

Policy to govern the process of “Topping Off” Newly Established Endowments

Generally the University prefers to have endowments funded entirely from donor-directed gifts. When fundraising has not been sufficient to bring the value of a new endowment up to University guideline-established minimums, the Dean or Director of the school, college or unit (SCU) holding the fund may consider topping off the fund to bring it to the required minimum value. The following points explain the process to be adhered to in those circumstances.

The following conditions must be met in order to proceed with topping off the fund:

1. Gifts must be solicited for a minimum of a one-year period in an effort to meet the required funding level for the endowment prior to proceeding with a topping off strategy.
2. At least 75% of the overall endowment must be from donor gifts directed to the fund. A unit's direction of unrestricted gifts to the fund will not be counted toward the 75% minimum.
3. Top-offs will be based on the book (gift) value and the required minimum amount then needed for the type of endowment.
4. An SCU may only top off up to 25% of the minimum required amount then needed to establish the endowment.
5. Unrestricted Gifts, Designated and/or Auxiliary Funds may be used toward the 25% cap for top-off funds from the SCU. They will not be considered part of the 75% minimum of donor-directed funds.
6. Top-offs will be considered permanent additions to the endowment and may not be withdrawn at a later date. (i.e., if later gifts are added, the top-off may not be backed out)
7. Written pledges may be used to meet the 75% of donor directed gifts. Should a donor not fulfill the pledge and the department has already topped off the fund, the SCU will be required to continue fundraising or reinvesting the fund until the 75% minimum has been reached or the top-off will be converted to another purpose based on the solicitation, gift agreement contingency, or negotiation.
8. SCUs will be required to have approval in writing from the Provost Office (via the Office of University Development) before topping off an endowment. This is due to the permanent nature of the top-offs.

In the event that future splits from an established topped-off endowment are made (see the *Policy for Splitting Professorship Endowments*), the intent will be to split as much as is possible from true (donor) funds as long as both the existing true endowment and the newly created true endowment are able to maintain the 75% minimum of donor directed gifts (based on market value in this case, per the splitting policy, to bring the professorship to the University minimum); otherwise, they will be proportionately allocated from both true (donor) and top-off endowments.