

Endowment Establishment and Management

Responsible Officer: Vice President for Business Affairs and Controller

Sponsoring Department: Accounting Services

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Errors or changes to: aim@uta.edu

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I. Purpose and Scope

The University of Texas at Arlington (UTA) seeks and receives private sector contributions for the purpose of establishing endowments to fulfill the mission and goals of the institution. Endowment gifts are those for which donors have stipulated, under the terms of the gift agreement creating the fund, that the principal of the fund is not expendable. That is, it is to remain inviolate in perpetuity and is to be invested for the purpose of producing present and future income. Income distributions on endowments are deposited into local endowment accounts on a quarterly basis. Distributions from endowment funds represent an important and growing source of funding for UTA. Endowments are designated for the following purposes:

- Faculty positions (chairs and professorships)
- Scholarships and fellowships
- Programs and other educational activities

II. Establishing an Endowment

When accepting a NEW endowment gift, follow the steps listed below:

- A. The department receiving the gift completes the requirements of *Gifts to the University* ([Procedure 2-8](#)).
- B. The department receiving the gift completes *Request for New Cost Center* ([Form 2-1](#)), and forwards it to the Office of Accounting and Business Services. Be sure to note any expenditure restrictions on the New Account Form. All endowment earnings will be posted to this new account.

- C. Institutional Advancement prepares a gift agreement, which delineates the donor's purpose and terms, between the university and the donor that is signed by the appropriate parties and approved by UT System. Institutional Advancement will forward a copy of the signed gift agreement to the donor, the department and/or school administering the funds, the Office of Accounting and Business Services, and the UT System Administration development office.
- D. Institutional Advancement, following instructions in the [UTS138. Gift Acceptance Procedures](#), prepares a request for administrative approval through the System for Approval by External Relations (SABER) website that is electronically sent to UT System for eventual Regents' approval.
- E. After all monies are received, Institutional Advancement notifies the Office of Accounting and Business Services to prepare a wire transfer. Accounting Services wires the funds to UT System.
- F. Upon final approval of the endowment, email notification is sent to Institutional Advancement by the UT System Administration development office.
- G. Institutional Advancement will provide the endowment Account Administrator with a copy of the endowment agreement which delineates the donor's purpose and the terms for each established endowment.

III. **Addition to an Established Endowment**

When accepting an ADDITION to an established endowment gift, follow steps II.1 and II.5.

IV. **Managing an Endowment**

The endowment Account Administrator is responsible for the management of the endowment distributions for each of the endowments under his/her purview.

- A. The endowment Account Administrator is responsible for ensuring that endowment distributions are used:
 - 1. for the purpose(s) intended by the donor(s) and according to the official document(s) associated with the establishment of the endowments(s) by the Board of Regents of The University of Texas System or its designee(s);
 - 2. in accordance with applicable policies approved by The University of Texas System Board of Regents and The University of Texas at Arlington.
- B. Endowment distributions will be budgeted and used by the endowment Account Administrator to carry out UTA's mission of instruction, research and service in compliance with the donor(s) wishes and UTA's policies.

- C. The endowment Account Administrator will approve all expenditures and transfers of funds from the endowment distribution account.
- D. Transfers of funds from the endowment distribution account to UTA operating account(s) may be made only when the restrictions for the operating account are consistent with the terms of the endowment agreement.
- E. Endowment distributions cannot be used to establish or create, in whole or in part, another endowment, except in accordance with [UTS138, Gift Acceptance Procedures](#).
- F. Endowment distributions are an important source of funding and should be expended on an annual basis. Accumulations over two times the annual distribution (unless below \$2,500) will be reviewed by the endowment compliance executive (Vice President of Institutional Advancement).
- G. Reinvestment of distributions into the corpus should not be automatic unless requested by the donor in the agreement.
- H. When it is impossible or impracticable to use an endowment's distribution accumulations, an exception to keep accumulating or to reinvest into the corpus may be granted by the President upon request of the endowment Account Administrator.
- I. The endowment Account Administrator will be responsible for providing reports on the use of the distributions when requested.

Related Procedures

- *Gifts to the University* ([Procedure 2-8](#))

Related Forms

- *Request for New Cost Center* ([Form 2-1](#))

Related Links

- [UTS138, Gift Acceptance Procedures](#)