

What is an endowment?

The term endowment describes a gift fund established by a donor to support a particular area, program or purpose in which the fund principal is held in perpetuity and a part of the income generated from the investment is directed to support the gift purpose.

What are the investment goals?

The Regents of the University of California and the Board of Trustees of the UC Merced Foundation use the General Endowment Pool (GEP) as the investment vehicle for endowed gift funds.

The investment goals are:

- Maximize the value of the endowment while maintaining liquidity needed to support spending in prolonged down markets.
- Preserve the purchasing power of the future stream of endowment payouts for those funds and activities supported by the endowments.
- Cause the principal to grow in value over time.

Who manages UC Merced's endowment investments?

Regents endowment funds for the benefit of the Merced campus are invested by the Treasurer's Office of The Regents using its General Endowment Pool (GEP). GEP is a balanced portfolio of equities, fixed-income securities and alternative investments.

The Foundation's endowment is managed by its Board of Trustees through the Investment and Finance Committee. All Foundation funds used the GEP for their endowment investment strategy during fiscal year 2014-15.

What was UC Merced's endowment payout policy during fiscal year 2014-15?

Both Regents and the Foundation payout rates are set annually and applied to rolling average market values to determine the actual amount of payout. Payout rates are set giving consideration to expect long-term returns, balanced against preservation of principal. Both the Regents' and Foundation's policies during fiscal year 2014-15 were set at 4.75 percent of the 60-month average unitized market value.



What is the university's responsibility to the donor of an endowment?

The university has a fiduciary responsibility to ensure that an endowment gift is prudently invested and that an appropriate amount of payout from the gift will be made available now and in the future, and to comply with any donor restrictions on the use of the payout.

Are endowments subject to fees?

A one-time gift fee of five percent may apply to gifts made to the UC Merced campus per policy, whether the gift is made to The Regents or the Foundation. This fee supports the costs associated with administering funds and is critical to raising additional gifts to the campus through its fundraising efforts. A fee of 0.55 percent for both Foundation and The Regents may be recovered from endowment payout for endowment administration costs in 2014-15.