



## **OFFICE OF THE TREASURER**

# **FUND ADMINISTRATION HANDBOOK**

Prepared by: Suzanne Loguidice  
Office of the Treasurer  
Last updated October 3, 2018

# Table of Contents

<b>I.</b>	<b>Contact Information.....</b>	<b>3</b>
<b>II.</b>	<b>Overview.....</b>	<b>4</b>
	➤ Purpose of this Document	
	➤ About the Endowment	
	➤ The Syracuse Endowment Today	
	➤ Endowment Payout and Distribution	
<b>III.</b>	<b>Investment of Endowments.....</b>	<b>6</b>
	➤ Investment Performance	
	➤ Asset Allocation	
	➤ Spending Policy	
	➤ Investment Management	
<b>IV.</b>	<b>Investment and Endowment Committee.....</b>	<b>7</b>
<b>V.</b>	<b>Endowment Types.....</b>	<b>8</b>
	➤ Types of Endowments	
<b>VI.</b>	<b>Understanding the Gift Agreement and Establishment Process.....</b>	<b>9</b>
<b>VII.</b>	<b>Depositing Gifts – Endowed vs. Spendable.....</b>	<b>10</b>
	➤ Donor’s Intention	
	➤ Depositing Gifts to an Existing Endowment	
	➤ Depositing Gifts to a Spendable Account	
	➤ Fund 15 vs. Fund 16	
	➤ Spending from Fund 15 and Fund 16	
<b>VIII.</b>	<b>Requesting Unspent Distribution to be Returned to Principal.....</b>	<b>11</b>
	➤ Request Process	
	➤ Ongoing Monitoring	
<b>IX.</b>	<b>Available Reports and Resources.....</b>	<b>12</b>

# I. Contact Information

## **Office of the Treasurer**

David J. Smith  
Treasurer  
Phone: 443-2486  
Fax: 443-6163  
E-mail: [smithd@syr.edu](mailto:smithd@syr.edu)

Scott W. Kemp  
Associate Treasurer  
Phone: 443-6204  
Fax: 443-6163  
E-mail: [sckemp@syr.edu](mailto:sckemp@syr.edu)

Suzanne C. Loguidice  
Director, Fund Administration  
Phone: 443-1895  
Fax: 443-1297  
E-mail: [scherr@syr.edu](mailto:scherr@syr.edu)

## **Donor Relations**

Megan J. McAndrews  
Director Donor Relations  
Phone: 443-0248  
Fax: 443-2874  
E-mail: [memcandr@syr.edu](mailto:memcandr@syr.edu)

Jessie E. Finley  
Assistant Director Donor Relations  
Phone: 443-5337  
Fax: 443-2874  
E-mail: [jefinley@syr.edu](mailto:jefinley@syr.edu)

Jess W. Reilly  
Associate Director Donor Relations  
Phone: 443-5337  
Fax: 443-2874  
E-mail: [jreill02@syr.edu](mailto:jreill02@syr.edu)

## **Gift Planning**

Lynne Jones  
Executive Director of  
Development  
Phone: 443-1560  
Fax: 443-2874  
E-mail: [ljones@syr.edu](mailto:ljones@syr.edu)

Cristina Regan-Swift  
Assistant Director of  
Development  
Phone: 443-3991  
Fax: 443-2874  
E-mail: [cswift@syr.edu](mailto:cswift@syr.edu)

## **II. Overview**

### **Purpose of this Document**

This document is provided as a means to educate University personnel on the various concepts and ideas associated with Fund Administration at Syracuse University. It is intended to be used as a general educational overview of what the endowment is and provide some informational details regarding how the endowment and associated investments are managed. This document should not be construed as establishing policy but should be used for informational purposes.

### **About the Endowment**

An endowed fund is established to last in perpetuity, with only the payout from the fund spent each year to support Syracuse University's goals and priorities. This means that gifts to the Syracuse Endowment give forever, providing the financial foundation on which our future depends.

When a donor creates an endowment, they have the satisfaction of knowing their name or the name of a loved one will be remembered at Syracuse forever, as an endowment gives for many generations to come.

### **The Syracuse Endowment Today**

Through the generosity of Syracuse University alumni and friends and prudent financial management, the University's Total Endowment was valued at \$1.338 billion as of June 30, 2018. The University's Total Endowment consists of two investment pools, Managed Endowment "MEND" \$1.289 billion and Funds Managed by Others \$48.9 million. The Managed Endowment is the University's primary endowment pool.

The Managed Endowment includes approximately 2,300 individual endowments that, during fiscal year 2018, provided more than \$45.9 million in support of the University's mission. Many of these endowments are unrestricted and provide the stable support that enables the University to respond to new challenges and opportunities.

The Managed Endowment operates similar to a mutual fund. Endowment fund assets are commingled for investment purposes, and are accounted for using unit accounting.

As individual gifts are received, each endowment fund is assigned units based upon the month-end unit value. The annual distribution for each endowment is determined by the number of units in the fund and the distribution rate established each year by the Trustees Investment and Endowment Committee "IEC".

## **Endowment Payout and Distribution**

The annual distribution rate (dollars per unit) for the Managed Endowment is calculated by multiplying the average of the three prior calendar years' monthly unit market values by the payout percentage that is approved by the IEC. For fiscal 2019, the calculation is based upon the average monthly unit market values for the 36 months from January 1, 2016 through December 31, 2018. The IEC has approved a payout percentage of 3.84%. This translates to a \$16.19 per unit payout rate for the Managed Endowment calculated as 3.84% times the 3-year monthly average unit value of \$421.6441.

The payout percentage of 3.84% is only applicable for the calculation of the annual distribution rate, and should not be applied to a new gift to estimate the current year's distribution. To calculate the estimated distribution amount, (1) divide the gift amount by the current month's unit value to determine the number of units that the gift will "purchase," and (2) multiply the number of units by the distribution rate, and prorate the distribution amount for the number of months remaining in the current fiscal year.

### **Example 1**

A gift of \$1,000,000 received in June 2018. The gift would have "purchased" 2,184.2410 units (\$1,000,000 divided by \$457.8250, the 6/30/18 unit value), and would distribute \$35,363 during fiscal year 2019 (2,184.2410 units times \$16.19, the FY2019 distribution rate).

### **Example 2**

A gift of \$1,000,000 received in June 1974. The gift would have "purchased" 10,000 units (\$1,000,000 divided by \$100, the 6/30/74 unit value), and would distribute about \$161,900 during fiscal 2019 (10,000 units times \$16.19, the FY2019 distribution rate)."

**Note:** To obtain an approximate amount of what a new gift will distribute annually go to the website detailed in Section VIII of this handbook.

### **III. Investment of Endowments**

#### **Investment Performance**

For fiscal year ending June 30, 2018, the Managed Endowment earned a total return of 8.1 percent (net of investment management fees and spending).

#### **Asset Allocation**

The Managed Endowment is well diversified across major asset classes, as well as within each asset class by market capitalization and investment style or strategy. The IEC establishes asset allocation targets to achieve the goal of maximizing long-term total return within acceptable levels of risk. Total return includes income, interest and dividends, and appreciation of the underlying assets.

The IEC reviews the fund's asset allocation on an ongoing basis, and balances the portfolios at least annually to maintain the allocation to each asset class within acceptable tolerance ranges.

#### **Spending Policy**

The IEC establishes the annual distribution rate per unit, presently calculated as 3.84% of the average market value during the previous three calendar years. For fiscal year 2019, the IEC approved a distribution rate of \$16.19 per unit for Managed Endowment, the University's main endowment pool.

#### **Investment Management**

The IEC is responsible for selecting and terminating investment managers, and uses an external agent (a Fund Director "FD") to assist with manager selection and monitoring. The Funds Director is responsible for conducting interviews with prospective managers for the Managed Endowment. Once the FD determines an appropriate manager, a thorough report will be prepared for the IEC. The report will include the analysis of the due diligence completed, and the appropriateness of the recommended manager as the manager relates to the overall endowment.

## **IV. Investment and Endowment Committee**

### **Trustee Members**

- Steven W. Ballentine, Co-Chair
- Darlene T. DeRemer, Co-Chair
- Andrew T. Berlin
- Elisabeth "Lisa" Fontenelli
- Sharon Haines Jacquet
- Michael G. Thonis

•

### **Ex Officio Trustee Members (Voting)**

- Steven W. Barnes, Chairman
- Kent Syverud, Chancellor and President

### **Life Trustee Participants (Non-voting)**

- William J. Brodsky
- Michael A. Dritz
- Stuart Frankel
- Alan Gerry
- Richard L. Haydon
- Joshua H. Heintz
- Jonathan J. Holtz
- Peter A. Horvitz
- John L. Kreischer III
- Marvin K. Lender
- Susan C. Penny
- Samuel J. Zamarripa

### **Ex Officio Participants (Non-voting)**

- Amir Rahnamay-Azar, Vice President and Chief Financial Officer
- David J. Smith, Treasurer

## **V. Types of Endowments**

### **Permanent or True Endowment**

Permanent or True Endowments are funds received from a donor with the restriction that the original gift is to be kept intact. Restrictions may be specified by the donor as to how the income should be used. Endowment assets are pooled and maintained similar to a mutual fund in that each individual endowment maintains a separate identity yet are commingled with all endowments for the purposes of investment and accounting efficiencies. These funds are managed in a prudent fashion and the expectation of the donor is that the purchasing power of the endowment is to be maintained in perpetuity.

### **Quasi-Endowment**

A quasi-endowment is a fund established by the University to function like an endowment fund but which may be totally expended at any time for the stated purpose at the discretion of the University. This typically includes gift funds that the donor did not specifically direct as “endowed” or in perpetuity, or funds available to the institution from other sources that the University has decided to designate as an endowment. The funds are invested in the same manner as a true endowment and have the same payout provisions.

### **Term or Temporary Endowments**

Term or Temporary Endowments are contributions for which the donor has stipulated that the principal may be expended after a stated period or on the occurrence of a certain event. Endowment assets are pooled and maintained similar to a mutual fund in that each individual endowment maintains a separate identity yet is commingled with all endowments for the purposes of investment and accounting efficiencies.

### **Annuity**

Annuities are an agreement between a donor and the University in which the donor contributes assets to the University in exchange for a promise by the University to pay a stated amount at least annually to a beneficiary or beneficiaries. The assets received are held as general assets of the University and the annuity liability is a general obligation of the University.

### **Trusts**

Trusts are an arrangement in which a donor establishes and funds a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust’s term. Upon termination of the trust, the University receives the assets remaining in the trust. The University may ultimately have unrestricted use of those assets, or the donor may place permanent or temporary restrictions on their use. The distributions to the beneficiaries may be for a specified dollar amount or for a specified percentage of the trust’s fair market value as determined annually. Obligations to the beneficiaries are limited to the trust’s assets.

## **VI. Understanding the Gift Agreement & Account Establishment Process**

**Donor & Development Officer “DO” discuss donor intentions, gift purpose, restricted/unrestricted & payment terms.**

- If unrestricted, deposit gift in unrestricted account (Fund11).
- If restricted but fund already exists for that purpose, deposit to that fund.
- **If restricted and no existing account...**

### **Development Officer Contacts**

- Donor Relations (if fulfilled during donor’s lifetime)
- Gift Planning (if fulfilling through estate planning)

### **Donor Relations, Gift Planning and Treasurer’s Office**

- Ensure understanding of purpose, terms, etc.
- Drafts agreement for DO/Donor review

### **Development Officer Reviews Agreement**

- Draft may be shared with the donor for review.
- Donor Relations/Gift Planning will make any edits/changes if needed after the DO and/or donor reviews the agreement.

### **Donor Relations/Gift Planning**

- Prepares final gift agreement
- Send two copies to Treasurer’s Office for signature.
- Treasurer’s Office reviews agreement and makes changes if needed, signs and returns to Donor Relations/Gift Planning
- Donor Relations forwards signed copies to donor

### **Donor**

- Signs 2 original copies and keeps one for their records
- One copy is returned to Donor Relations/Gift Planning and forwarded to Treasurer’s Office

### **Treasurer’s Office**

- Sets up the new endowment and requests a restricted chart string be established.
- Notifies all parties involved of the endowment number and purpose of the fund.

### **General Accounting**

- Sets up the new spending chart string and sends out notification to all involved parties

### **Alumni and Donor Records**

- Sets up account on Citrus

## VII. Depositing Gifts – Endowed vs. Spendable

### What is the Donor's Intent?

- Does the donor want the gift put into a permanent endowment or do they want the gift spent now?
- Attach any backup to the deposit slip.
- If the backup is not clear about the donor's intent, check with the donor. We do not want to spend a gift that was meant to go to the endowment or endow a gift that was meant to be spent.

### If the Gift is for the Endowment:

- Cash Operation deposits the funds to chart string 53-96004-50001-420060-53X-XXX. This is the gift holding chart string with the endowment number at the end.
- Gifts to the endowment will generate additional distribution prorated for the remainder of the fiscal year, which is posted to fund 16.

### If the Gift is for the Spendable Account:

- Cash Operation deposits the funds to chartstring 15-Dept-Program-420955.

### Fund 15 vs. Fund 16

- Spendable gifts are deposited to Fund 15.
- Endowment distribution is posted to Fund 16.
- There should not be any gifts deposited to the Fund 16 chart string. The gift should be deposited to the Fund 15 or the endowment as detailed above.

### Spending from Fund 15 and Fund 16

- Gifts in Fund 15 should be spent **first**.
- Gifts to the spending chart string cannot be returned to principal of the Endowment.
- Distribution in Fund 16 should be spent next.

**Note:** Please remember **ALL** gifts and backup documentation must be sent to Donor & Alumni Records for deposit. Gift deposits should **NOT** be sent directly to Cash Operations.

## **VIII. Requesting Unspent Distribution to be Returned to Principal**

### **Request process**

- The Endowment Principal Report located in the Treasurer folder in MySlice, will show any remaining balances in Fund 16 that are eligible to be returned to principal for the end of the prior fiscal year.
- The report is also emailed in the fall requesting a response for each endowment that has a carry forward balance over \$1,000.
- If you select Return to Principal from the drop down box in the Response column this will be your formal request to return any unspent funds to principal (please note in the Comments column if you only want part of the balance returned). Our office will obtain the necessary approvals for any transfers requested.
- In general, schools/colleges should return any unspent income to principal, unless it is appropriated for spending in the near future.

## **IX. Resources**

### **Web Site Endowment Calculator**

- <http://treasurer.syr.edu/>

### **MySlice Reports – Treasurer Folder**

- **Endowment Principal Report** – Report is updated annually in August and lists endowments in your school/college that have funds eligible to be returned to principal.

### **Fundriver**

- <https://access.fundriver.com/default/login>
- To request access to endowments benefitting your school/college, a FAST request needs to be submitted by your information coordinator.