



Investing in the Future: Creating Endowments at Ball State University Foundation

An endowment is a gift made to Ball State University Foundation, the principal of which is preserved in perpetuity. By creating an endowment, you not only leave your legacy at Ball State but you also help support a vital institution with nationally recognized programs, state-of-the-art facilities, quality faculty, and a strong student body.

Endowments may be established through an outright gift, a five-year pledge, or a bequest or other form of planned gift. You may also encourage contributions from family and friends to make your fund grow. Endowments have been established to assist students with scholarships and to support a specific program, department, or, as an unrestricted gift, the greatest needs of the university. You can also honor someone special or memorialize a loved one with a named fund.

Whatever your reason for giving back to Ball State, our staff will work with you to build an endowment gift that matches your interests and vision with the initiatives of Ball State.

The following are answers to some of the questions frequently asked by those considering an endowed gift to Ball State.

What is an endowment fund?

Although the specific use may vary greatly, endowment funds have a common objective: to provide support not just for one year, or even one generation, but in perpetuity. An endowment fund is a permanent fund in which the spendable amounts are available for the designated purpose.

What are the advantages of establishing an endowed gift?

Creating an endowment allows you to fulfill your own personal philanthropic goals while helping support the needs and mission of Ball State. Endowments may be established for many reasons including to:

- Permanently honor a loved one or mentor
- Say thank you for an education
- Celebrate personal and professional accomplishments
- Perpetually support educational excellence at Ball State
- Assist today's students to become the leaders of tomorrow
- Leave your permanent legacy

Endowments offer you benefits in the form of tax deductions under both state and federal laws. Depending on the type of asset given, and the type of gift arrangement selected, it is possible to enjoy savings on income taxes (including capital gain) and even transfer taxes. The income tax savings can be immediate.



How does Ball State benefit from endowments?

Endowments allow Ball State to create and maintain excellence in academics beyond what can be accomplished from state funding. Endowments have been created to:

- Support scholarships
- Provide faculty teaching and research support such as funds for faculty chairs, distinguished professorships, visiting professorships, or lectureships
- Enhance academic or other program support such as named centers or institutes, departments, or colleges
- Assure unrestricted support that provides funds to allow Ball State to address new and emerging strategic priorities in the future – that may be unanticipated today

What are the types of endowments and what are their minimum funding levels?

There are many types of endowments. Examples and the current funding requirements to create these funds include the following:

SCHOLARSHIP ENDOWMENTS

Named undesignated scholarships - You may establish an unrestricted scholarship endowment that allows Ball State to award scholarships to the most deserving students. The minimum amount necessary to establish a Stable Value* permanent endowment is \$25,000, while the minimum amount to create a Legacy Fund* is \$50,000. (*See “*What is the difference between a Stable Value Fund and a Legacy Fund?*” below.)

Named designated scholarships - You may wish to state some preferences regarding your scholarship’s recipients. Examples include specific degree majors, financial need, or scholarships for students meeting certain academic requirements. We will work with you to help define acceptable preferences for your scholarship fund. A named designated scholarship can be set up with a Stable Value Fund or Legacy Fund.

University Scholars Program - This is a pooled scholarship fund that provides awards (lasting four years) to incoming freshmen students who possess exceptional academic abilities and leadership potential. For a minimum gift of \$6,000, a scholarship, as named by you, is permanently listed as a participant in the pooled fund. For a minimum gift of \$25,000, a specific student is awarded a scholarship as named by you with an opportunity to meet the student at an awards banquet.



FACULTY TEACHING AND RESEARCH

A variety of endowment opportunities exist to provide perpetual support for outstanding faculty teaching and research. Endowed administrative and faculty programs lend prestige and visibility to the positions they support and help attract and retain top people in academia. Please contact us for the current minimum amounts required to establish these names endowments. Endowment opportunities for faculty teaching and research support include:

- *Named endowed chairs*
- *Named distinguished professorship*
- *Named visiting professorships*
- *Named lectureships*

ACADEMIC PROGRAM SUPPORT

A variety of endowment opportunities exist to provide permanent support for specific departments, centers, research programs, and other academic programs. Endowment opportunities for academic program support include:

- *Named colleges*
- *Named departments*
- *Named centers or institute*
- **Named deans' funds for excellence**

SUPPORTING THE GREATEST NEEDS OF THE UNIVERSITY

The Unrestricted Fund – This type of fund provides unrestricted support for the university's priority projects and programs. A minimum gift of \$25,000 (Stable Value Fund) or \$50,000 (Legacy Fund) entitles you to establish an unrestricted endowment in your name or your honoree's. This gift entitles you to be a member of the university's Fellows Society.

What are my options if I choose to create an expendable (non-endowed) fund?

Expendable funds do not create permanent legacy endowments. Rather, all of the gifts donated to these funds are wholly expendable. However, you may create permanent endowments from your existing expendable funds, or in addition to such funds. The minimum funding level for an expendable fund is \$500.



Annually funded scholarships of \$1,000 or more can be made to enhance the educational experience of Ball State students. These gifts can:

- Provide challenging resource materials for motivated students
- Support teacher/scholar models who inspire bright young minds by sharing the findings of grant-supported research in the classroom
- Make scholarships available to deserving students who rely on financial help to achieve their goals
- Equip laboratories that prepare students for a technologically advanced work force

What is the difference between a Stable Value Fund and a Legacy Fund?

Stable Value Fund endowments - A percentage (spending rate) of the fund balance, as determined by the Foundation board of directors, is available each year as a spendable amount for the purpose(s) designated in the fund agreement.

The fund does not participate in gains or losses in the Foundation's investment portfolio over time. You may choose to reinvest a certain percentage of the annual fund balance back into the fund for long-term growth. In addition to providing the spendable amount for the support of the designated purpose(s), investment earnings on gifts may be spent on board approved priority needs of Ball State. No administrative fee is charged to the fund balance of a Stable Value Fund. Currently, endowed contributions totaling \$25,000 are required to establish a Stable Value Fund.

Legacy Fund endowments - Legacy Funds participate in the earnings, gains, and losses of the Foundation's investment portfolio on a total return basis.

Each year, a percentage (spending rate) of the fund balance, determined by the foundation's board of directors, is available for support of the purpose(s) designated in the fund agreement. Any unspent money is retained in the fund to allow for long-term growth. Administrative fees (currently 1.5 percent) are assessed as a percentage of the fund balance. Currently, a minimum gift of \$50,000 is required to establish a Legacy Fund endowment.

What if at some point I decide to switch from a Stable Value Fund to a Legacy Fund?

Fund agreements may allow for an automatic conversion from a Stable Value Fund to a Legacy Fund if applicable endowed contribution minimums are met. The fund will be managed as a Stable Value Fund until such time it meets the requirements for a Legacy Fund. Starting at the beginning of the next quarter, the fund will be managed as a Legacy Fund.



How can I fund my endowment gift?

We encourage you to begin your endowment with **outright current gifts** of cash or assets such as stock or real estate. As a result, you can witness the wonderful beneficial use of your endowment at work for Ball State students, faculty, and programs.

You may also want to plan a gift to add to your endowment – or to create a new endowment – through one of many different types of planned gifts that may defer your donation until your passing.

Here is a list of some of the many different types of planned gifts that you may consider:

- A **bequest** in your will or revocable living trust
- Beneficiary designation of your **IRA, TIAA-CREF account** or **other retirement plan**
- Owner and/or beneficiary designation of a **life insurance policy**
- Remainder interest of a **charitable remainder trust** or **charitable gift annuity** that will pay you or loved ones named by you an income prior to death
- Remainder interest in a **personal residence** or **farm**, allowing you to live in the home or use the farm for your lifetime
- Income from a **charitable lead trust** can add to an endowment while you are alive

What are the advantages to creating an endowment through a planned gift?

Some of the tax and financial planning benefits of these planned gift arrangements include those listed below. The specific benefit depends on the particular planned gift and your personal situation:

- Income tax charitable deduction
- Capital gains tax savings
- Estate and gift tax savings
- Payment of income to yourself and/or loved ones named by you for a lifetime or term of years
- Income payment that may grow with market values as a hedge against inflation.
- Income payments that remain fixed and guaranteed over time
- Tax-free income
- Return of assets to yourself or loved ones
- Retained use of a personal residence or farm for your lifetime



How do I create an endowment through the Ball State University Foundation?

We would be delighted to meet with you and your advisors to explain the primary steps to consider when creating a permanent endowment:

Step One. Consider the type of endowment you wish to establish: scholarship, faculty teaching and research support, academic, or other program enhancement and/or unrestricted support.

Step Two. Evaluate your charitable giving priorities: both short and long term. Consider the minimum amounts required by Ball State to establish a fund. ***Outright gifts*** of cash or assets (real estate, stock, bonds, etc.) may be donated and/or pledged to establish your endowment fund – and to help it grow over time. ***Planned gifts*** such as bequests in your will, trust, life insurance, or retirement plan assets and/or deferred gifts from life income arrangements such as gift annuities and charitable remainder trusts may also be used to create your endowment – or add to it later in time. We would be happy to share more detailed information with you and your professional advisors explaining how these giving options work, including the many potential tax and financial benefits.

Step Three. Determine the type of endowment fund management (Stable Value Fund, Legacy Fund, or University Scholars) that will satisfy your interests.

Step Four. The Foundation will prepare a draft agreement that will detail the purpose for which the fund is established. The agreement will be reviewed and ultimately signed by you and a designated foundation official.

How can I obtain more information?

A dedicated team of development professionals is eager to assist you. Please contact the Foundation to learn more.

For more information, contact:

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