

**Original Approval Date: March 15, 2019**
**Most Recent Editorial Date: November 18, 2021**
**Effective Date: April 1, 2019**

## Endowment Management Policy

<b>Office of Accountability:</b>	Office of the Vice-President (External Relations) Office of the Vice-President (University Services and Finance)
<b>Office of Administrative Responsibility:</b>	Office of the Vice-President (External Relations) Office of the Vice-President (University Services and Finance)
<b>Approver:</b>	Board of Governors
<b>Scope:</b>	Compliance with this University policy extends to all academic, support and excluded staff, as outlined and defined in the <a href="#">Recruitment Policy (Appendix A and Appendix B)</a> .

### Overview

**Endowment funds** represent contributions which are invested in perpetuity, with a portion of the investment earnings used to support specific university initiatives as set out in the purpose of the **endowment**. They are an important source of long-term permanent funding and play an integral role in helping the university achieve its goals. By accepting these funds the university must adhere to specific legal obligations and financial management and reporting responsibilities (among other responsibilities). Further, the thoughtful and careful management and administration of endowment funds helps to maintain and enhance the confidence and trust of the university's donor community.

Endowment funds support the advancement of education through a variety of programs and projects in the areas of student financial support (awards and bursaries), chairs, professorships, visiting speakers, research and many other activities. A university endowment creates a **charitable purpose trust** that is held by The Governors of the University of Alberta as **trustee**, and not in its own right.

For investment and management reasons, endowments are pooled. **Intergenerational equity** requires that the **University Endowment Pool (UEP)** be managed with the objective of ensuring that the same level of support, after taking into account the impact of inflation, is provided each year for the endowment's purpose.

The donor (through their contributions) and the university (through its review of the purpose, acceptance of the contributions coupled with the investment and spending policies) seeks to ensure that the right amount of endowment funding is in place to support the specified purpose on an annual basis in perpetuity. This amount is referred to as the spending allocation. Proper **stewardship** includes carefully investing funds, using the spending allocation for the purpose for which the endowment was given, and reporting to donors on the spending and investment returns.

## Purpose

The purpose of this policy is to:

- Set out the framework for oversight of endowments.
- Ensure that the university complies with its responsibility to properly manage and administer endowment funds.

## **POLICY**

The university will:

1. Manage endowment funds to preserve and grow the **real value** of endowment assets over time, while maintaining an appropriate and stable level of support to the current generation of beneficiaries.
2. Create an endowment when there are sufficient endowment funds or a reasonable expectation thereof, to support the intended purpose(s) of the proposed endowment, and ensure that there is an appropriate **governing document** in place.
3. Only accept endowment funds that can be managed within its policies and procedures, and ensure endowments are managed in compliance with appropriate legal and regulatory requirements for charitable purpose trusts.
4. Have appropriate management practices and financial controls in place to ensure that the funds available for spending are used in accordance with the purpose of the endowment.
5. Provide periodic reporting to the Board of Governors to enable appropriate oversight of university endowment funds.
6. Provide reports to donors in accordance with current stewardship practices.

## **DEFINITIONS**

Any definitions listed in the following table apply to this document only with no implied or intended institution-wide use. <a href="#">▲Top</a>	
<b>Endowment funds</b>	Endowment funds represent contributions designated to support specific programs (e.g. scholarships, academic chairs) as well as capitalized investment income not required for spending and other capitalized amounts.
<b>Endowment</b>	An endowment is held in trust by The Governors of the University of Alberta as trustee, and not in its own right. Endowment capital is invested in perpetuity. A portion of the investment earnings is used to support those specific purposes that were agreed to when the endowment was created.
<b>Charitable purpose trust</b>	A trust that is created for the advancement of a charitable purpose, as opposed to the benefit of specific identifiable beneficiaries. University endowments are charitable purpose trusts that are held by the university as trustee and are invested to support the overarching purpose of advancing education. In the context of the university, this includes teaching, research and community service.

<b>Trustee</b>	The Governors of the University of Alberta, which holds legal title to the endowment funds and has a fiduciary and legal obligation to ensure that the endowment funds are managed and administered in accordance with the purpose of the endowment.
<b>Intergenerational equity</b>	The principle of intergenerational equity seeks to ensure that the same level of support, after taking into account the impact of inflation, be provided each year to the endowment's purpose. This means that the real value of the endowment should be preserved over time in order to maintain the future purchasing power of the spending allocation.
<b>University Endowment Pool (UEP)</b>	The pooling of investment assets donated to or accumulated by the university to facilitate investment management and administration of the endowment funds.
<b>Stewardship</b>	Stewardship relates to management of resources. In the context of donations, it involves:  Effective management of the resources represented by the donation.  Compliance with the terms of the trust.
<b>Real value</b>	Used in conjunction with asset values and restates nominal amounts for movements in the consumer price index.
<b>Governing document</b>	The legal document establishing the university's trusteeship of an endowment and setting out the endowment's trust object (i.e. purpose). The governing document is usually the university's Statement of Trust form, or in the case of a bequest, a related will.

## **RELATED LINKS**

Should a link fail, please contact [uappol@ualberta.ca](mailto:uappol@ualberta.ca). [\[▲Top\]](#)

[Donation Acceptance Policy](#) (UAPPOL)

[Naming Policy](#) (UAPPOL)

[Contract Review and Signing Authority Policy](#) (UAPPOL)

[University Funds Investment Policy](#) (UAPPOL)

[University Endowment Pool \(UEP\) Spending Policy](#) (UAPPOL)

[Statement of Trust form](#) (secure access through KNet)

## **PUBLISHED PROCEDURES OF THIS POLICY**

[Endowment Management Procedure](#) (UAPPOL)