



MICHIGAN STATE UNIVERSITY

# Endowments at Michigan State University

April 2019

MICHIGAN STATE  
UNIVERSITY

University Advancement



## MSU's Definition of Endowment

An endowment is one in which:

- The principal, usually the original gift of a donor, is never spent;
- A part of the rate of return from MSU's investment of the principal supports a program or programs at MSU; and ...
- The remaining investment income is used to help grow the principal to maintain the spending power of the endowment even after inflation. It also provides a reserve that can be drawn on when investment returns are low or negative



## Why Individuals Make An Endowed Gift

- Leaves a legacy to Michigan State University for many generations to come
- Assures excellence by insuring quality teaching, research and service can be conducted forever
- Enables the university to support excellent students, faculty and programs by providing a steady, consistent and permanent source of income
- They become part of MSU's heritage and tradition





## How Endowments at MSU Work

- Endowed funds may be created with a minimum of \$50,000 payable over 5 years, or through an estate gift
- Guidelines are established for an endowment to assure that donor wishes and the needs of the university are simultaneously met
- Once an endowment is established, a portion of the interest is available for spending, while the remainder will revert to principal to grow the fund over time and safeguard against inflation



## How Endowments at MSU Work (continued)

- Endowed fund dollars are invested by the university
- Each year, only a portion of the earnings are made available to be spent by the college/unit
  - Provides guaranteed annual income for the fund's designated purpose
  - Any remaining growth is reinvested to grow the principal
  - Currently, the Board of Trustees has authorized that 4.4% of the total annual rate of return be made available to spend each year
- Remaining interest is added to the endowment's principal to help inflation proof the fund



## Types of Endowments at MSU

- **Scholarships/Fellowships**
  - Provide income to students to help offset the cost of attending MSU
- **Endowed Chairs and Professorships**
  - Partially or fully fund faculty positions
- **Programmatic Funds**
  - Provide ongoing support for programs such as the Marching Band, the Debate Team, and Study Abroad
- **Faculty Endowments**
  - Provide seed money and start-up packages for faculty research





# Growth of an Endowed Gift Over 20 Years: An Example



AN ENDOWMENT GIFT OF  
**\$100,000**

Based on MSU's investment performance, a \$100,000 endowment established July 1, 1998 now has a market value of approximately \$170,022 as of June 30, 2018, after having provided programmatic spending distributions of \$136,668 over the 20-year period.



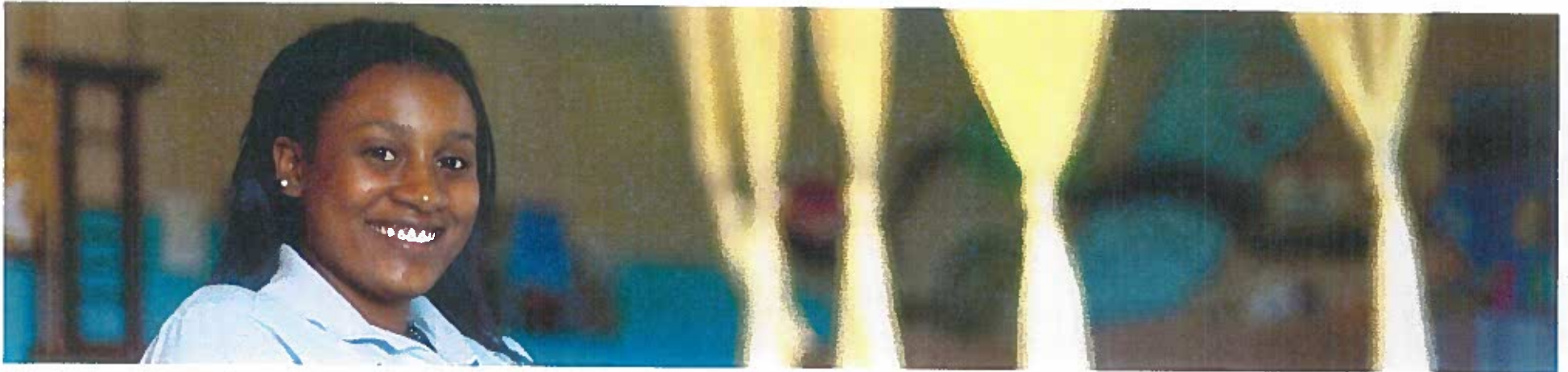
PROVIDES  
**\$136,668**  
OVER A TWENTY YEAR PERIOD

FUNDING



RESULTING IN A MARKET VALUE OF  
**\$170,022**





# Sherronia Dorsey-Walker

Recipient of the *Steve Smith/Pershing High/MSU Endowed Scholarship for Academic Achievement*

- Scholarship endowment provides four years of full financial support to students from Detroit's Pershing High School

*"Thanks to the Steve Smith Scholarship I am doing what I love which is helping others."*





## Professor N. Edward “Ed” Robinson

*Matilda R. Wilson Professor of Large Animal Clinical Sciences - Retired*

- Endowed gift from the estate of the late Matilda R. Wilson as a means of continuing her keen interest in the well-being of food animals and horses.
- Designed to attract national leaders in large animal science to MSU

***“Nearly all of the big labs across the U.S. are now supported by endowed funds”***

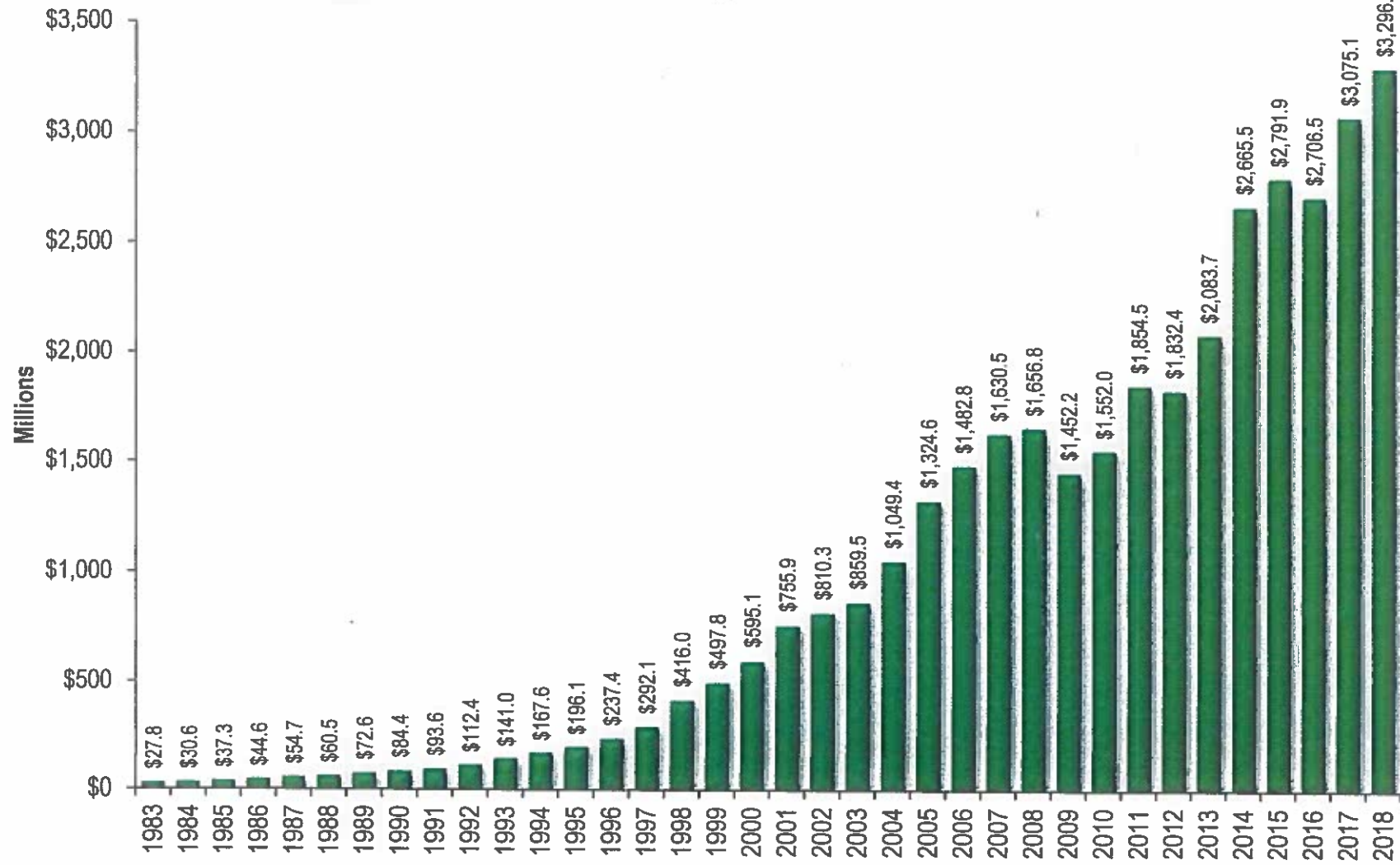


# Donor Impact from the Recent *Empower Extraordinary* Capital Campaign

- \$1.83 billion raised
- 3,500+ new scholarships created
- 112 new endowed chairs and professorships
- \$22 million raised for endowed research support



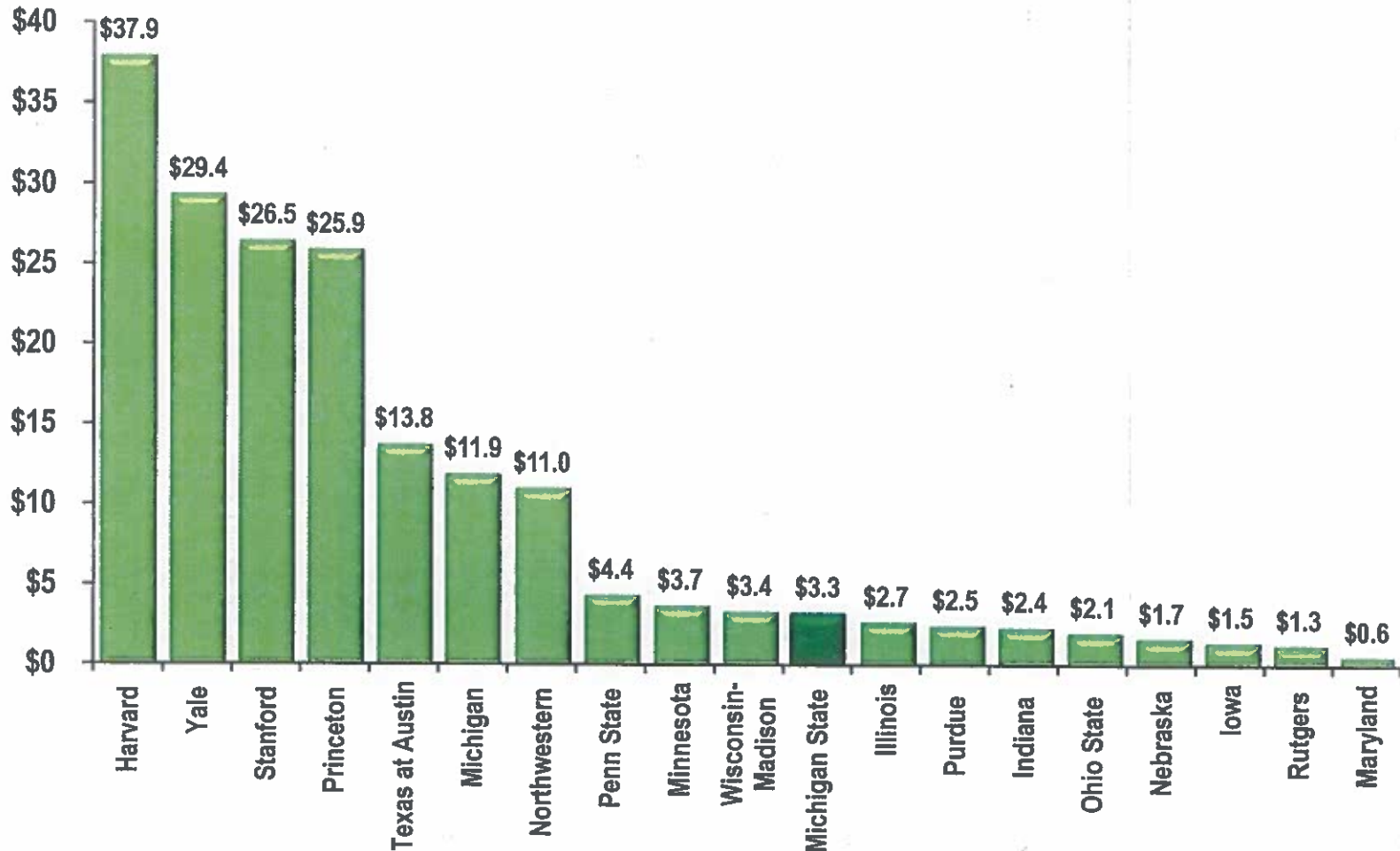
## Total Net Endowment Dollars at MSU







# 2018 Endowment Market Value (in billions)



MSU net total Includes MSU Foundation dollars and institutional dollars included to maximize investment return strategies.

Source: Council for Aid to Education, 2018: Self-Reported