



Invested Funds Fact Sheet

INVESTED CONTRIBUTIONS are, perhaps, the most impactful type of contribution in higher education. These funds are made up of financial gifts that are invested for growth with the option to have them endowed, allowing donors to create living legacies that span generations.

💰 **ENDOWED FUND:**

The SWCF's endowment is comprised of multiple individual donor restricted funds, each with specific restrictions and purposes.

- Your initial investment plus any subsequent donations create the principal amount that is invested for growth
- Balance can fluctuate over time due to market performance
- Best option for long-term investment
- All contributions received are added to the Principal, unless the Foundation receives a request to keep them separate
- Endowment spending:
 - Spending (i.e. scholarship awards) is strictly made from the amount allocated from investment earnings pursuant to the Foundation's spending policy, unless donor chooses to reinvest interest into the principal for growth
 - Foundation spending policy is 5% of the 36-month rolling average of endowment principal, based on an assumed growth rate in excess of 5%, sufficient to allocate 5% to the amount available for distribution, and an additional amount to endowment principal to maintain earning power of the endowment against inflation. However, this is not a guarantee and may change due to market fluctuations.

💰 **NON-ENDOWED FUND:**

A non-endowed fund is impermanent. The entire balance is available for grantmaking, which provides flexibility to recommend grants of any size at any time.

- Your initial investment plus any subsequent donations create the amount that is invested for growth
- Balance can fluctuate over time due to market performance
- Any and all funds may be used to support the purpose of the fund (i.e. a scholarship or educational program)
- All contributions received are added to the Fund unless the Foundation receives a request to keep them separate.



Devore Family Memorial Scholarship presented to SWC student who went on to graduate from SDSU



SPENDING POLICY
THE SWC FOUNDATION
SPENDING POLICY IS **5%**

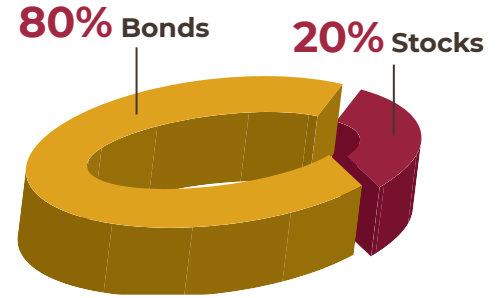
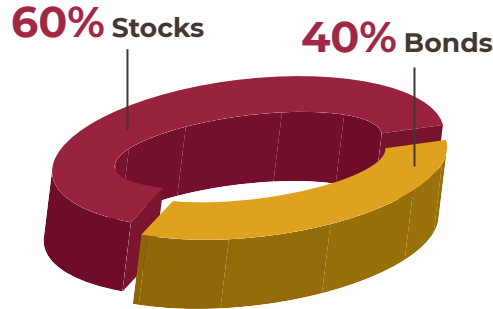
of 36-month rolling average of endowment principal, based on the assumption of a long-term total return sufficient to cover the spending policy amount and to add to the principal balance, net of fees and adjusted for inflation.

Moderate Portfolio

Conservative Portfolio

Asset allocation for Endowed and Non-Endowed Funds

The following illustrates the two asset allocation options for donated funds.



Frequently Asked Questions for **Endowed Funds**



What happens if there is not enough earnings from investment growth to award the amount a donor wishes to award?

The donor can choose to award a lesser amount or make a separate donation to make up the difference. The donor can also choose to skip an award cycle and wait until their fund has gained more in earnings to award.

Will the Principal of the endowed fund ever be used?

UPMIFA is the Uniform Prudent Management of Institutional Funds Act that provides guidance on investment expenditures for nonprofits. It allows spending to be at a rate that will preserve the purchasing power of the principal over the long term which means that if the donor intends to keep giving, it is ok to use part of the principal as long as it doesn't affect the historic dollar value over the long term of the endowment.

Can the amount in the Principal decrease?

Yes. The principle will fluctuate with the market, however, the Foundation's investment portfolio is designed to maintain and hopefully grow the principal balance over time.

Who manages the investment funds?

The SWCF Investment Committee is responsible for oversight of the Endowment, incorporating senior-level investment experience into portfolio policy formulation. The Investment Committee consists of at least one staff member and other persons who have particular investment expertise. The Committee meets quarterly, at which time members review asset allocation policies, investment performance and strategies proposed by the investments consultants. The Committee approves guidelines for investment of the Endowed and Non-Endowed portfolio, specifying investment objectives, spending policy and approaches for the investment of each asset category.

To provide for the proper stewardship of endowment and non-endowment funds, the SWCF Board, led by the investment committee, retains the services of an independent investment consultant and co-fiduciary. The co-fiduciary, guided by the SWCF Investment Policy, selects and monitors the underlying fund investments and/or money managers, paying careful attention to levels of expertise, performance, fees and other important factors.

Which guidelines does the SWCF use to administer donor gifts that are permanently restricted?

The annual distribution available for spending shall be determined by the Endowment Policy established by the Foundation's Board of Directors, and in accordance with state law, including the California Uniform Prudent Management of Institutional Funds Act ("UPMIFA") (California Probate Code Section 18501 et. Seq.)



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