

## WHAT IS AN ENDOWMENT FUND?

An endowment fund is a permanent, self-sustaining source of funding. Endowment assets are invested. Each year, a portion of the value of the fund is paid out to support the fund's purpose, and any earnings in excess of this distribution are used to build the fund's market value. In this way, an endowment fund can grow and provide support for its designated purpose in perpetuity. When you establish an endowment fund, you create a permanent legacy of support for the organization(s) or causes that you care deeply about.

## WHY SHOULD I CONSIDER STARTING AN ENDOWMENT?

Endowment funds are a powerful giving vehicle that offer many benefits to donors and the nonprofit organizations/causes that they wish to support.

### Benefit to the donor:

- Allows the donor to perpetuate their values and charitable priorities by investing in the future
- Creates an ongoing source of income for the organization(s) or cause(s) that donors care deeply about
- Creates a sense of immortality through legacy giving and a named fund
- Can continue gifts made during a donor's lifetime – **forever**
- Allows donors to support the local community foundation while simultaneously supporting their personal charitable interests
- Provides a charitable income tax deduction in the year that gift is made, while allowing donor to be thoughtful about how they distribute charitable dollars over time.

### Benefit to the organization or charitable cause:

- Creates an ongoing and permanent source of income for the organization
- Enhances stability and prestige by sending a message of planned long-term stability, fiscal responsibility, and financial viability
- Relieves pressure from annual fundraising
- Can provide financial independence from certain economic, governmental, and political forces

## WHAT TYPES OF ENDOWMENT FUNDS CAN I START?

At Heritage Fund, we know that each donor has unique interests and passion when it comes to charitable giving. We strive to remain flexible and provide a variety of choices for donors to consider when establishing a fund. The following are some of the options we offer for endowment funds:

- **Unrestricted Funds** are used at the discretion of the Heritage Fund board to support the changing needs of the community now and in the future via an annual grant-making process.
- **Field of Interest Funds** support a particular area of charitable interest identified by the donor, such as education, arts, hunger, etc.
- **Designated Funds** provide support for a specific charitable organization or program as determined by the donor.
- **Donor-Advised Funds** provide grants to various charitable organizations or causes based on recommendations by donors during their lifetime. Upon death, these funds can be transitioned to a Designated, Field of Interest or Unrestricted Fund.
- **Scholarship Funds** provide academic support for students based on a donor's predetermined criteria.

## HAVE ADDITIONAL QUESTIONS OR WANT TO TALK ABOUT STARTING AN ENDOWMENT?

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