



Establishing an Endowment at **Eastern Nazarene College** DISCOVER YOUR PURPOSE

What is an endowment?

An endowment is a group of funds that have been donated to a tax exempt organization so that the earnings on the funds can be used to advance its charitable, religious, or educational mission as long as the charitable organization exists.

Different types of endowments:

- **Scholarships** – Financial Aid makes awards to students who meet a certain criteria established by the donor. The minimum endowment level for a scholarship is \$25,000 (see Time Frame for Funding a Scholarship Endowment below). Endowed scholarships are often established in memory or honor of a person or in the name of a family, though this is not always the case.
- **Lectures** – An appointed academic department uses the endowment funds to host lectures on campus. Experts on a designated topic are invited to speak for a lecture series, which is advertised and open to the ENC community. The minimum endowment level for a lecture series is \$25,000.
- **Professorship** – A professorship is established to pay the salary of a professor in a given academic department. The minimum endowment level for a professorship is \$750,000.
- **Endowed Chair** – This type of endowment is established to pay the salary of the chair of a chosen academic department. The minimum endowment level for an endowed chair is \$2,000,000.

Important terms:

- **Fiscal Year** - For Eastern Nazarene College, the fiscal year is July 1 – June 30. The date assigned to the fiscal year, is the ending year. For example, fiscal year 2017 (abbreviated as FY17) is July 1, 2016 – June 30, 2017.
- **Principal** - Total donor gifts to endowment, plus reinvestment of unspent payout and appreciation or depreciation, based on the market investment.
- **Available Amount** - The amount calculated to be disbursed from the endowment.
- **Award** - The amount offered to students for scholarship endowments.



ENDOWED SCHOLARSHIPS

Terms and Conditions

Establishing a Scholarship Endowment:

- The first step to starting an endowed scholarship is to contact the Development Office of the College. The contact information for the Development Office is:
 - o Phone (toll-free): 866.480.2291
 - o Email: development@enc.edu
 - o USPS: Development Office
Eastern Nazarene College 23 East Elm Ave
Quincy, MA 02170
- An informational packet will be sent to you with a Scholarship Worksheet for you to fill out and sign.
- Once we have received the Scholarship Worksheet and an initial gift from you (see Time Frame for Funding below), the parameters will be entered into an official Scholarship Agreement. Two official copies of the Scholarship Agreement will be sent to you to sign; one to return and one to keep for your files.
- Upon receipt of the signed Scholarship Agreement, the criteria will be entered into the database and Financial Aid will be notified that the scholarship has been established.

Time Frame for Funding a Scholarship Endowment:

- An initial gift of \$2,500 is (or several initial gifts totaling \$2,500 are) required when the Scholarship Worksheet is submitted to begin the process of scholarship endowment. An account will be created and a name will be designated to the Scholarship Fund at that time.
- The remaining balance of \$22,500 must be paid within five (5) years of the signed date on the Scholarship Worksheet.
- If at any time during the endowment process it has been determined that it is no longer possible to reach the \$25,000 mark, the donor is responsible for notifying Eastern Nazarene College. If the scholarship does not reach the fully endowed level of \$25,000 within five (5) years of the signed Scholarship Worksheet, the funds will be folded into a scholarship of similar nature for awarding or into a non-endowed current scholarship. A list of similar scholarships and criteria may be provided to the donor upon request.

Determining the Award Amount for a Scholarship Endowment:

- Once the scholarship has reached the fully-funded level of \$25,000, the investment policy implemented by the Board of Trustees states that it must sit for one full fiscal year (July 1 – June 30) before it is able to be awarded. For subsequent years, the scholarship endowment is allocated growth determined by the market value of invested funds and subject to the performance of these investments. Note that the growth amount is not necessarily equal to the award amount.
- ENC's Foundation is responsible for managing ENC's endowment. The Foundation's Investment Policy Statement reads, "It is ENC's policy to distribute annually a percentage of a trailing three year average of the fund balances associated with the endowment, such as scholarships, with the understanding that this spending rate plus inflation will not normally exceed total return from investment."

*What this means: Endowed scholarships are awarded at a percentage determined by the Board of Trustees; however, that figure is not based upon the current fiscal year fund balance. Instead, it is based upon taking the total of the fund balances for the three previous fiscal years and dividing by three in order to calculate the average balance during that three-year period.

For more information, contact our Development Office staff at:

Development Office
Eastern Nazarene College
23 East Elm Ave
Quincy, MA 02170

Phone: 866.480.2291
Email: development@enc.edu