

Endowments at UF

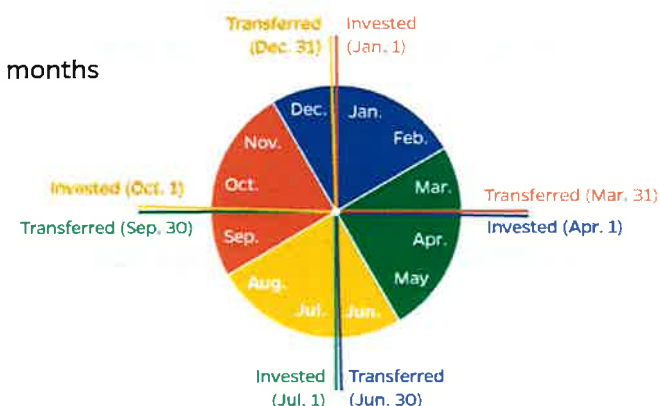
Basics

- Endowments are **perpetual sources** of funding at the University of Florida. The minimum endowment amount is **\$30,000**.
- Endowments have two components: the **principal amount** and the **spendable amount**. The principal generates the earnings that fund the spendable amount.
- Endowments are structured so that the principal gift amount is kept **intact**, while its annual earnings are used to support a program, scholarship, professorship, etc. Only money in the spendable account may be spent by the program.
- Earnings are transferred from the principal to the spendable **each quarter**. Approximately 1% of the principal's value per quarter is transferred. Earnings can be **spent or reinvested** for continued principal growth, at the discretion of the fund administrator.

Investment Schedule

UF endowments are invested and transferred **quarterly**. As a result, new gifts may take up to four months to be invested, and up to seven months to begin generating spendable income for the program.

Gift Received	Gift Invested	First Transfer to Spendable
December-February	April 1	June 30
March-May	July 1	September 30
June-August	October 1	December 31
September-November	January 1	March 31



Earnings & Fees

- The goal is for endowments to earn **6% annually**, in order to provide spendable income, cover the annual investment fee, and grow the principal.
- In addition to the annual investment fee (1.35%), UF has a **one-time gift fee of 5%**, which provides development support for the University of Florida.
- The 5% gift fee is accrued and paid off in quarterly transfers from the earnings. This can take **up to 3 years** (12 quarters) to be paid in full.



Approximate Use of Earnings Until Gift Fee is Paid



Approximate Use of Earnings After Gift Fee is Paid

Summary

Below is a summary of the **estimated impacts** of endowments with principal gift amounts of \$30,000, \$100,000, \$250,000, \$500,000, and \$1 million. For all of these examples, the gift fee is estimated to be paid off in **2.5 years**.

Principal Gift Amount	First Year Impact (3 Quarters of Performance)	Annual Impact (After Gift Fee Paid) <i>Equivalent to 4% of principal</i>	10-Year Total Program Impact	10-Year Endowment Principal Value
\$30,000	\$405	\$1,200	\$9,000	\$34,000
\$100,000	\$1,350	\$4,000	\$29,000	\$112,000
\$250,000	\$3,375	\$10,000	\$72,000	\$280,000
\$500,000	\$6,750	\$20,000	\$144,000	\$561,000
\$1,000,000	\$13,500	\$40,000	\$287,000	\$1,122,000



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