

## Organizational Endowments

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### What are they?

Carefully managed and maintained, organizational endowments at The Rhode Island Foundation are permanent funds that can help support nonprofit organizations in perpetuity. They offer a permanent source of income and help to attract new funds.

### What are the benefits?

#### **STABILITY**

Established in 1916, the Foundation is one of the country's oldest and largest community foundations. As part of an investment pool comprised of more than 1,000 endowments, your organization can participate in the long-standing stability that has made us one of the most prominent institutions in Rhode Island.

#### **FUND RECOGNITION**

The Foundation enjoys the high regard of financial advisors, donors and nonprofit organizations alike; many nonprofit leaders have found that their association with us has helped their development efforts. Your organization can benefit from inclusion in our communication materials, including a one-time new fund story in our annual report and permanent listings in the annual report and on our website.

#### **PROFESSIONAL INVESTMENT EXPERTISE**

The Foundation's asset size affords access to some of the country's foremost investment managers, at a fraction of the cost that your organization would incur if it were managing an endowment on its own. Under the direction of our investment committee and Prime Buchholz, a nationally recognized investment consultant, our portfolio is carefully diversified among a broad range of asset classes.

#### **MANAGEMENT FOR PERMANENCE**

The Foundation has established a strict spending rule to help ensure that your fund's value has every opportunity to outpace inflation while maintaining consistent income. Your organization annually will receive 4.5% of the fund's average market value, using a 16-quarter trailing average to help ensure that your payouts are as consistent as possible. Any additional earnings can increase the fund's principal and, over time, your annual grant.

### Support Services

Partnering with the Foundation enables your organization to take advantage of a variety of support services, from board educational programs to assistance with planned gifts.

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## Organizational Endowments, continued

### What endowment choices are available for my organization?

The Rhode Island Foundation offers two organizational endowment alternatives: The “traditional” endowment that we currently administer for more than 100 Rhode Island non-profits, and the “flexible” endowment that we added as a fund option in 2008. While different, both are designed to provide a funding source for nonprofit organizations today and in perpetuity.

#### WHICH ENDOWMENT OPTION IS RIGHT FOR YOUR ORGANIZATION?

	Traditional Endowment Fund	Flexible Endowment Fund
Minimum contribution	\$10,000	\$100,000
Annual distributions	Annually, subject to spending policy (4.5% of the fund’s market value calculated over the last 16 quarters)	Annually, subject to spending policy (4.5% of fund’s market value calculated over the last 16 quarters)
Access to principal	None	<ul style="list-style-type: none"> <li>• 90 days advance notice</li> <li>• Sliding withdrawal/termination fee, as a percentage of the amount withdrawn: Year 1, 5%; Year 2, 4%; Year 3, 3%; Year 4, 2%; Year 5 and beyond, 1%</li> </ul>
Annual fees	1% support fee .70 – .90% investment fee	1% support fee .70 – .90% investment fee

### How to establish

Creating an endowment at The Rhode Island Foundation is easy, but your board of directors must also certify that the fund was approved at a board meeting where a quorum was present. For more information, contact the Development Office at (401) 274-4564. We can help you achieve your fund’s purpose – whether to provide general operating support or support a specific program – and can help you prepare the appropriate documentation.