

Endowments at the University of Alaska are managed and invested by the University of Alaska Foundation. A 1% annual endowment fee is charged.

To establish an endowment, call the University Development Office at your University:

UAA:

UAA Development Office  
3211 Providence Drive - ADM 236  
Anchorage, AK 99508-4614  
Phone: (907) 786-4847  
[www.uaa.alaska.edu/giving](http://www.uaa.alaska.edu/giving)

UAF:

UAF Development Office  
PO Box 757530  
Fairbanks, AK 99775-7530  
Phone: (907) 474-2619  
[www.uaf.edu/giving](http://www.uaf.edu/giving)

UAS:

UAS Development Office  
11066 Auke Lake Way  
Juneau, AK 99801  
Phone: (907) 796-6416  
[www.uas.alaska.edu/development](http://www.uas.alaska.edu/development)

UA System:

UA Development  
PO Box 755060  
Fairbanks, AK 99775-5060  
Phone: (907) 450-8030  
[www.alaska.edu/foundation](http://www.alaska.edu/foundation)

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# Endowment Management at the University of Alaska Foundation



UNIVERSITY  
*of* ALASKA  
FOUNDATION

### What is an Endowment?

An endowment fund works like a permanent savings account. Unless other arrangements are made, the amount you give (the "principal") is never spent. Only the earnings are spent and only for the purposes you specify. The principal is invested as part of a Consolidated Endowment Fund (CEF). Your fund is always accounted for separately within the CEF, which was \$409 million as of December 31, 2020. As the principal grows through investment, a portion of these earnings are transferred into a separate "spending" account for your fund and used as you have specified to benefit the University.

### Who invests the principal?

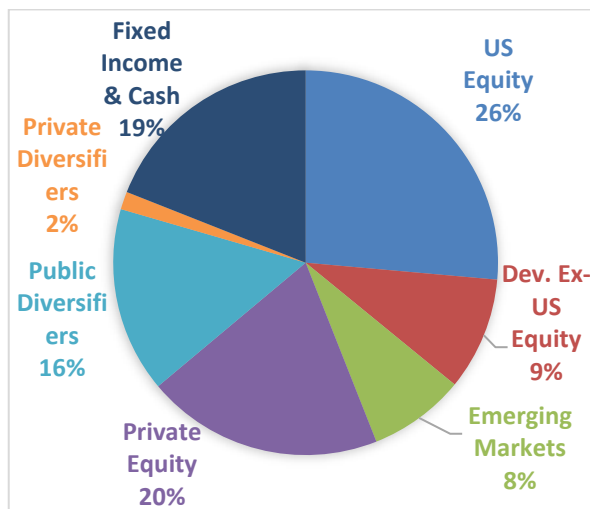
The Board of Directors of the Foundation, through its Investment Committee, sets an investment policy for the CEF and has retained Cambridge Associates, as of July 1, 2013, to manage the fund. The CEF's investment performance is evaluated quarterly by the Investment Committee.

### How is the principal invested?

The CEF is invested in a mix of stocks, bonds and other investments (see chart, opposite) with the goal of preserving the principal, providing earnings to support the University, and guarding the fund against inflation. Since its inception in 1997, the CEF has earned an average annual return of 6% (total return, net of external fees – as of December 31, 2020).

### How much is made available from the Endowment for the University to spend each year?

Distributions from the endowment for use by the University start on July 1, five fiscal years after your endowment is created. The amount distributed is determined by a formula which specifies that 4% of the market value of the principal averaged over the preceding five years is made available for use at the start of the succeeding fiscal year.



**Consolidated Endowment Fund Asset Allocation  
December 31, 2020**

### How are the Distributions Made?

The calculated annual distribution amount is made fully available at the start of the relevant fiscal year (see table, opposite). Distributed amounts that are not spent in any one year are carried over for use in future years.

### Is there a difference with new Endowments?

Yes. No distributions are made for the first five full years of the endowment in order to grow the principal of the fund so it may withstand market fluctuations in future years and still make distributions for use by the University. Only calculated amounts greater than \$250 are distributed for use.

Following is an example of an endowment started with a \$25,000 gift in July of 2021 (FY22):

Year	Principal on December 31	Available July 1*
2021	25,307	0
2022	26,825	0
2023	28,435	0
2024	30,141	0
2025	31,949	0
2026	33,866	0
2027	34,537	1,210

\*Assumes fund grows at 6% per year total return (net of an annual 1% endowment fee) and all amounts made available on July 1 are spent before the next year's distribution is made.

### What can be done to provide larger amounts to spend, or award as scholarships, during the first few "building" years of the new Endowment?

You can split your gift so that a portion goes into the principal (minimum of \$25,000) to establish the endowment and a portion is placed in a companion account where it may be used to provide awards while the principal builds.

In addition, annual gifts may be made to your endowment's companion account to supplement the amount distributed from the principal, thus providing a larger amount to spend.

### What fees are Charged?

A one-time 1% fee is subtracted from all gifts made to the endowment and a 1% annual fee is levied on the market value of the endowment.