



GAMMA PHI BETA  
FOUNDATION

## ENDOWMENT FUND FREQUENTLY ASKED QUESTIONS

### What is an endowment fund?

An endowment fund is created by a donor or the Board of Trustees to support Gamma Phi Beta in perpetuity. An endowed fund is a gift that is invested and managed by the Foundation to generate a continuous source of revenue through grants. These endowed funds can be created to support areas of the greatest need or a chapter of choice.

### What do endowments support?

Named endowments are an impactful way to create a legacy in your area of passion. Endowments can be established to support various programs and services, including benefiting a specific chapter, leadership programming, financial aid, loyalty grants for sisters experiencing extreme financial hardship or the current areas of greatest need. Fewer restrictions allow more flexibility in helping where the need is greatest.

### How is an endowment different from regular annual giving?

The original principle is invested with the rest of the Foundation's investments. The fund pays a fixed percentage of its annual value to a designated account (of your choosing) each year, reinvesting additional earnings and building up the endowment fund over time. Because the payout is typically four percent each year, the fund is set up to last forever and to deal with fluctuations of the market. Foundation Trustees determine the payout rate each year based upon market fluctuations. New endowments do not pay out for three years to provide market growth for the fund; however, donors may choose to provide additional funds to allow for payouts during those years.

### Why are endowments important for the Foundation?

Endowments are the backbone of the Foundation, allowing the funds to exist in perpetuity and produce a never-ending source of support – ensuring that the Foundation will exist to support our sisters in the future and the growth of the Sorority.

### What fees are associated with establishing an endowment?

The Foundation assesses investment and administrative fees when establishing an endowment. The general administration fee covers a portion of the Foundation's general operating expenses. No additional administrative fees will be assessed until the value of the individual endowment agreement is reached. After reaching its minimum principal value, endowment funds in value up to \$100,000 shall be assessed a two percent annual administrative fee. Endowment funds over \$100,000 in value shall be assessed a two percent annual administrative fee on the first \$100,000 and a one percent annual administrative fee for those amounts in excess of \$100,000. All administrative fees are calculated based upon the five-year rolling average value of the fund as of July 31. This administrative fee is distributed monthly. These administrative fees shall be consistent with the Foundation's normal practice of allocating costs of administration among its various funds and in accordance with the Administrative Fees Policy. The endowment fund shall be assessed a 1% annual investment fee.

### How is an endowment created?

- Contact Kitty L. deKieffer, Executive Director: 720.457.1279, [kdekieffer@gammaphibetafoundation.org](mailto:kdekieffer@gammaphibetafoundation.org).
- Ask staff to explain the differences among the types of endowment funds you may establish with the Foundation.

- Decide how you will fund the endowment:
  - By a cash gift of a minimum \$25,000 (will pay out approximately 4% of principle annually or \$1,000 for a \$25,000 endowment)
  - By a stock gift of a minimum \$25,000
  - With the combination of a cash and stock gift
  - Through Installments payments (up to 5 years to complete, initial minimum gift of \$5,000)
  - By funding the endowment with a bequest
  - By joining with other sisters in creating a group endowment gift
  
- Decide when you will begin funding the endowment:
  - Now
  - Sometime in the future
  - In the future through an estate gift
  
- Decide who will be the beneficiary of your endowment:
  - A specific chapter for the needs of financial aid or leadership
  - Any Gamma Phi Beta member for financial aid or leadership needs
  - To support the areas of greatest need for the Sorority and/or Foundation
  - For additional options, please consult Kitty L. deKieffer, Executive Director
  
- Decide if there are any other criteria in the endowment agreement that needs to be considered or fulfilled before an award may be made.
  
- A draft of the endowment agreement will be created by Kitty L. deKieffer, Executive Director. The donor will review the draft with their own counsel and return it to the Foundation.
  
- Once revisions are received, the final endowment agreement and pledge agreement (if necessary) will be completed and mailed to the donor for final signatures.
  
- After the endowment is fully funded, the Foundation's Grants Committee will accept applications for awarding the Endowment after three years have passed. If the donor so chooses, the donor can also pay \$3,000 (\$1,000 for each year) to award as pass through dollars while the fund is gaining market stability.
  
- The Foundation will notify chapters of new endowments. The Chapter Advisor, Chapter President and Regional Coordinator will be copied on all communication.
  
- The endowment donor or family may request to be informed of award decisions.
  
- The endowment donor will receive an annual fund performance letter from the Foundation.
  
- If the endowment gift is not awarded each year, the Foundation Grants Committee will follow the direction given in the endowment agreement about next steps to take.