

FAQ about County Extension Endowments in Missouri

What is a county endowment?

A county endowment with MU Extension & Engagement is a University of Missouri endowment account that is designed to be expended for the purpose of expanding and enriching the quality of educational services offered by the University of Missouri's Extension program in said County. These endowments are set up for the distributions to be restricted to spending for Extension programming in said County.

When were county endowments established?

In the 1980s, Missouri Cooperative Extension worked with the University of Missouri to encourage counties to set up endowments restricted for Extension programming in the counties. The University allowed a special minimum required amount of \$2,500 as the threshold at which these funds would begin functioning as endowments and provide distributions for spending. Many counties chose to establish endowments and conduct campaigns to raise money with a mix of results. A few counties were very successful raising 10 or 20 times the threshold amount and have benefitted from funds each year for spending. Others struggled to raise even the minimum \$2,500. Today, about 70 percent of counties have endowments.

How does a county endowment work?

A county endowment is established with the University of Missouri through an agreement that spells out the use of the endowment as restricted to spending for Extension programming in said County. Once executed by signatures of county Extension council leadership, MU Extension VC and the Chief Investment Officer of the University of Missouri, the University will set up two accounts for receiving funds: A corpus account and a distribution account. Once funded, the corpus account is invested for growth to preserve the spending power of the endowment. The distribution account holds spendable funds provided annually based on the University's endowment spending policy.

How does a county access the money available to spend from the endowment?

The county council can access the spendable money available in the county's endowment through a motion requesting all or a specific amount that is approved at a regular business session. The county should send a copy of the minutes that contain the approved motion requesting funds to the MU Extension Office of Advancement or MU Extension fiscal office who will, in turn, process the request. In 2022, MU Extension Fiscal discontinued sending County Extension Council's multiple checks throughout the month and started using the monthly Settle Up process for payments and invoices to counties. This has reduced risk of checks being lost in the mail and staff effort handling payments and deposits. The details included in the ISE Description and Line Description are included in the monthly Settle Up report along with the dollar amount of the transfer.

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What is the investment performance of the University endowment pool?

The 10-year average performance net of fees for the University's endowment pool for the period ending June 30, 2021, was 8.6 percent.

What is the rate of return on a county endowment?

An endowment does not have a rate of return like a CD or a passbook savings account. The amount available to spend each year can be counted on to be consistent like rate of return. On average, the endowment will provide about four percent of the total value of the endowment to be spent each year.

How does the University determine what my distribution amount will be each year?

The University uses a formula, or "spending policy," that takes the average of the corpus balance for the trailing 28 quarters from December 31 each year, then multiplies that amount by approximately four percent, to set the distribution for the coming year. Multiplying the balance in the corpus by four percent will provide a ball-park figure. For example: A \$2,500 endowment will provide about \$100 annually, a \$10,000 endowment will provide about \$400 annually and a \$25,000 endowment will provide about \$1,000 annually. Information about the actual distribution amount determined by the University can be obtained by request from the MU Office of Extension & Engagement Advancement.

What is the minimum amount needed to establish a county endowment?

\$50,000, which is the current minimum to establish an endowment at the University of Missouri.

Can I start a county endowment if my county doesn't have one? If so, how does my county establish one?

Yes. There is no cost to establishing an agreement with the University of Missouri for an endowment in your county. An agreement can be established with the intent to fund the endowment through a donor or donors, or through a campaign inviting many individuals and businesses to invest in your endowment. A new endowment will require a minimum of \$50,000 before distributions will be available for spending.

What's the difference between a gift account and an endowment account?

A gift account is a spendable account. Every endowment is made up of a corpus account and a distribution (spendable) account. If your county has an endowment, you already have a gift account, so you do not need to set one up. If your county does not have an endowment, then it may already have a gift account, but can establish a gift account for the purpose of receiving spendable contributions.

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Are there fees on a county endowment? If so, what are they?

There is a one-time 5 percent fee on all contributions. An annual endowment fee of 1.25 percent is assessed each year on all University endowments. Fees are non-negotiable and set by the Curators of the University of Missouri. Fees make investment success possible, and pay for Advancement services including receipting of gifts, management of donor information and gift planning and acquisition of complex gifts. Reporting on the endowment investment pool show performance net of fees.

MU Extension Advancement and the Missouri 4-H Foundation can help.

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