TEMPEL UNIVERSITY
Overview of the university endowment and administration of endowed funds

Definition:

The university’s Endowment is a pool of specifically designated gifts and monies that are invested in perpetuity, providing the university with an indefinite source of earned income. Unlike an outright gift, in which the money is spent either immediately or over a short-term period (often called a “term” fund), a gift to establish an endowed fund invests the principal of the gift into the university’s Endowment Portfolio, with only the income being available to spend year-to-year. While all endowed funds are pooled for investment purposes (leveraging the buying power of the Endowment in its entirety), the portion of the Endowment contributed to by a specific gift is tracked, such that that portion of the endowment income is spent according to the donor’s wishes.

Endowment Investment:

The financial objectives of the Endowment Portfolio are (1) to support the current and future operations of Temple University and (2) to preserve and enhance the purchasing power of the university’s Endowment.

According to the university’s Investment Policies, the percentage of the Endowment Portfolio assets which shall be treated as income is 4.5%. To insulate against market variability, that 4.5% is based on a rolling three-year average of the market value of the fund over the preceding three fiscal years. For example, if the average market value of a scholarship fund over the previous three fiscal years is $65,600, $2,952 would be available for scholarships in the current fiscal year ($65,600 x .045 = $2,952). Investment of the Endowment is governed by the Investment Committee of the Board of Trustees. For more information on the investment of the university’s endowment, please see Temple’s official investment policy: http://policies.temple.edu/getdoc.asp?policy_no=05.50.01.

Endowment Administration:

A gift to establish an endowed fund is governed by a gift agreement executed by both the university and the donor. Gift agreements must be approved by the Senior Vice President for Institutional Advancement, the Office of University Counsel and the Chief Financial Officer. Any specific purposes or preferences for an endowed fund must be in accordance with university policy. Gift agreements are drafted by the Office of Stewardship, which also coordinates the signature and approval process for the university.

Endowed funds may be named in honor or in memoriam according to the donor’s wishes. Endowments may be funded by pledges paid over a five-year period (special exceptions to this maximum period may be granted by the Gift Acceptance Committee). Finally, due to the extra administration required of endowed funds into perpetuity, gifts to the Endowment must meet a required minima, which varies depending on the fund’s purpose, as outlined in the university’s gift acceptance policy: http://policies.temple.edu/getdoc.asp?policy_no=05.60.01

For information on establishing an endowed fund or other questions/concerns, please contact Executive Director of Stewardship Jeff Miller, at 215.926.2546 or jeffrey.miller@temple.edu.