



FAQ for Endowments

What is an endowment?

An endowment is a permanent fund that provides income each year to support your organization's mission. Endowment funds are professionally managed to ensure the funds remain strong over time. Currently, endowment funds pay out 4% of the average fund balance. For example, a \$100,000 fund provides about \$4,000 of support each year. For more information about how endowment funds are managed, visit cfozarks.org/investments. Find the most recent performance history reports, rates, administrative and investment fees for each fund type, investment policy, FAQs and investment management updates.

Why is an endowment important?

An endowment provides essential stability and is a permanent source of funding. It facilitates strategic use of funds and allows the organization to plan on the income from one year to the next. An endowment fund presents an excellent option for donors who want to make legacy or planned gifts. Board members and donors appreciate the fact that endowments provide sustainable and guaranteed sources of income.

What form can an endowment gift take?

Endowment gifts take many forms. The CFO provides professional gift planning assistance and facilitates gifts of all types, including:

- Cash
- Gifts of non-cash assets such as stock and real estate
- Gifts through wills or trusts
- Gifts of retirement plan assets
- Gifts of life insurance

What is a named fund?

A named fund is a permanent endowment that honors an individual or family and benefits the organization the donor cares about most. Named funds are created with a gift of at least \$10,000. The gift may be current or deferred, as in the case of a gift made through a will. Each year, the charitable organization receives income from the named fund.

What is a bequest?

A bequest is a gift made in a will or trust. Because a bequest is flexible and revocable, it is the most common type of donor legacy gift. With a gift made from a will to an endowment fund, a donor can continue to support the organization mission far into the future.

Are endowment funds restricted in purpose?

Most endowment funds provide unrestricted support to advance the mission of a nonprofit organization. It also is possible to establish a fund to support a specific purpose within an organization. Individuals and families often create funds named to honor an individual and to support a program of special importance to them.

Want to know more? Contact **Tiffany Frey**, director of philanthropic services, at tfrey@cfozarks.org, or **Millie Schuchmann**, philanthropic services manager, at mschuchmann@cfozarks.org, or call 417-864-6199.