

Pros and Cons to County Endowments

| | Pros | Cons |
|---------------------------|---|---|
| Pending Endowment Account | Grandfathered in with \$2,500 minimum. Compare to current \$25,000 endowment minimum for new endowments. | Need to add to corpus to reach \$2,500 level to start receiving distributions. |
| Minimums | \$2,500 minimum to activate. grandfathered in. Current \$25,000 minimum for new endowments. | Need \$2,250 to start receiving distributions. |
| Investment policy | Focused on diversified portfolio designed to protect spending power of the endowment. Target 7 – 8 percent return. | |
| Spending policy | Count on consistent annual distributions in range of 4 percent, growing as corpus account grows. | Somewhat complicated formula to understand. Simplistic “rate” of 4 percent of balance in corpus 12/31, plus average of trailing 28 quarters |
| Risk | Low. Investment Policy and Spending Policy lock in reliable distribution amount year to year, protecting spending power of the endowment. | Investment strategy may be considered high risk to some donors averse to investing in the stock market\. |
| Liquidity | Distributions available any time by request from council. | Corpus unavailable to spend. ALL of Distribution is available to spend. |
| Fees | Management fees taken at pool level including gift fees. Fees make investment success possible, pays for Advancement services including receipting of gifts, management of donor information and gift planning and acquisition of complex gifts. | One time 5 percent fee on contributions. Annual fee of 1.25 percent on endowment assessed at pool level. Fees are non-negotiable and set by the Curators of the University of Missouri. |
| Access to distributions | Distribution determined soon after 12/31 and distributions at determined level begin 7/1 for twelve months. Annual distribution is divided into 12 equal payments to maximize effects of investment on your endowment. Access upon request by action of a council in business meeting, then minutes forwarded to Extension Advancement or Fiscal. | |
| Reporting | Annual report and periodic reports provided for each endowment. Current balances available upon request to Extension Advancement. | |
| Additional contributions | Donations can be made any time to the corpus or to the distribution account for immediate expenditure. | New donations subject to one time five percent gift fee. |

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| Quasi Endowment | Quasi endowments function like a regular endowment providing annual spendable distributions based on the University's spending policy and enjoying the benefits of the University's investment policy. Any or all of the amount in the corpus account over and above \$25,000 can be spent on a financial emergency with the approval of the Vice Chancellor for Extension and Engagement. Spent funds can be paid back at the discretion of the county council. | Fund expended from the corpus account will adversely affect the buying power of the endowment fund. |

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

James Preston, D.Min., Chief Development Officer
MU Extension & Engagement
Office of Advancement
109 Whitten Hall
University of Missouri
Columbia, Missouri 65211
Office: 573-884-8570
Cell: 573-220-6062