

Guide to Endowments



University of Colorado

Boulder | Colorado Springs | Denver | Anschutz Medical Campus

ADVANCEMENT | CU FOUNDATION

Investing in the Future

Thank you for considering establishing or contributing to an endowment at the University of Colorado.

Donor generosity is instrumental to forging success at CU, providing essential funding for the people, places and programs that shape the university now and into the future. Your support ensures that CU can provide the highest quality of education, research, clinical care and community service while helping CU weather year-to-year budget unpredictability.

CU's long-term vitality relies not just on charitable gifts, but also on the responsible management of donors' philanthropy. The CU Foundation and the CU Office of Advancement support this strategy in two fundamental ways: by inspiring support from donors, and by managing endowments to generate steady long-term funding.

In this overview, you'll learn how CU's endowments operate, how endowment funds are managed and invested, and how gifts enable the University of Colorado to make profound impacts on society.

Endowments Offer Security, Spark Affinity for CU

An endowment fund provides long-term funding for projects by annually distributing a portion of its market value toward targeted programs while simultaneously growing the endowment's principal for future needs. This is different than a current gift fund, the full amount of which is immediately expendable by the university.

What is CU's endowment?

CU's collective endowment is composed of more than 2,600 individual endowments that each generate a stable source of support for an individual university priority specified by that endowment donor. These priorities can include scholarships, research, health and wellness programs, faculty chairs and more.

Can I direct how my gift is spent?

Yes. By creating a new endowment, you can direct how the university will use your gift. When you've decided to make a gift to CU, we will work closely with you to match your intentions with the university program of your choosing.

Can CU reallocate my gift toward other programs against my wishes?

No. Because donors can specify the particular areas of the university to support with their endowment, the university can't, for instance, unilaterally distribute a chunk of endowment funds to lower tuition rates or build athletic fields—a common misperception. Donors drive those decisions instead.

How does an endowment work?

The minimum level at which a CU Foundation endowment can be established generally is \$25,000, fundable with a donor gift or pledge payable over a period typically not to exceed five years.

Once an endowment is fully funded, it annually distributes 4 percent of its balance to the targeted CU program over time. This strategy balances current benefit with preservation of the endowment's purchasing power for future needs.

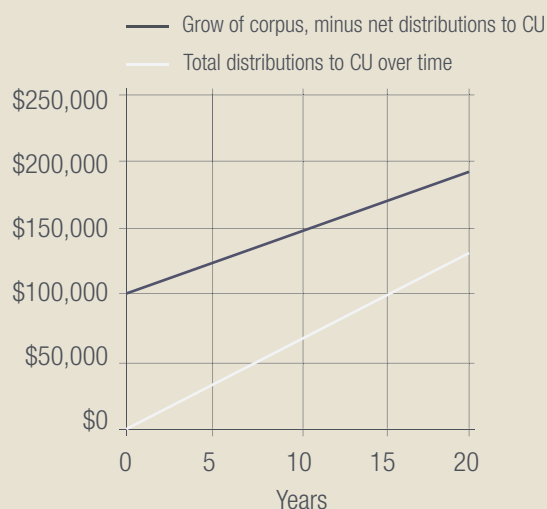
To support advancement operations, each endowment is annually assessed from 1 to 1.9 percent of the fund's balance.

Will you update me regularly on the status of my endowment?

Yes. As part of our commitment to stewardship and transparency, an annual report on the status of individual endowments is made available. The CU Foundation also publishes quarterly progress reports on the broad performance of the collective CU endowment.

Sample Endowment Growth

In 20 years, the endowment in this example would contribute nearly \$130,000 to the designated program, while the endowment principal nearly doubles during that time.



This hypothetical example assumes a starting endowment of \$100,000 in year zero with an annual growth of 8%, net of annual distribution to CU and fees.

Prudent Growth in a Long Term Investment Pool

Because endowments are invested for long-term growth and managed under stringent guidelines, the university benefits from reliable streams of income in the years to come.

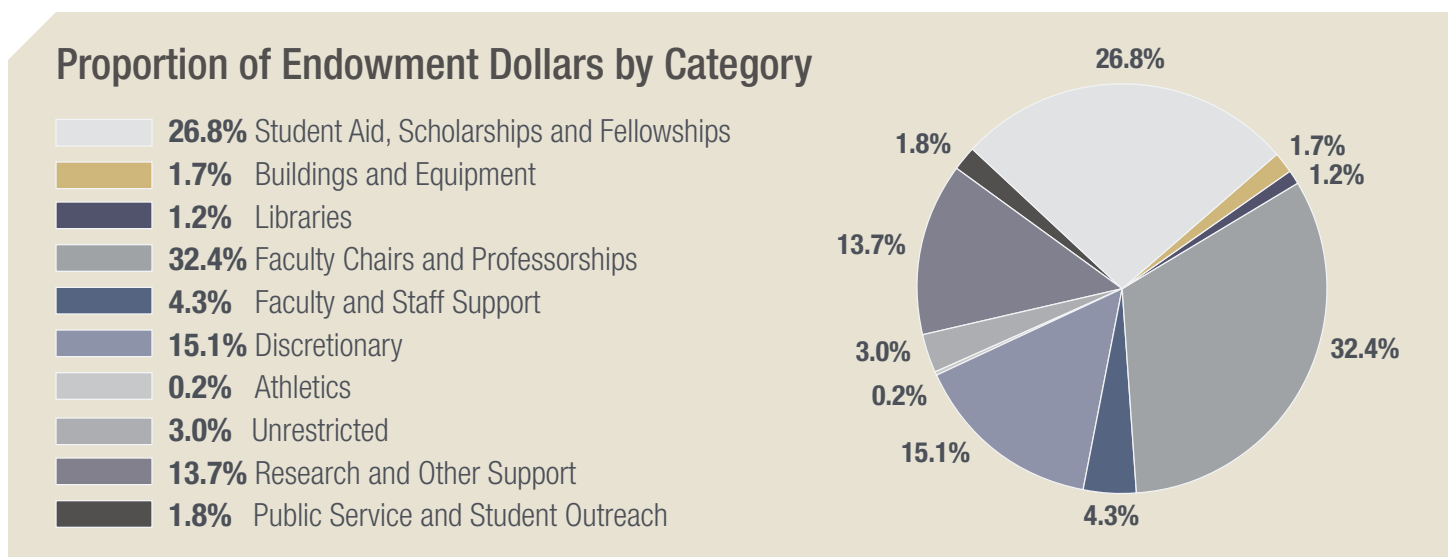
How is the endowment invested?

Endowment gifts are invested in a Long Term Investment Pool (LTIP) managed under CU Foundation auspices. This pool is invested in a well-rounded portfolio of assets including public domestic and international equities, private capital, tangible assets like real estate and commodities, inflation-protected securities and hedge funds. The LTIP's modest cash reserve provides the flexibility to allow portfolio managers to act quickly on strong investment opportunities as they arise.

The LTIP seeks to achieve two goals:

- To attain an average annual total return of 5.5 percent plus inflation, net of investment management expenses, over a rolling five-year period.
- To attain a risk level (as measured by standard deviation over a rolling five-year period) at or below two-thirds that of the S&P 500 Index.

Investing endowments as a pool, rather than individually, enables access to a far wider range of investment opportunities, and with far greater efficiency, than would be possible if endowments were invested individually. Read more about the LTIP in the CU Foundation's investment policy statement at cufund.org/investment-policy-statement.



Who manages the endowment?

This long-term strategy is executed by seasoned investment managers who operate at the direction of the CU Foundation's Investment Policy Committee, which reports to the CU Foundation's Board of Directors.

The CU Foundation's leadership works in partnership with asset management firm Perella Weinberg Partners, whose LTIP manager (a CU alumnus) has guided CU Foundation endowment investments since 2004. This partnership enables us to leverage the manager's deep CU affinity and LTIP portfolio familiarity with the greater resources and research capabilities of an internationally prominent firm—thereby ensuring the transparent and prudent oversight of the endowment.

Who We Are

The nonprofit **CU FOUNDATION** works collaboratively with the university to manage and invest private support on behalf of CU. Donor gifts to benefit the university are directed to the CU Foundation, which maintains a 501(c)(3) status distinct of the university.

The **CU OFFICE OF ADVANCEMENT** works to connect constituent passions with strategic university priorities, and to inspire gifts that enable donors to make the greatest possible impact on CU's success.

Your Gift Counts

When you support the University of Colorado, you provide students, faculty and staff the means to meet tomorrow's challenges. CU prospers thanks to your generosity.

Contact us today to learn more about endowments and how you can make a difference at the University of Colorado.

Learn More

If you'd like to know more about CU's endowments or how you can make a gift, call 303-541-1290 or visit giving.cu.edu.