



**SOUTHWEST INITIATIVE
FOUNDATION**

15 3rd Avenue NW
Hutchinson, MN 55350
(800) 594-9480
donate@swifoundation.org
www.swifoundation.org

One Connection. Unlimited Possibilities.

Named Endowment Funds

during your lifetime or in your estate plan

Creating an endowment fund that carries your name, your family's name or a loved one's name, can be a great way to support your community and create a lasting legacy. Plus, there are great tax advantages because the Southwest Initiative Foundation is a 501(c)(3) public charity. There are several types of named endowment funds, and you'll want to select the one that best matches the goals and impact you want to accomplish.

Types of Funds

- Agency/ Nonprofit Endowment Fund – benefits one or more specific 501(c)(3) nonprofit organizations or publicly-created institutions (such as a library) by distributing a portion of investment earnings each year to the organization
Minimum to establish this type of fund is \$10,000
- Donor-Advised Endowment Fund – allows you to stay involved by recommending grant awards each year and/or naming loved ones to recommend grant awards each year—similar to a private foundation
Minimum to establish this type of fund is \$10,000
- Field-of-Interest Endowment Fund – supports a priority area important to you (such as youth or aging in a particular community) by distributing a portion of earnings each year in response to local grant requests
Minimum to establish this type of fund is \$10,000
- Scholarship Endowment Fund – helps students achieve their higher education aspirations within the school district important to you
Minimum for this type of fund is \$50,000



Norma Stevens from Montevideo left a generous bequest in her will to create an endowment fund for Chippewa County Historical Society. The Norma Stevens Memorial Endowment Fund at Southwest Initiative Foundation now provides nearly \$4,000 per year to the Chippewa County Historical Society to support its mission.

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Confirmed in Compliance with National Standards
for U.S. Community Foundations

An Equal Opportunity Provider and Employer

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Endowment Funds 101 – The Basics

Gifts to an endowment fund are invested and never spent – they become permanent, untouchable principal in the fund. The goal of an endowment is perpetuity, and endowments are invested for long-term growth in a mix of stocks and bonds.

Each year, the Southwest Initiative Foundation will calculate a 5 percent “spendable” portion (using the March 31 fund balance and a 12-quarter rolling average). The fund must be above water, since the spendable portion comes from investment earnings (not principal). This spendable portion then becomes available for the purpose specified in the legal fund agreement on file at the Southwest Initiative Foundation office or in your estate planning documents.

Types of Gifts Accepted

- ▲ Cash
- ▲ Appreciated Securities
- ▲ Farmland
- ▲ Individual Retirement Accounts
- ▲ Grain / Commodities
- ▲ Other Property, such as a personal residence or vacation home

Fees

Administrative fees are assessed to each fund at the Southwest Initiative Foundation and simply help cover costs for the administrative and professional support provided. Administrative fees are subject to change based on fieldwide standards and the economic environment. Our current administrative fee for a named endowment fund is 0.25 percent quarterly, based on the average daily balance (or, 1 percent annually).

In addition, our investment managers charge separate fees to cover custody, investment management and trading activity. Investment returns over time (for endowed assets) have averaged 8.26 percent net of these fees. We have an Investment Committee that guides investments in compliance with the Investment Policy Statement approved by the Southwest Initiative Foundation Board of Directors. The names of investment managers, fees charged and the names of Investment Committee members are available upon request.

An Alternative

If name recognition is less important to you, there is not always a need to create a brand new fund. Instead, please consider supporting one of our 120 existing funds.

For a list, visit our website at <https://swifoundation.org/give-3/> and browse “Community Foundations” and “Designated Funds.”

Or, call our office at 1-800-594-9480 and we’ll help you determine if there is already a fund that fits your goals.

