

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 227
Anchorage, AK 99508
Phone: (907) 786-1010
www.uaa.alaska.edu/giving

UAF:
UAF Advancement Services
PO Box 757530
Fairbanks, AK 99775-7530
Phone: (907) 474-2600
www.uaf.edu/giving

UAS:
UAS Development Office
11120 Glacier Highway
Juneau, AK 99801
Phone: (907) 796-6416
www.uas.alaska.edu/development

Statewide:
UA Development
PO Box 755060
Fairbanks, AK 99775-5060
Phone: (907) 450-8030
www.alaska.edu/uafound

The University of Alaska Foundation is a private nonprofit corporation, operated as a public Foundation, which was established in 1974 to solicit, manage and invest donations for the exclusive benefit of the University of Alaska. The Foundation is a tax-exempt organization and donations made to the Foundation are tax-deductible.

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910 Yukon Drive, Ste. 206
PO Box 755080
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Endowment Management at the 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 Fund (CF). Your fund is always accounted for separately within the CF, which is currently \$257 million. 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?

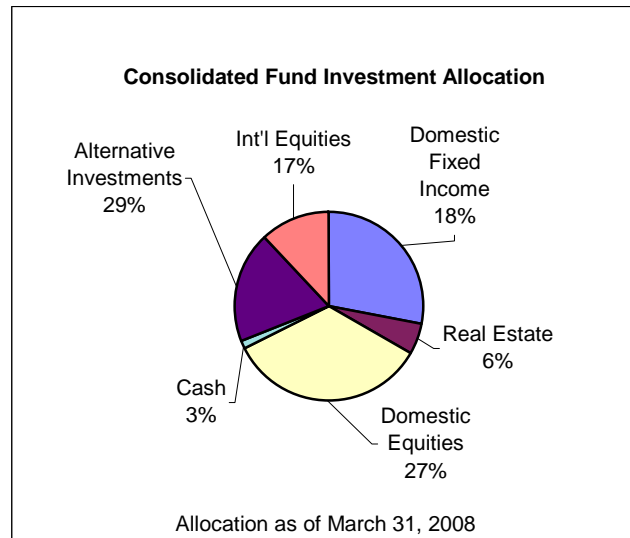
The Board of Trustees of the Foundation, through its Investment Committee, sets an investment policy for the CF and chooses investment managers to invest the fund. The managers' investment performance is evaluated four times a year by an investment consulting firm.

How is the principal invested?

The CF 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. Over the past 20 years the CF has earned at an average annual rate of 10% (total return).

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

Distributions from the endowment for use by the University start on July 1 following the year your endowment is created. The amount distributed is determined by a formula which specifies that 4.5% of the market value of the principal averaged over five years is made available for use over the succeeding fiscal year, provided that sufficient earnings have built up in the fund to make such a distribution.



The annual distribution amount is divided into equal monthly payments and thus the entire distribution amount is fully available only at the end of the year. (see table, opposite)

New endowments are phased into this five-year formula year by year. This allows for some funds to be available for use in the early years of the endowment. However, since these new endowments may have been invested for just a short time, the pool of accumulated earnings may not be large enough (especially in periods of slow market activity) to allow for a distribution of the full amount called for by the formula. In extreme cases there could be no distribution available at all.

Donors may specify that new endowments make no distributions for a period of years in order to build up the principal and its earnings and thus help to alleviate this concern.

Following is an example of an endowment started with a \$25,000 gift in June of 2008:

Year	Principal on December 31	Available on July 1*
2008	26,000	0
2009	27,495	0
2010	28,508	1170
2011	29,572	1204
2012	30,695	1230

*Assumes fund is started in June, 2008, with a gift of \$25,000 (net of 1% administrative fee), grows at 8% 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 fund?

You can split your gift so that a portion goes into the principal 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. Or you may establish a different type of endowed fund called an "Annuity Endowment." With this type of fund you give the Foundation the authority, within certain limits, to spend portions of the donated principal to make awards. A separate document is available that explains an Annuity Endowment. Or you may call The Foundation Office at the number on the other side of this brochure to explore this alternative.