

NSU Endowment

Frequently Asked Questions December 2018

What is the NSU endowment?

NSU's endowment is a collection of gift funds and reserves that are not wholly expendable on a current basis as well as earmarked reserves (board-designated or quasi endowment funds) that collectively comprise more than 330 individual funds, each of which was established to support NSU's mission. The majority of these funds are restricted to provide support for specific purposes (dedicated scholarships, named professorships, academic support, etc.) as set forth by the donors. The individual funds are pooled for investment purposes under NSU's Endowment Fund Investment Policy. NSU oversees management of endowed funds to provide support for current programs while facilitating a comparable level of support for future generations.

How does an endowment strengthen NSU?

The purpose of the endowment is to provide permanent support to NSU. By investing gifts made to the endowment, NSU provides for distributions using a payout formula that allows a steady stream of income to support current needs, while seeking to preserve the endowment's corpus.

What is NSU's investment policy?

NSU has adopted an investment and spending policy for endowment assets that provides a predictable stream of funding to programs supported by its endowment. Endowment assets are invested in a manner that is intended to produce a real return, achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends), net of inflation and investment management costs. Actual returns in any given year may vary. To satisfy the long-term, rate-of-return objectives, the university targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Who manages the endowment investments?

Investment performance of the university's endowment fund is monitored by Colonial Consulting, LLC. (since 2005). The Investment Committee of the Board of Trustees is responsible for oversight of the fund and meets regularly to review asset allocation and investment performance.

What is NSU's spending policy?

The spending policy provides that up to 5 percent of the endowment fund may be distributed annually, calculated based on a three-year moving average of the endowment fund's market value as of December 31 of the past three calendar years. No distributions will be made from an individual endowment until the account reaches a minimum of \$25,000. Until that time, all earnings will be reinvested. In addition, there is a one-year holding period from the time an endowment is funded until it is available for distribution.