

# Endowment Giving to Duke

## FREQUENTLY ASKED QUESTIONS

### Q: What is an endowment fund?

**A:** An endowment fund is a permanent, self-sustaining source of funding. Endowment assets are invested. Each year, a portion of the value of the fund is paid out to support the fund's purpose, and any earnings in excess of this distribution are used to build the fund's market value. In this way, an endowment fund can grow and provide support for its designated purpose in perpetuity. When you establish an endowment fund, you create a permanent legacy of support for Duke.

### SUPPORTING ENDOWMENTS

#### Q: How much money does it take to start an endowment?

**A:** The Duke Board of Trustees has set different minimum funding levels for different types of endowments:

- \$50,000 will establish an unrestricted endowment for a particular school or division, such as the Pratt School of Engineering or the University Libraries.
- \$100,000 will establish an endowment restricted to a specific purpose, such as faculty support within Arts & Sciences. (Undergraduate alumni who have graduated in the past ten years may establish a restricted endowment with a minimum gift of \$50,000.)

#### *Financial Aid*

- \$100,000 will establish an unrestricted financial aid endowment, such as a scholarship supporting undergraduates or medical students.
- \$250,000 will establish a restricted financial aid endowment, such as a scholarship that gives preference to biology majors or international students or soccer players.

#### *Faculty Chairs*

- \$1,000,000 will establish an endowed chair to support a visiting professor.
- \$1,500,000 will establish an endowed chair to support an assistant or associate professor.
- \$1,500,000 will establish an endowed chair to support a professor of the practice.
- \$2,500,000 will establish an endowed chair to support a full professor.

- \$3,000,000 will establish an endowed chair to support a university professor with appointments in more than one discipline.

#### *Athletics*

- \$1,000,000 will establish an endowment supporting an associate or assistant coach.
- \$2,000,000 will establish an endowment supporting a head coach in a sport other than football or basketball.
- \$5,000,000 will establish an endowment supporting the head coach of football, men's basketball, or women's basketball.
- \$5,000,000 will establish an endowment supporting the athletic director.

### Q: What else does it take?

**A:** An endowment agreement. This agreement between the donor and the university permanently defines the purpose of the fund. The agreement also outlines Duke's standard procedures for managing endowment funds.

### Q: Whose name is on the endowment?

**A:** You can name an endowment for yourself, your family, your friend, your favorite professor, your company—the choice is yours. Your endowment will be recorded as "The [Name of Your Choice] Endowment Fund."

**Q: My lawyer knows about endowments. Can I have him/her prepare my endowment agreement?**

**A:** Duke uses standard language for endowment agreements to ensure consistency in management of the funds. As we work with you to establish the endowment, we will discuss your preferences and suggestions with you.

**Q: Do I need to sign an endowment agreement or meet a minimum gift level if I want to give to an existing endowment?A:**

No. You can make a gift of any size to an existing endowment fund without signing an endowment agreement. There may be an existing endowment that reflects your interests and to which you can add your support. Also, many donors who have established endowment funds in the past continue making gifts to them over time. The larger a fund is, the more it can do each year.

**Q: Exactly how is the distribution from an endowment used?**

**A:** The spending distribution from each endowment fund is used to support the fund's direct costs, as well as a portion of indirect costs. Pursuant to current University policy, 91.7% of the distribution from financial aid endowments provides direct scholarship support for Duke students, with the balance applied to help defray a portion of the indirect costs associated with Duke's financial aid programs. In the case of non-financial aid endowments, including those supporting professorships and programs, 77.27% of the distribution provides direct program support. In the case of professorships, salary, fringe benefits and other expenses relating to a chair holder's teaching and research are considered direct support, with the balance used to defray indirect costs such as space and academic and administrative support.

**INVESTMENT MANAGEMENT**

**Q: Who manages Duke's endowment assets?**

**A:** Duke's endowment assets are managed by DUMAC Inc., a professionally-staffed investment organization controlled by Duke University. To learn more about DUMAC, visit [dukeforward.duke.edu/endowment](http://dukeforward.duke.edu/endowment).

**STEWARDSHIP AND RECOGNITION**

**Q: How do I find out about my endowment after I have made my gift?**

**A:** Once an endowment reaches the minimum funding level and starts generating spendable income, Duke will begin sending you annual reports detailing the value and use of your endowment fund. Financial aid endowment donors learn about their scholarship and fellowship recipients, and professorship donors are updated on news of their chair-holders. When you establish an endowment at Duke, you begin a new relationship with Duke, and the university will write to you—and later to your family—every year with an update on what your gift is making possible.

**Q: Can I meet the students who benefit from my scholarship or fellowship?**

**A:** In most cases, yes. Each year, the university hosts a scholarship and fellowship celebration to bring together scholarship and fellowship donors, recipients, and honorees. Duke Athletics also holds a special event for athletic scholarship donors, and some of Duke's schools hold annual scholarship events as well. If you do not have an opportunity to meet your student at a campus event, Duke's Office of Donor Relations can arrange a visit for you during some other time when you are in Durham.

**Q: How else does Duke recognize major donors?**

**A:** The James B. Duke Society, named for Duke University's founder, was created to recognize individuals whose cumulative gifts and pledges to all areas of Duke University total \$100,000 or more. Members of the James B. Duke Society are invited to campus once a year for a special celebration recognizing their generosity and their close ties to Duke.

**Q: Are there other investment options available to endowment donors, aside from the Long Term Pool?**

**A:** There is an alternative investment vehicle, the Social Choice Fund, which can be requested by the donor who establishes an endowment fund. Each endowment fund is limited to one investment choice - either the Long Term Pool or the Social Choice Fund. This is a one-time election by the donor who establishes the endowment fund.