

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:

- \$100,000 will establish an unrestricted endowment for a particular school or division, such as the Pratt School of Engineering or the University Libraries.
- \$300,000 will establish an endowment restricted to a specific purpose, such as faculty support within Arts & Sciences.

Financial Aid

- \$100,000 will establish an unrestricted financial aid endowment, such as a scholarship supporting undergraduates or medical students.
- \$300,000 will establish a restricted financial aid endowment, such as a scholarship that gives preference to biology majors or international students or soccer players.

Professorships

- \$1,500,000 will establish an endowment to support a visiting professor.
- \$1,500,000 will establish an endowment to support a professor of the practice.
- \$2,000,000 will establish an endowment to support an assistant or associate professor.
- \$3,500,000 will establish an endowment to support a full professor.
- \$10,000,000 will establish an endowment to support a faculty member holding the distinguished designation of dean.

Athletics

- \$1,000,000 will establish an endowment supporting an associate or assistant coach.
- \$2,000,000 will establish an endowment supporting ahead 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, with university approval.

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 the management and administration 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: Not usually, although there are a few funds that prohibit additions by anyone other than the original donor. If you want to give to an existing endowment that reflects your interests and does not prohibit contributions by others, you can make a gift of any amount. 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.

ENDOWMENT DISTRIBUTIONS

Q: How are annual endowment distributions determined?

A: Each year, the Board of Trustees determines the annual level of spending distributions from Duke's endowment funds. The University's spending policy is designed to provide a stable flow of support for the university's annual operations, while preserving the purchasing power of the endowment over time. Investment returns exceeding the policy spending rate are retained in the endowment to protect from the effects of inflation and to allow for growth. Should endowment returns prove to be insufficient to support the policy spending rate in any given year, the balance is provided from accumulated gains or to a limited extent from principal. Under current policy, the effective annual spending rate is targeted to fall within a range of 4.0% to 6.0% of the average of year-end market values for the preceding three fiscal years.

Q: How are distributions from an endowment used? Are there any administrative assessments against endowments?

A: The spending distribution from each endowment fund is used to support the purpose as specified in the endowment agreement between the donor and the University. The majority of the annual spending distributions from Duke's endowment funds provide direct support of a fund's designated purpose (e.g., scholarships, professorships, programs, etc.). Under current policy, a portion of the distribution is applied to help partially defray indirect costs associated with endowment-supported programs, including, but not limited to, academic and administrative support and related overhead.

Q: Are there any other charges against an endowment?

A: Certain expenses related to the management and administration of Duke's endowments and endowment-supported programs are charged against the market value of the endowment investment pool, including, but not limited to, investment management, accounting, endowment taxes (if any), development, and infrastructure renewal.

INVESTMENT MANAGEMENT

Q: How are Duke's endowment assets managed?

A: Duke utilizes a total return investment approach (income and appreciation) in the management of its endowments through a unitized, pooled investment structure known as the "Long Term Pool." Under the investment policy approved by the Board of Trustees, endowment assets are invested in a diversified manner that is intended to achieve annual returns to support spending distributions and long-term growth after considering the effects of inflation. Endowment funds are commingled for investment purposes to maximize returns and minimize investment and administrative costs. Duke's endowment assets are managed by DUMAC Inc., a professionally staffed investment organization controlled by Duke University. To learn more about DUMAC, visit giving.duke.edu/endowment.

Q: Are there other investment options available to endowment donors, aside from the Endowment Investment Pool?

A: There is an alternative investment vehicle, the Social Choice Fund, which can be requested by the donor at the time of establishing an endowment fund. Each endowment fund is limited to one investment choice — either the Long-term Pool or the Social Choice Fund — at inception.

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 distributions, Duke will provide you with information about the value of the fund and the impact of your philanthropy. Financial aid endowment donors will also learn about their scholarship and fellowship recipients.

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 Alumni Engagement and Development's Stewardship team may be able to 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 Circle, 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 Circle are invited to campus once a year for a special celebration recognizing their generosity and their close ties to Duke. Donors with lifetime giving of

\$1 million or more and who are current leadership level donors are recognized and honored for their extraordinary commitment and leadership as members of the Arch & Dome Society.

NOTE: The above FAQs reflect Duke policies and procedures in effect on the date of the most recent revision. These FAQs are provided for informational purposes only and shall not be incorporated by reference or implication in any gift agreement or solicitation. Donors are urged to consult with expert counsel (tax, financial, legal, philanthropic) before making any charitable gift.

Revised October 24, 2023