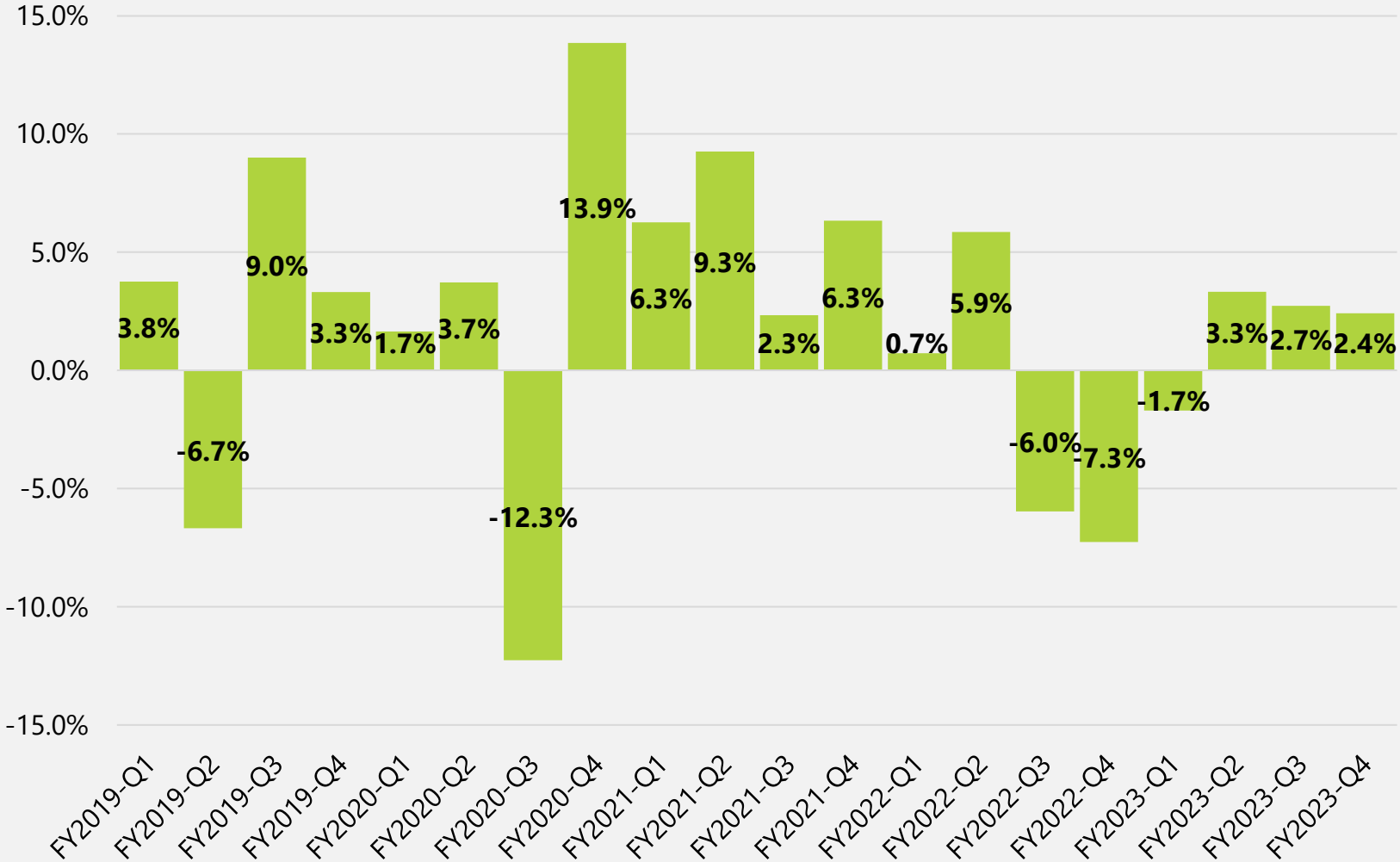


# GREEN FUND INVESTMENT RETURN

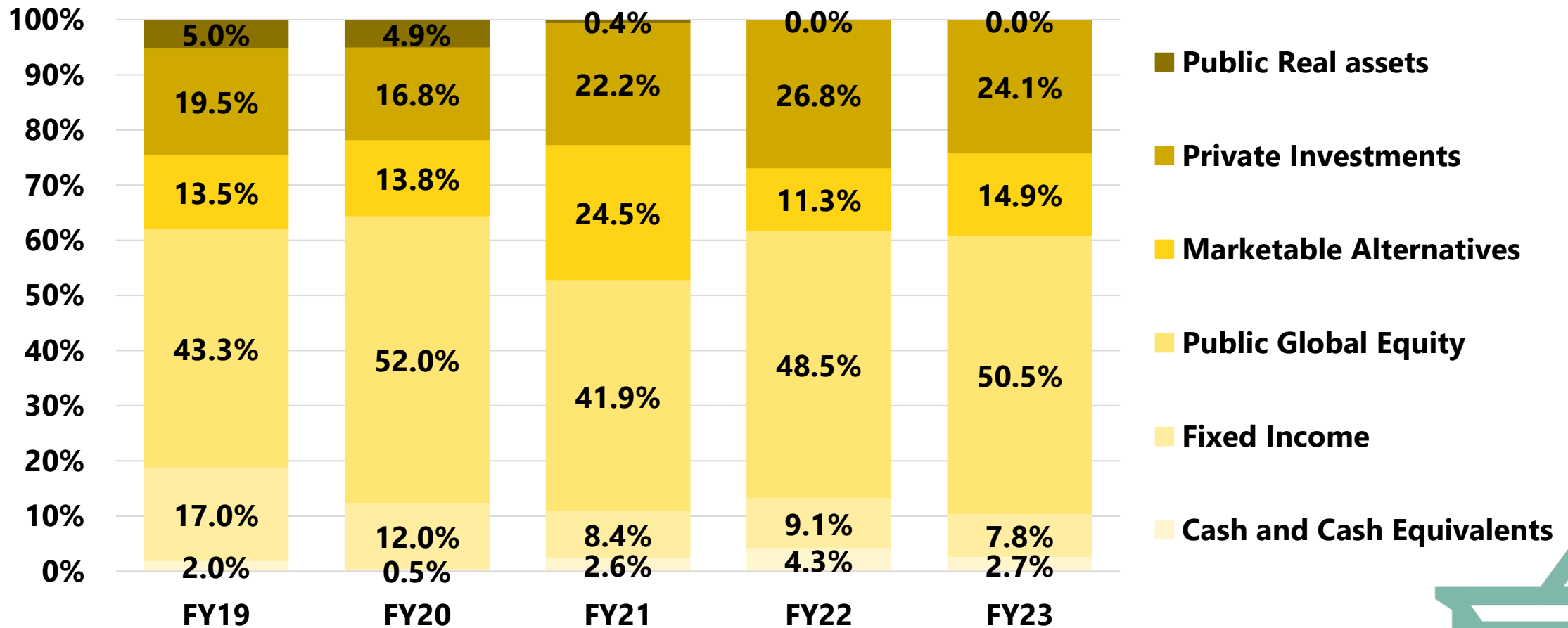
### BY FISCAL YEAR



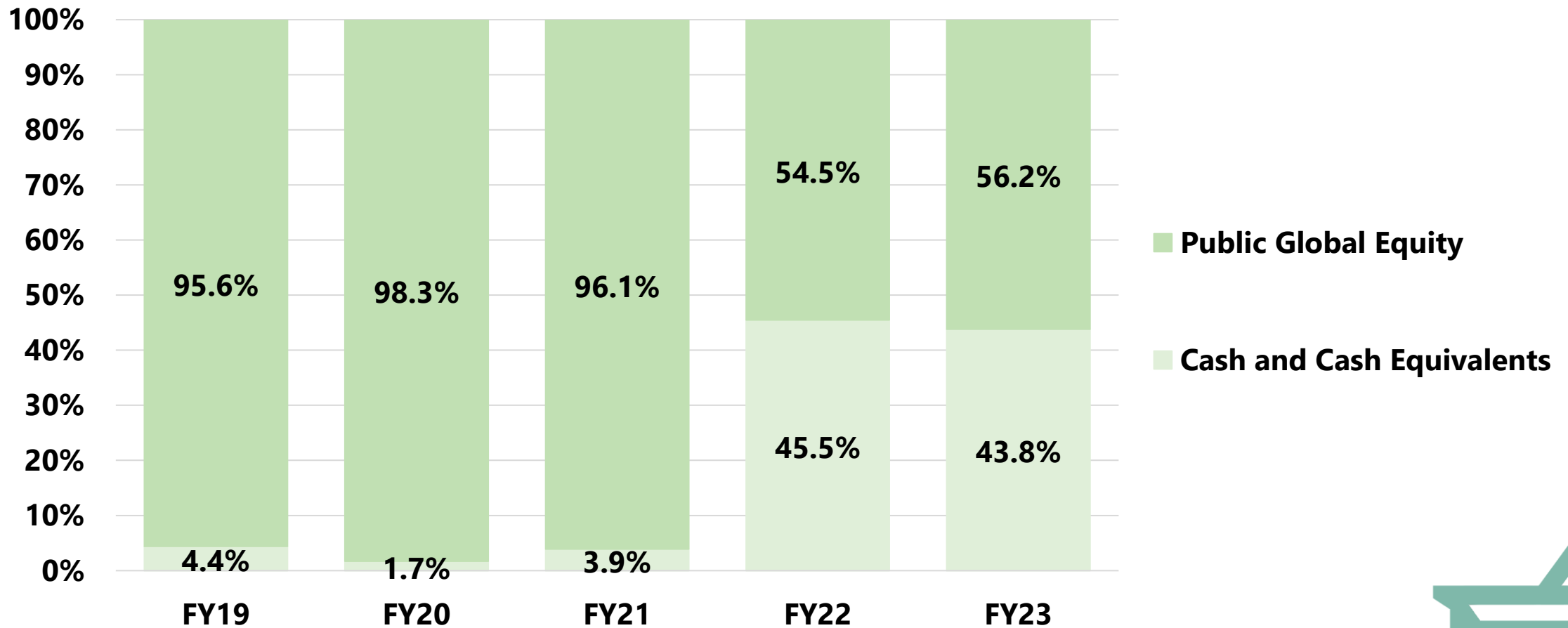
### BY QUARTER



# LONG TERM POOL ASSET ALLOCATION



# GREEN FUND ASSET ALLOCATION



# ENDOWMENT AND INVESTMENT OVERSIGHT

- Board-approved policies of the University and UVM Foundation set the rules for the **uniform management of endowments**:
  - Defined investment pools
  - Investment objectives
  - Spending distributions
  - Reporting and general oversight
- University and UVM Foundation boards have delegated **investment decision-making authority** to a UVM Foundation subsidiary called UVIMCO (University of Vermont Investment Management Company, LLC)



# ENDOWMENT AND INVESTMENT OVERSIGHT

- UVIMCO was established in 2023 to manage endowment assets of the University and UVM Foundation
  - Three voting managers appointed by the University
  - Four voting managers appointed by UVM Foundation
  - University President and UVM Foundation CEO are *ex officio* managers
- UVIMCO Board of Managers selects advisors, fund managers and individual holdings for assets assigned by the University and UVM Foundation
- UVIMCO Board of Managers recommends endowment policies to the boards of the University and UVM Foundation





# ENDOWMENT ILLUSTRATIONS



# PROFESSORSHIP — ENDOWMENT GIFTS 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. \$1,000,000 gifted over four years to the endowment.*

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>ENDOWMENT ACCOUNT</b>					
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
<b>SPENDING ACCOUNT</b>					
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	500	1,800	2,100	2,500

# PROFESSORSHIP — ENDOWMENT AND 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 with full resources even as the donor builds the endowment over multiple years. \$1,000,000 gifted over four years to the endowment, with \$70,000 in current use gifts.*

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>ENDOWMENT ACCOUNT</b>					
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
<b>SPENDING ACCOUNT</b>					
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

# SCHOLARSHIP — ENDOWMENT GIFTED IN ONE YEAR

*Scholarships provide funding to students to cover tuition, room, board, fees and other expenses. You can specify criteria, such as: financial need; academic merit; college or school; undergraduate, graduate, or medical degree program; or Vermont resident or out-of-state resident. \$100,000 gifted in one year to the endowment.*

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>ENDOWMENT ACCOUNT</b>					
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
<b>SPENDING ACCOUNT</b>					
Beginning Balance	0	0	200	500	400
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	(4,000)	(4,000)	(4,500)	(4,500)
Ending Balance	0	200	500	400	400

# RESEARCH — ENDOWMENT CREATED VIA BEQUEST

*Research funding supports equipment, supplies, travel, and compensation of faculty, graduate students and others. You can support any academic unit or identify specific research topics. \$5,000 gifted each year during your lifetime with a \$100,000 bequest via your estate to create the endowment.*

	Year 1	Year 2	Year 3	Bequest Year	Next Year
<b>ENDOWMENT ACCOUNT</b>					
Beginning Market Value	0	0	0	0	103,000
Investment Return	0	0	0	3,000	6,200
Distributions to Spending Account	0	0	0	0	(4,200)
Gifts to Endowment Principal	0	0	0	100,000	0
Ending Market Value	0	0	0	103,000	105,000
<b>SPENDING ACCOUNT</b>					
Beginning Balance	0	750	1,000	1,500	500
Distributions from Endowment	0	0	0	0	4,200
Gifts to Spending Account	5,000	5,000	5,000	0	0
Gift Fees	(250)	(250)	(250)	0	0
Spending at the University	(4,000)	(4,500)	(5,000)	(1,000)	(4,000)
Ending Balance	750	1,000	750	500	700

# ENDOWMENT 101



## GIFT

Donor's gift is the perpetual principal.

## INVESTMENT RETURN

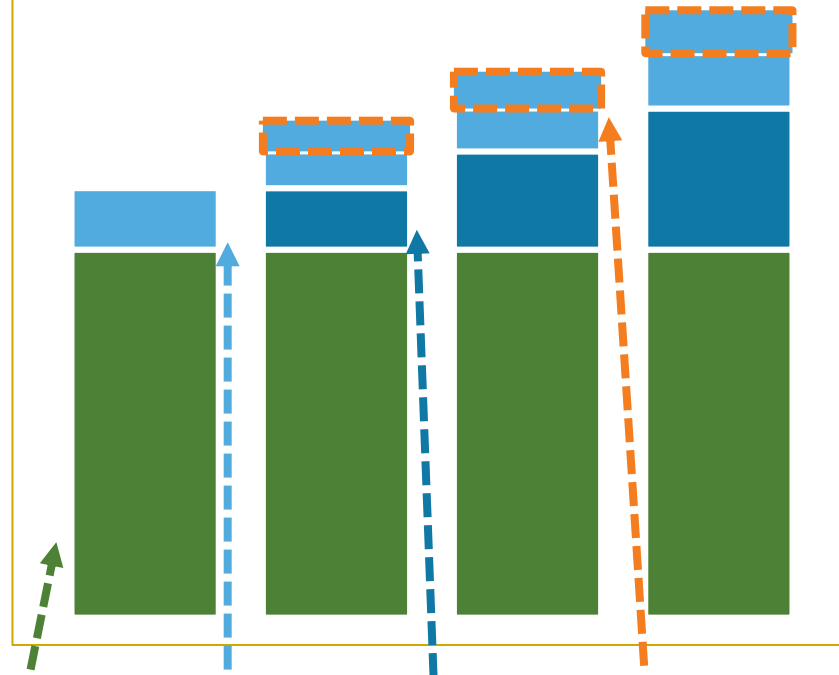
Donor's endowment produces investment return in a diversified pool, sufficient to fund spending and to meet or exceed inflation. Investment return is net of fees.

## APPRECIATION

Appreciation is accumulated investment return net of spending distributions and is retained in the endowment to maintain purchasing power and accommodate spending distributions in years with low returns.

# ENDOWMENT 101

## ENDOWMENT ACCOUNT



**Gift** • **Inv Return** • **Appreciation** • **Distributions**

## SPENDING ACCOUNT



## DISTRIBUTIONS

Board policy sets a uniform distribution from the endowment account to the spending account at 4.5% of the 13 quarter average market value per unit as of December 31 for use the following July 1. The University uses the spending account to support the purposes specified by the donor.

## DONOR REPORTS

Founding Donors receive custom annual reports showing investment performance in the endowment account and uses by the University in the spending account.

# ENDOWMENT GIFTS

- Your endowment is **similar to a mutual fund** investment
- Your **gift purchases units** (or shares) in a pool at the current quarter-ending market value per unit
- Your gift is **invested forever**
- You can make gifts **during your lifetime and via your estate**
- You can **invite family and friends to contribute** to your endowment as well





# INVESTMENT RETURN AND APPRECIATION

- Your endowment will **earn investment return** as part of a diversified investment pool, administered in a uniform and prudent manner, governed by board policies
- Investments are selected for **long-term growth**, sufficient to cover annual spending distributions and inflation
- To help **preserve purchasing power** over time and to provide a cushion in down markets, investment returns in excess of spending distributions are retained in your endowment
- The value of your endowment at any point in time can **fluctuate based on market gains and losses**

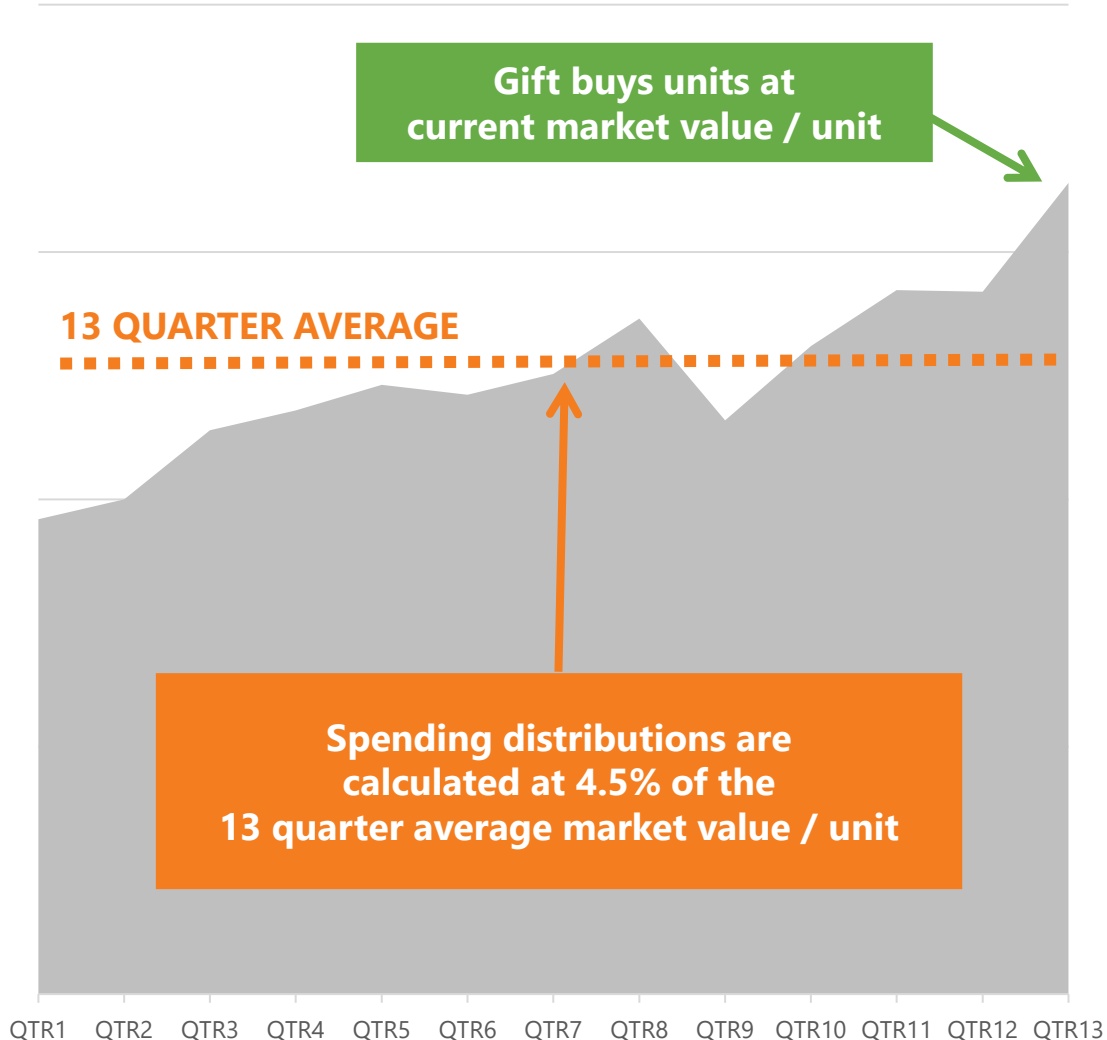


# SPENDING DISTRIBUTIONS

- Spending distributions are made from the endowment account to the spending account on a **uniform and regular basis**
- To **smooth the highs and lows** of an endowment's market value, spending distributions are based on a formula
- **4.5% of the pool's 13 quarter average market value per unit**
  - 13 quarter average market value per unit will vary year to year and historically is about 85-95% of the current market value per unit, depending on market performance
- Calculated at the **end of December for use the following July**, which is the start of UVM's academic year



## MARKET VALUE / UNIT ILLUSTRATION



## SPENDING DISTRIBUTION CALCULATION

Assume a donor makes a \$100,000 gift in December (Qtr13) when values are:

**\$5,000 – current mv/unit**

**\$4,667 – 13 quarter average mv/unit**

The \$100,000 gift buys 20 units at \$5,000 current mv/unit. Those 20 units spend 4.5% at the 13 quarter average mv/unit of \$4,667:

**$\$100,000 / \$5,000 = 20 \text{ units}$**

**$20 \text{ units} * \$4,667 * 4.5\% = \$4,200$**

Since the 13 quarter average mv/unit is 93.3% of the current mv/unit, the 4.5% spending distribution is also 93.3% of the gift (and 93.3% of the current market value):

**$\$4,667 / \$5,000 = 93.3\%$**

**$\$100,000 * 93.3\% * 4.5\% = \$4,200$**

# SPENDING DISTRIBUTIONS

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	Investment Return	Investment Return	Investment Return	Inv Return & Distributions	Inv Return & Distributions	Inv Return & Distributions	Inv Return & Distributions	Inv Return & Distributions
	Gift	Investment Return	Investment Return	Inv Return & Distributions	Inv Return & Distributions	Inv Return & Distributions	Inv Return & Distributions	Inv Return & Distributions
		Gift	Investment Return	Investment Return	Investment Return	Investment Return	Investment Return	Inv Return & Distributions
			Gift	Investment Return	Investment Return	Investment Return	Investment Return	Inv Return & Distributions
				Gift	Investment Return	Investment Return	Investment Return	Inv Return & Distributions
					Gift	Investment Return	Investment Return	Inv Return & Distributions

- **Gifts received by December 31** will be eligible for spending distributions beginning the following July 1.
- Your endowment will receive at least **two quarters of investment return** before spending distributions begin.
- UVM has **time to plan** on your endowment for use the following academic year.

# DONOR REPORTS

- You will **see the impact of your endowment** throughout the academic year, through different communications:
  - Student letters about your scholarship
  - Faculty research findings
  - Program highlights
  - Campus news and events
  - Fundraising activities for similar purposes
- You will **see the growth of your endowment** on an annual basis and will receive updates on investment strategy, market conditions and historical performance





# The University of Vermont

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# FOUNDATION

UVM Foundation is a Vermont nonprofit corporation and a 501(c)(3) publicly supported charity (federal tax ID 45-1556038) that secures and manages private support to benefit the University of Vermont.

Your gift is administered based on your intentions as well as policies approved by the Board of Directors of UVM Foundation. Visit [uvmfoundation.org](http://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.

For market comparison and benchmarking purposes, historical investment return is calculated after external costs (such as fund managers fees) but before internal costs (such as advisor and endowment fees).

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; and spending at the University is used to demonstrate both expenses as well as carried-forward balances.