

Effective Date Friday, November 20, 2015

Status Final

Last Revised Tuesday, October 3, 2023

Policy Type [University](#)

Contact Office

[University Advancement \(Office of\)](#)

Oversight Executive

[Vice President for Advancement](#)

Applies To

Academic Division The Medical Center The College at Wise University-Associated Organization

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Reason for Policy

The University strives to ensure that gifts support the University's mission of teaching, research, public service, and healthcare. This policy sets forth criteria for: (1) establishing named funds for designated purposes in order to assess the overall benefit to the University and whether incorporating the name is and will continue to be a positive reflection on the University; and (2) accepting gifts to establish certain funds such that the gifts are in amounts appropriate to carry out their specified use and administered in a manner appropriate for a tax-exempt educational institution.

Definition of Terms

Bequest

Property given to the University as the beneficiary of a will, revocable living trust, other testamentary instrument, or other non-probate assets such as a retirement plan, life insurance policy, or financial account.

Endowment

A gift of money or income-producing property given for a specific purpose, such as research or scholarships; it can also be unrestricted for discretionary use. Generally, the endowed asset is kept intact and only the income generated by it is spent. Endowment assets may be nonexpendable, expendable for donor-specified purposes, or unrestricted with regards to spending.

Gifts

Pledges, outright contributions received from private sources, or activities supported by an external party (i.e., donor) in exchange for which no goods or services are expected, implied or forthcoming to the donor, and in which no proprietary interests are to be retained by the donor.

Quasi Endowment

Funds established to function like an endowment, but which may be expended at the discretion of the entity's governing board. The principal is typically preserved while expenditures to support the purpose may be made from quasi endowment distributions. Distributions are determined in accordance with the entity's spending policy.

Policy Statement

It is the policy of the University to approve the establishment of funds for certain purposes upon the receipt of gifts or commitments which meet the prescribed requirements. Gifts of \$100,000 or more, or that establish endowments require the use of the University's [Standard Gift Agreement](#). The use of funds may be specified for purposes such as professorships, fellowships, scholarships, books, teaching, research, or a particular aspect of student life provided the donor submits his or her intentions in writing to the University. Each school or department may suggest special activities, programs, research, lectures, etc., that can be supported by varying amounts of funding. The Board of Visitors (BOV) or relevant governing board has the power, in the absence of written instructions from the donor, to designate funds as quasi-endowment, or for use in other purposes.

A gift or bequest may specify that the funds are either expendable or endowed. In addition, expendable or endowed gifts may be designated as restricted or unrestricted. See [below](#) for unacceptable restrictions. If restricted, written instruction from the donor is required. Note that unrestricted bequests to the University will be added to the University's unrestricted endowment.

Gifts for either current use or endowment purposes given directly to the University should be made payable to "The Rector and Visitors of the University of Virginia" and will be received and expended or invested by the University. Gifts for endowment or capital purposes must be specifically designated as such in writing by the donor. For gifts not specifically designated as endowed, the University may at its discretion create an endowment that honors the spirit of the donor intent (for more information, refer to policy [FIN-026: Creating and Managing Quasi Endowment Accounts](#)). Gifts made payable to: "the Rector and Visitors of the University of Virginia," are acceptable for all areas of the University. Additionally, any gift made payable to "The University of Virginia," to any of its schools or units, or to any of the funds administered by the University may be deposited in a gift account held at the University of Virginia, unless otherwise guided by donor instruction or separate agreement with a University-Associated Organization.

Named endowment funds are usually pooled for investment with the University's general endowment funds and the individual funds are credited with their pro rata share of the earnings at the annual rate as adopted by the BOV.

The establishment of a named endowment fund requires a gift with a specified minimum amount. Minimums for named endowment funds are detailed below. The Vice President for University Advancement is empowered to specify required minimum gifts for establishing other endowments. A named endowment fund may be created, even though the principal amount may not have reached the required minimum, if the donor agrees in writing to complete the endowment within a specified period of time, usually three to five years.

A gift or bequest for endowment less than the minimum at the end of the payment period specified in the gift agreement may be added to another endowment fund that pertains to the donor's desired intent if an inadequate funding clause was not included in the original gift agreement. In cases where no agreement exists, the receiving office will establish an agreement with the donor or will otherwise work with the donor or their representative to properly allocate the gift.

Funds may be established for the purposes as outlined below.

1. General Restrictions:

No gift which by its nature or acceptance thereof is prohibited by federal or Virginia state law will be accepted. Restrictions based on age, color, disability, gender identity, marital status, national or ethnic origin, political affiliation, race, religion, sex (including pregnancy), sexual orientation, veteran status, and family and genetic information are unacceptable in any gift to the University. If the University is asked to accept a gift which is inconsistent with the above restrictions yet is consistent with the University's goal of achieving a diverse student body, approval of the Vice President for University Advancement, and of the General Counsel must be secured.

2. Restrictions Involving Student Financial Aid:

In addition to the general restrictions noted above, the following restrictions are unacceptable in gifts given for financial aid purposes:

- Restrictions permitting designation of an individual recipient by the donor.
- Restrictions to relatives or descendants of the donor as recipients.
- Restrictions by the donor on interest rates and conditions for repayment of loans. (Rates of interest or repayment requirements should be determined by University policy and practice at the time of the loan.)

3. Types of Endowments:

a. Deanship:

A Deanship may be established and funded with a gift of \$5,000,000 or more.

b. Professorship:

A named endowed professorship may be established with a \$2,000,000 or larger gift. For formal establishment of the professorship by the BOV, a minimum gift amount of \$1,000,000 must be made, with the balance due according to the payment schedule established in the gift agreement.

c. Other Endowments Supporting Faculty:

i. Faculty Fund for Excellence:

A named endowed fund to provide support to the work of faculty member(s) in a department, program, school, institute, or center for academic purposes may be established with a gift of not less than \$1,000,000.

ii. **Named Research Fund:**

A named endowed fund to provide support to a department, program or individual faculty member for academic or research projects may be established with a gift of not less than \$500,000.

iii. **Scholarship:**

A named endowed fund for the purpose of supporting tuition, fees, and expenses for an undergraduate or professional student may be established with a gift of not less than \$100,000.

iv. **Graduate Fellowship:**

A named endowed fellowship for the purpose of supporting tuition, fees and expenses for graduate students may be established with a gift of not less than \$100,000.

v. **Lectureship:**

A named endowed fund to provide a lecture program (i.e., one that may be used for the honorarium and expenses of a special guest lecturer) for a school, department or program may be established with a gift of not less than \$100,000.

vi. **Unrestricted Endowments:**

A named endowed fund without additional restrictions to support needs in a school, department or program as determined by the dean of a school, the director of a program, or the President of the University may be established with a gift of not less than \$100,000.

vii. **Library Funds:**

The earnings from a named endowed library fund may be used for the purchase of books or other materials in a particular field or library and may be used as specified by the donor for other expenses of the library. Such a fund may be established with a gift of not less than \$50,000.

viii. **Prize/Award Funds:**

A named financial award for outstanding accomplishment may be provided through the establishment of an award or prize fund with a gift of not less than \$50,000.

ix. **Memorial and Commemorative Gifts:**

Memorial gifts may honor both the living and deceased. The most common gift is “in memory of.” However, special achievements often are more effectively honored during one’s lifetime and are more commonly referred to as “commemorative.” A named memorial or commemorative endowment fund may be established with a gift of at least \$50,000.

4. **Funds for Student Activities:**

Gifts and funds shall be accepted for the support of recognized student activities only if such activities

have the approval of the [Vice President and Chief Student Affairs Officer](#) and meet requirements stated as to minimum endowment or annual awards to recipients.

5. Gifts for Buildings, Parts thereof, or Landscape Features:

The University requires at least fifty-one percent (51%) of the announced private funding cost of a building be given by a donor if the donor wishes to have the building named for one whom he/she designates. When gift opportunities are offered for parts of a building, or for landscape features, the University requires the entire announced cost be given by a donor in order to allow a donor to name such designated portions of buildings or grounds. (For more information, refer to policy [EXT-004: Naming Policies for the University](#).)

6. Other Endowments Approved by the BOV:

From time to time, the BOV may approve minimum endowment levels for the use of individual schools or units (e.g., research chairs), as determined on a case-by-case basis.

7. Compliance with Policy:

Failure to comply with the requirements of this policy may compromise the University's fundraising efforts and donor relations and may result in disciplinary action up to and including termination or expulsion in accordance with relevant University policies.

Questions about this policy should be directed to the [Office of University Advancement](#).

Related Information

[EXT-004: Naming Policies for the University](#)

[FIN-001: Determining if an Award is a Gift or Sponsored Project](#)

[FIN-015: Endowment and Capital Agreements](#)

[FIN-025: Internal Investment Program for University Units](#)

[FIN-026: Creating and Managing Quasi Endowment Accounts](#)

[Standard Gift Agreement](#)

[BOV minutes, September 30, 2005 Approval to Raise the Minimum Endowment Levels](#)

Major Category [External Relations](#)

Next Scheduled Review Tuesday, November 20, 2018

Revision History

Updated titles 10/3/23; University-Related Foundation changed to UAO 5/10/22; Added Compliance section 12/20/21; Updated term "Gifts" 6/22/18.

Applies To Text

Academic Division, the Medical Center, the College at Wise, and University-Associated Organizations.

Supersedes Policy Text

IX.A.3, Establishment of Funds for Certain Purposes; IX.A.6, Establishment of Named Funds for Certain Purposes; IX.A.8, Sample Named Endowment and Bequest Language; IX.A.10, Presenting Professorships to the Board of Visitors for Establishment

Last modified April 23, 2024 - 12:47pm

Approved By Policy Review Committee

Approved Date November 20, 2015 - 12:00pm