



Yale University
Special Endowment Gift Terms that Require Prior Officer Approval

Exception	Description/Explanation	Approvals Required
<p>Endowment gifts that do not meet the minimum funding level. (Typically these are accepted only when received by bequest.)</p>	<p>The minimum levels for different restricted purposes are meant to ensure that an endowment fund will provide annual spending amounts sufficient to support its designated purpose, both at the time the fund is established and into the future. Requiring that endowment levels be met ensures that all donors are treated in a fair and equitable manner when recognizing their generosity.</p>	<p>Vice President of Development At the discretion of the VP of Development, additional approval may be sought from the President.</p>
<p>Terms that allow the minimum endowment level to be met by either market appreciation or the reinvestment of income to principal.</p>	<p>Minimum funding levels are expected to be achieved through donor gifts only and not through market appreciation as that growth is already counted on to help preserve the long-term, purchasing power of the University's endowment. Requiring that endowment levels be achieved with donor gifts only ensures that all donors are treated in a fair and equitable manner when recognizing their generosity. Exceptions are approved only in very rare circumstances.</p>	<p>Vice President of Development and President</p>
<p>Endowment gifts that require the University to provide matching funds for a restricted purpose. (Typically this arises only when the gift is made by a Foundation.)</p>	<p>By accepting an endowment gift that requires the University to provide matching funds for a restricted purpose, the University must raise additional gifts from other donors, or if unable to do that, must restrict University funds that would otherwise be available for its general purposes. Because a financial obligation is created when an endowment gift requiring a match is accepted, it must be carefully considered and reviewed before it is accepted. The University does not match gifts from individual donors except in the case of an announced matching program sponsored by the University.</p>	<p>Vice President of Development and Provost</p>
<p>Spending distributions that are not in accordance with the University's Spending Policy.</p>	<p>The University's Spending Policy balances the objectives of preserving purchasing power and providing substantial current support through the use of a long term target payout combined with a smoothing rule that adjusts spending gradually for changes in the market value of the University's endowment. Requiring that all endowment funds are allocated spending distributions in accordance with the University's Spending Policy, all University programs that are dependent upon endowment income for their support receive the same per unit spending distribution and the administrative effort required to process the distributions is minimized.</p>	<p>Vice President of Development and Vice President of Finance and Business Operations</p>
<p>The reinvestment of income to principal.</p>	<p>It is the University's objective and expectation that annual endowment income be available to be fully utilized for purposes designated by donors. By allowing income to be reinvested to principal the recipient department may require alternate funding to meet its operating needs.</p>	<p>Vice President of Development and the Provost</p>



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Terms that allow the donor to change the purpose of a fund at a later date without due cause.	It is anticipated that the donor's designation of a purpose be made at the time the gift is made and that the designation is final. A "redesignation", typically an "upgrade" (e.g. from a scholarship to a professorship) may be allowed with consent of the Vice President of Development. Terms that provide for an upgrade based upon new gifts by the donor are desirable as they encourage the donor to make additional gifts to the University.	Vice President of Development and the Provost
Gift terms that require continued donor involvement in administering the fund.	Terms that require continued donor involvement should be discouraged as they can be burdensome to administer. Such terms include consultation as to the use of spendable income, the selection of award recipients and staff or faculty appointments.	Vice President of Development and President or Provost
Gifts that allow for the invasion of principal, i.e. term endowment funds.	Terms that allow for the invasion of principal should only be considered for large (\$10 million or more) gifts. Typically a "term" endowment is established by a gift meant to provide initial support for a new program until permanent funding is established or to provide support for a program for specified period of time. These funds require more resources to administer than a true endowment fund and may have future budget implications that need to be considered before the gift is accepted. The Provost should be consulted before the gift is accepted.	Vice President of Development and Provost