

What is Earned Income from Endowments?

Endowed gifts are invested into the long-term balanced pool. The primary purpose of the Endowment is to provide a predictable and permanent source of funding for the University's mission. The income earned from this investment can be spent or reinvested. The gift agreement will outline when spending may begin and the purpose to which the income can be directed.

Reinvested income is income that is reinvested back into the pool. Before an endowed fund reaches its spending minimum, income will be reinvested and cannot be spent, unless a unique term has been documented in the gift agreement. Reinvested income will increase the market value of the fund and buy additional units every month. This income will sit in fund 433.

Spending income is income that is readily available for use. Income will sit in either the 440 or 450 fund group. It is encouraged that you spend directly from the spending chart string rather than transferring funds out.

FAQs

How do I know what the distribution rule is?

Please utilize the Distribution Rule Worksheet report in [Fundriver](#). This will identify the spend rule currently in effect.

How do I know when the fund is ready to spend? Who sets this up?

For a distribution rule to be updated in Fundriver, the gifts received must be equal to or greater than the endowment minimum for the fund. Fundriver operates on a delay, so a fund can appear ready to spend per CATracks, but not be ready in Fundriver. Gift Acceptance and Fund Management in Alumni Relations and Development will review eligible funds on a monthly basis and will contact the school/unit if they identify funds ready to spend. The school/unit will be provided with a budget estimate and will work with the [Office of Budget and Planning](#) to create the budget rules for the spending chart string. Schools and units are encouraged to monitor their endowment funds and reach out to [Gift Acceptance and Fund Management](#) if they identify a fund that appears ready to spend.

How is income calculated?

Annual payout = spend rate x units. For further details, please reference the [payout calculation example](#).

When will my fund start distributions?

Fundriver will distribute reinvested and spending income the month after the gift is received and recognized in the general ledger. The gift must be in an active chart string, not a TBD account, in order to buy units.

Example: Gift received and recorded to CATracks on 4/16/18. NUFinancials posts the activity on 4/17/18 via CATrack's automated, overnight journal. Fundriver buys units and reports activity related to the April period on 6/5/18. The fund will be eligible for its first distribution the following month, May. Fundriver's May period distribution is posted on 6/17/18 to NU Financials.

For details on when income is distributed on a monthly basis, please see our [Fundriver Reporting Schedule](#).

How do I spend the income?

Process an expense transaction or journal. We highly encourage using direct expense charges to the endowment spend chart string to support use of endowed accounts for donor and management reporting. Transferring out via expense in 8-series adds an additional level of complexity and time to track for donor stewardship reporting.