

## The University of Alberta Endowment Creating a Legacy

An endowed gift to the University of Alberta provides students, staff and faculty with predictable, ongoing funding that supports academic achievement and research excellence.

An endowed gift is invested. A portion of the income from the investment is spent for the purpose of the gift and the remainder of the income is invested into growing the endowment. In this way, an endowed gift can last forever, providing a steady source of income in perpetuity.

These gifts represent a long-term investment in the future of the University of Alberta. Collectively, our donors have grown the University of Alberta's endowment to more than \$1 billion.

### Investing for the Long-term

Through our investment approach, the University of Alberta ensures endowed gifts provide a never-ending source of support for their specific purpose.

**To grow the real value of the endowment over time** (countering the loss of value due to inflation), the total amount of an endowed gift is invested in a broadly diversified portfolio.

In addition, the university:

- Invests endowed gifts until the end of the university's fiscal year (March 31). For example, a donation made in September would be invested for six months, and the earnings from those months added to the initial gift.
- Reviews its endowment spending policy on an annual basis and sets spending rates with an approach that balances market conditions with a commitment to long-term growth.
- Sets spending allocation amounts conservatively, with the typical range being 2.8 – 4 per cent of the current value of the endowment. The university's conservative approach manages risk effectively, and increases the university's ability to allocate money from endowments despite negative market situations. Details of the calculations used to manage the constant fluctuations in investment markets and rates of inflation can be found in the university's Unitized Endowment Pool (UEP) Spending Policy ([https://policiesonline.ualberta.ca/PoliciesProcedures/Policies/Unitized-Endowment-Pool-\(UEP\)-Spending-Policy.pdf](https://policiesonline.ualberta.ca/PoliciesProcedures/Policies/Unitized-Endowment-Pool-(UEP)-Spending-Policy.pdf)).

### Questions and Answers

Here are answers to some of the common questions the university receives about endowments.

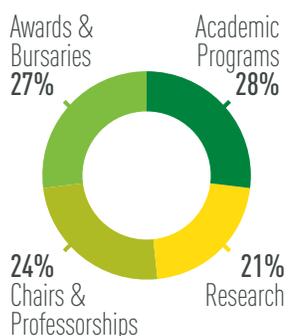
#### 1. Can the amount used from the endowment change from year to year?

Yes. Endowment fund earnings are subject to change due to a variety of factors, including fluctuations in investment markets and changes in investment policies. As a result, the amount spent for the fund's purpose, which is a percentage of the endowment's value, can also vary from year to year.

2015 TOTAL  
ENDOWMENT:  
\$1.18 BILLION

\$33.2 MILLION  
IN SPENDING  
ALLOCATION

ENDOWMENT  
FUNDS  
SUPPORT



## **2. Can I add to my endowment or supplement the amount allocated with a donation to ensure a guaranteed amount is allocated every year?**

Yes. You can add any amount to an endowment at any time. Please contact the Office of Advancement (see contact information below) to learn more about how you can support an endowment's purpose.

## **3. How much goes to administration costs?**

Currently, 0.6 per cent of the value of the endowment is directed to the infrastructure, people and systems that indirectly support its intended purpose, as well as to programs that raise funds for endowments. Another 0.6 per cent is directed to the cost of investment management professionals and other investment management costs.

## **4. Is it possible that nothing would be awarded from my endowment?**

Yes. The university may not be able to meet the terms for spending an amount from an endowment. For example, there may be no applications for funding from an endowment that supports students, or no qualified candidates for a new faculty position.

## **5. If I fund an endowment over time, when will earnings first be spent?**

Generally, earnings from an endowment are spent starting the first fiscal year (which begins April 1) after the total value of the endowment reaches \$25,000.

## **6. How has the university's endowment performed over time?**

The annualized 10-year rate of return for the university's endowment is 7.1 per cent, while the annualized rate of total spending and inflation for the 10 years ending March 31, 2014 is 6.9 per cent. Prudent spending levels combined with strong investment returns have enabled the endowment to substantially recover from the impacts of the 2008-09 financial crisis.

## **7. What policies govern how the university's endowment investments are managed?**

The university manages these funds in accordance with the University Funds Investment Policy, a copy of which can be found at:

<https://policiesonline.ualberta.ca/PoliciesProcedures/Policies/University-Funds-Investment-Policy.pdf>

The Board Investment Committee's annual report can be found at:

<https://uofa.ualberta.ca/-/media/ualberta/reporting/management/boginvestmentreport2014.pdf>

**For further inquiries please contact the Office of Advancement at the University of Alberta:**

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