



# TIPS FOR GOOD FUND STEWARDSHIP

## 1. Spend (or reinvest) the payout.

Departments should spend or reinvest the payout from donor-established funds. It is important to use gifts when possible because it helps us:

- Maintain and respect the donor's trust.
- Report usage to donors.
- Ask for additional gifts (if previous gifts haven't been used, the donor will not want to make more gifts).

Please recommend to your chairs that you spend the payout adhering closely to the gift agreement (see next point).

## 2. Spend distributions according to language in the gift agreement.

We work with the dean's office, the senior associate deans and department chairs to craft a gift agreement that the donor likes and that can benefit the department. If there's a good reason a fund cannot be used (maybe the gift agreement language is too restrictive), tell us. Gift agreements can be difficult to amend, but we're here to help in any way that we can.

## 3. Tell us how the fund was used in the stewardship section of Annual Report.

Your help is essential in communicating with the donor. The College Annual Report process gives you the opportunity to provide the information we need to report on fund usage. We cannot do this without you!

What happens if you didn't use a fund? Please do NOT simply report the following:

- "No qualified recipients were identified during this period."
- "Not awarded this year."

Was income reinvested (this will be reflected in the endowment report the donor will receive)? Are there plans to name a recipient this summer? The more information you can provide, the better. We need to be able to provide clear information to the donor about why the fund was not used.

### What to report:

List recipients individually using the **"Add Recipient"** tool. If a recipient is not in the database, provide as much information as possible, including full name and contact information.

When applicable, include details about what the recipient was awarded funding for in the "Steward Comment to Recipient" or "Steward Comment to A&S Ftdn." Travel to a conference? Research for a specific project?

Include any details that may help us. Faculty and students often receive funding from multiple sources for multiple projects, and they do not always know which funds supported what. Details make the difference.

*\* Filling out the “Steward Comment to Recipient” section plays an important role in increasing response rates from recipients. The email sent to recipients prompting them to respond includes the phrase “Your departmental contact has included the following message for you:” If you leave the field blank when you input information, the email will look incomplete. If you fill it out with a personal message, the recipient is more likely to respond.*

Below is a great example. The manager customized the message to the recipient — the tone and content of the message help the recipient understand what is being requested:

**Steward Comment to Recipient:** Dear Miller, as this year’s recipient of the Guthrie Fellowship, would you please provide a few sentences to the UNC Arts and Sciences Foundation about your research interests, your career goals, and any academic endeavors that this fellowship may have assisted you with? Thanks!

*The “Steward Comment to A&S Fdtn” can also be a valuable tool for providing information, especially when providing additional details about the usage. Here’s an example of steward comments to both the recipient and Foundation that give us a wealth of information:*

**Steward Comment to Recipient:** Honors Carolina is proud to sponsor your Froelich Fellowship. We ask that you please take a moment and complete the Recipient Response section for this report. This is a great opportunity to describe your involvement with Honors Carolina and any support your Froelich Fellowship has provided this academic year (your summer 2015 NCI CURE program participation), and to thank the donors who make this support possible.

**Steward Comment to A&S Fdtn:** Brandon used \$1,500 of his Froelich Fellowship during the summer of 2015 to participate in the National Cancer Institute’s CURE Program (Continuing Umbrella of Research Experience), a summer research program located at the Lurie Cancer Center of Northwestern University in Chicago, IL. Twelve students are accepted each year to pair with a Cancer Center faculty to work full-time on a nationally funded laboratory research project for eight weeks. Brandon was assigned to Dr. John Crispino and his research in myeloid leukemia.

*This level of detail prevents the need for extensive follow-up if we do not get a response from the student or faculty member and are unable to contact them later.*

Use the “**Add Activity**” tool for events or miscellaneous expenses not tied to an individual. Provide relevant details: Who, What, When, Where, and Why. Link to event webpages or articles when appropriate.

#### 4. Reinvest unused income.

*The College recommends reinvesting 10 percent of the payout each year when possible to contribute to long-term fund growth.*

It's generally OK to keep two years of payout in the department account, but resist keeping more than that. When you reinvest unused income, the endowment grows faster and produces more income over time. When money sits unused in the spendable account, it does not grow.

Your department chair may say, "Let's keep it safely in our spendable account where we know we'll have it when we need it." By not reinvesting, you run the risk of losing any substantial market gains. Endowments will be invested for decades and will benefit faculty and students long after we're gone, so good stewardship — including reinvesting unused income — is critical at every stage.

Over the last 10 years, the UNC Endowment earned a 10-year annualized return of **9.7 percent**. Funds that were invested in the endowment benefited from this! Unused funds sitting in your department do not benefit from these gains.

*The best strategy is simply to spend as much of the annual payout as possible. If you cannot spend it, you should reinvest.*

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If you have any questions about fund stewardship, please contact us at the Arts and Sciences Foundation:

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