

***SCHOLARSHIP ENDOWMENTS  
OFFICE OF PLANNED GIVING  
UNIVERSITY DEVELOPMENT OFFICE***

Jill Anderson, Senior Director Of Development, Planned Giving

Zachary Bailey, J.D., Director of Development, Planned Giving

# *What Does It Take To Establish an Endowed Scholarship?*

## **New endowment minimums as of July 1, 2019**

- Named undergraduate scholarships with no or limited restrictions:  
\$50,000.00
  - Restrictions limited to merit and/or need based criteria only.
- Named undergraduate scholarships with further criteria or restrictions:  
\$100,000.00
- Named graduate support funds: \$100,000

# *Purdue Endowment - Overview*

## Quick Facts

- As of June 30, 2020, the Purdue Endowment is over \$2.5 Billion.
- Comprised of over 4,994 individual endowments.
  - 3,018 of those being scholarship endowments.
- 86% restricted by the funding donors.
- Distributes over \$100 Million a year to designated purposes
- Under the Authority of the Uniform Prudent Management of Institutional Funds Act (UPMIFA)
  - Protect the donor's gift and designated purpose
  - Act in good faith, prudent person rule
  - Risk and return objectives reasonably suited to the institution
  - Distributions over 7% are not prudent

# *Crux Of Scholarship Endowment Agreement*

- "Subject to the provisions in Paragraph 5, the University accepts such gifts and agrees to accept the Bequest and any lifetime gifts for this endowment fund from the Donor and to hold the same and to manage, control, invest, and reinvest the same, and to use the revenue therefrom, as defined in the University Spending Policy, as amended from time to time for the establishment, support, and maintenance of one or more annual scholarships for [target group]. [criteria] The University's Division of Financial Aid will select the recipients, determine the amount of the scholarships based on the available revenue, and administer the scholarships. The Donors understand and acknowledge that in order for financial need information on a student to be considered, the student must have applied for need-based financial aid and filed the appropriate forms in a timely manner. [A \_\_\_\_\_ Scholarship is renewable provided the recipient continues to meet the eligibility criteria.]"

# *Endowment Considerations*

## Things to consider when establishing an endowment:

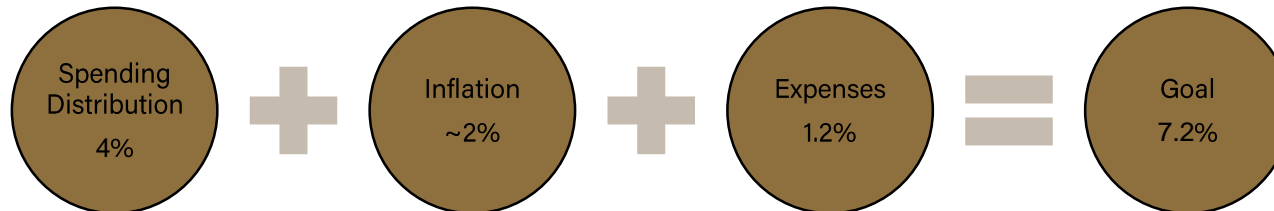
- Criteria
- Award Size
- Renewability
- Preference vs. Hard criteria
- Feasibility

# Endowment Investment Process



# Endowment Investing Goals

- **Mission: "Support the current and future operations of Purdue University and Purdue Research Foundation and to preserve and enhance the purchasing power of the Endowment."**
- Current Objectives
- Absolute – Generate real returns (net of fees and inflation) from investments greater than its spending rate over the rolling five-year periods.

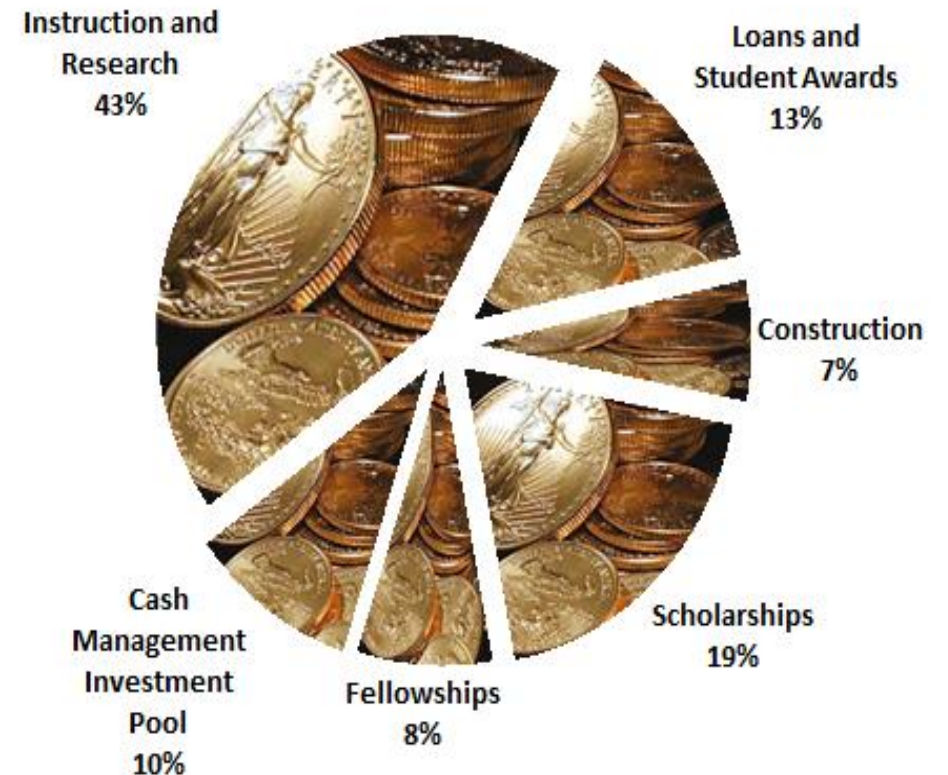


- Relative – The Endowment's total portfolio and managers should exceed the rates of return of appropriate benchmarks of a three- to five year market cycle.
- Peers – Outperform the median endowment within a universe of other similarly endowed universities.

# Endowment Investing Goals

## Spending

- Fiscal Year 2020 Distribution Amount = \$100 Million+
- Spending Rate = 4%
- Spending Methodology = 12-quarter rolling average of endowment assets market value
  - Distributed twice annually
  - 2.0% each 6 month period
  - Distributions are made in May and November of each year

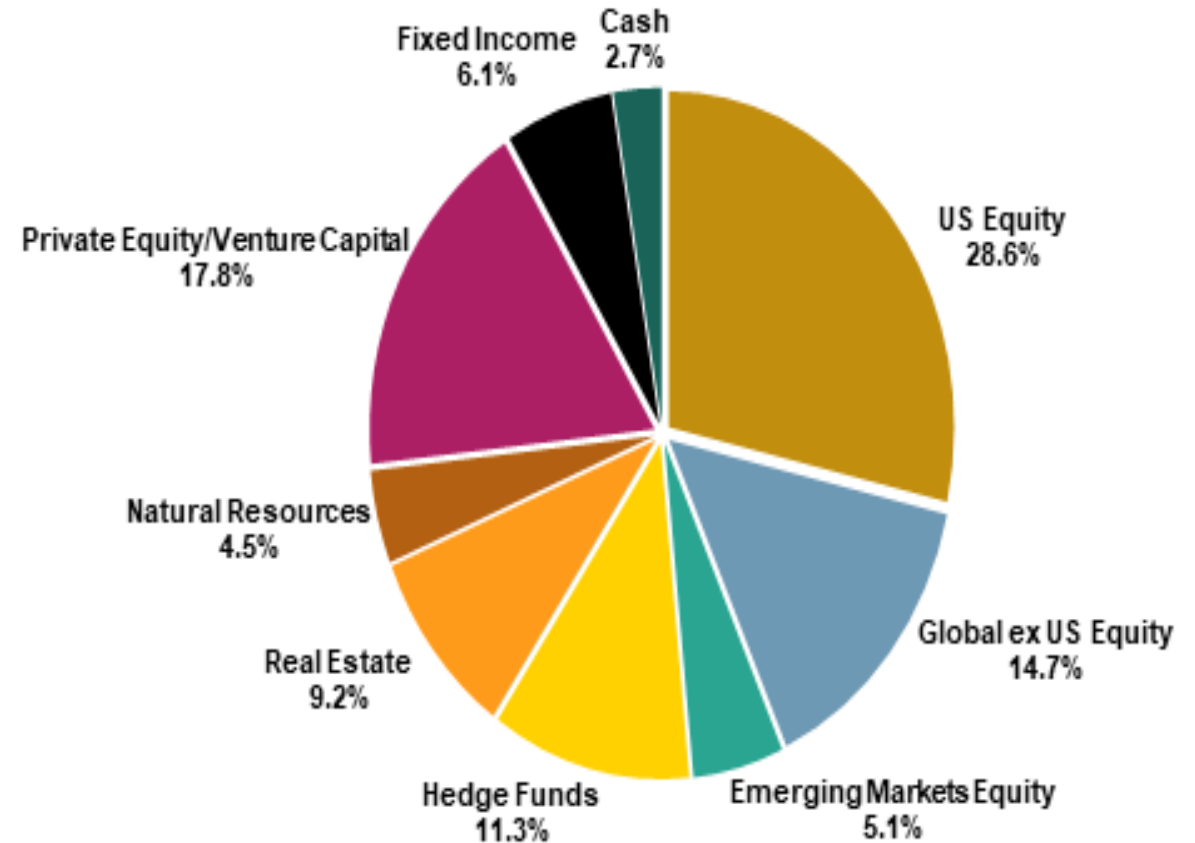




# Endowment Investing

## Asset Allocation

- The Endowment invests in a variety of asset Classes (as of May 2020)
  - Diversification is a basic tenet of investing
  - Each asset type has a specific purpose and plays a specific role
  - Invest in both traditional (stocks and bonds) and alternative (e.g., hedge funds and private equity) asset classes, dependent on financial climate
  - Investing for the long term
  - Objective is to optimize risk and expected return profile to satisfy the goals



# Purdue Endowment - Components

## Anatomy of an Endowment

Each endowment consists of two parts:

**Book Value:**  
Contributions

**Market Value:**  
The current fair market value of the Invested shares.



Endowment Fund

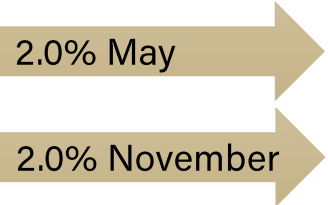
- Principal is invested in the endowment pool.
- No a stand alone investment.
- Investment goal is for this fund to grow and to never have to dip into the principal amount.



Supported Fund

- The endowment's checkbook from which all expenditures are made.
- Expenditures are typically planned well in advance based on projected earnings; especially scholarships

4%  
Distribution  
Annually



Endowment  
income is  
restricted

# How does Purdue Stake Up in the BIG10?

Institution	Spending Policy 12/2019
University of Maryland-College Park	5.00%
Indiana University	4.50%
Michigan University	4.50%
University of Minnesota	4.50%
Ohio State University	4.50%
Penn State University	4.50%
Michigan State	4.40%
Northwestern University	4.35%
University of Nebraska	4.25%
<b>Purdue University</b>	<b>4.00%</b>
University of Iowa	4.00%
Rutgers University	4.00%
University of Wisconsin-Madison	4.00%
University of Illinois at Urbana-Champaign	3.70%

# *Why Endow a Scholarship?*

## Benefits

- Aid student(s) in achieving their collegiate dreams.
- Recognition for your alumni club.
- Annual report on the endowment.
- Engagement with recipient of scholarship.
- Secure a legacy that lives on in perpetuity at Purdue University for your club.

# ***THANK YOU***

Jill Anderson

Telephone: (765) 496-7468; Email: [JCAnderson@prf.org](mailto:JCAnderson@prf.org)

Zachary Bailey, J.D.

Telephone: (765) 494-4168; Email: [ZEBailey@prf.org](mailto:ZEBailey@prf.org)