



Hampton University Endowment Policy

Purpose

- The purpose of this Endowment Policy is to establish the guiding principles and procedures for the creation, acceptance, investment, management, and administration of endowment funds at Hampton University.
- Endowments are critical to the University's financial stability and long-term ability to fulfill its mission of providing an "education for life"

Definition

- An endowment is a fund established by a donor through a gift to the University, where the principal of the gift is held in perpetuity.
- The University invests the principal, and a portion of the resulting income is made available for spending in accordance with the donor's designated purpose.
- The principal of the endowment remains intact, providing a perpetual source of funding for the University.

Governing Principles

This section outlines the foundational principles guiding the management and utilization of Hampton University's endowment, emphasizing the Board of Trustees' fiduciary duty, strict adherence to donor intent, a prudent long-term investment strategy, and a balanced spending policy.

PRINCIPLE	DESCRIPTION
Fiduciary Responsibility	The Board of Trustees of Hampton University has the ultimate fiduciary responsibility for the oversight and management of all endowment funds, ensuring that they are managed in the best interest of the University and in accordance with donor intent.
Donor Intent	The University is legally and ethically bound to honor the specific purposes designated by donors in their gift agreements. Endowment funds will be used exclusively for the activities and programs specified by the donor.
Prudent Investment	Endowment assets will be invested with the goal of maximizing long-term total return while maintaining an appropriate level of risk. The University will adhere to a prudent investment strategy that balances current income needs with the preservation and growth of principal.
Spending Policy	The University will establish a spending policy that determines the amount of endowment funds that can be spent each year. This policy will be designed to provide a predictable stream of income while protecting the endowment's purchasing power against inflation.

Types of Endowment

Hampton University offers various types of endowments to support its mission and allow donors to align their philanthropic goals with specific University needs: .

TYPE	DESCRIPTION
Endowed Scholarship	Provides financial assistance to undergraduate or graduate students, supporting access to a Hampton University education.
Endowed Professorship/Chair	Supports faculty positions, enabling the University to attract and retain distinguished scholars and enhance academic excellence.
Endowed Program Fund	Supports specific academic programs, research initiatives, or other programmatic needs within a department, school, or the University.
Endowed Lectureship	Funds lectures and colloquia, bringing renowned speakers to campus to enrich the intellectual life of the University.
Endowed Deanship	Provides discretionary funding to support the strategic direction and priorities of a school or college.
Graduate Fellowship Endowment	Supports graduate students by providing funding for tuition, fees, and research, enhancing graduate programs and attracting top graduate talent.
Maintenance Endowment	Provides ongoing funding for the maintenance, preservation, and enhancement of University facilities and infrastructure.
Naming Opportunities Endowment	Allows donors to name a scholarship, professorship, program, building, or other significant University asset in recognition of their philanthropic support.

Endowment Minimums

- **Endowed Scholarships:** The minimum amount to establish an endowed scholarship is \$50,000.
- **Endowed University Professorship:** A minimum of \$1 million is required to establish an endowed University Professorship.
- **Endowed Lectureship:** A minimum of \$300,000 is required to establish an endowed lectureship.
- **Naming Rights Endowment:** Naming rights for new facilities require at least fifty-one percent (51%) of the total construction costs to be committed and secured by the donor. The Board of Trustees may make exceptions to this policy upon the recommendation of the President.

Establishing an Endowment

This section details the comprehensive process for establishing an endowment at Hampton University, from initial donor inquiry and gift agreement finalization to fund activation, ongoing management, spending policies, and transparent reporting.

PROCESS	DESCRIPTION
Initial Inquiry	Prospective donors should contact the Office of Advancement & External Engagement to express their interest in establishing an endowment.
Gift Discussions	The Office of Advancement & External Engagement will work with the donor to define the endowment's purpose, type, and funding level, ensuring alignment with both the donor's philanthropic intent and the University's strategic priorities.
Gift Agreement	<p>A formal gift agreement will be executed between the donor and Hampton University. This agreement will clearly outline:</p> <ul style="list-style-type: none">• Donor's intent and any specific restrictions on the use of the endowment funds.• The name of the endowment.• The minimum funding level and the schedule for contributions (if the endowment is funded through a pledge).• Criteria for the selection of beneficiaries (if applicable, e.g., scholarship recipients).• Reporting and stewardship provisions.
Funding the Endowment	<ul style="list-style-type: none">• The donor may fund the endowment with an outright gift or through a pledge payable over a period of up to five years.• The University may allow for the establishment of a pre-endowment fund with a pledge of \$25,000, with the understanding that the donor will increase the fund to the required minimum within a reasonable timeframe.

Endowment Activation	<p>Endowment spending typically begins after the fund reaches the minimum funding level and has been invested for a specified period (e.g., one year) to generate income.</p>
Endowment Management and Spending	<ul style="list-style-type: none"> • Endowment funds are invested as part of the University's consolidated endowment portfolio, managed in accordance with the University's investment policies and objectives. • The amount of endowment income available for spending is determined by the University's endowment spending policy, which seeks to balance current needs with the preservation of the endowment's purchasing power. • The current payout rate is 40 percent of the interest earned.
Endowment Administration and Reporting	<ul style="list-style-type: none"> • The University is responsible for the proper administration of endowment funds in accordance with the terms of the gift agreement and all applicable University policies and procedures. • For endowments with a scholarship purpose, the Office of Financial Aid and Scholarships is responsible for selecting student recipients based on the criteria specified in the gift agreement. • The Office of Advancement & External Engagement will provide donors with regular reports on the endowment's financial performance and the use of endowment funds.



Spending Policy

- The Board of Trustees establishes the Endowment Spending Policy, which governs the annual distribution of endowment income.
- The spending policy is designed to provide a reasonably predictable stream of income to support the purposes of the endowment while preserving the endowment's real value (purchasing power) over time.
- The spending policy will specify the spending rate (the percentage of the endowment's value that is made available for spending each year) or a formula for determining the annual distribution amount.
- The spending policy will be reviewed periodically and may be adjusted by the Board of Trustees as needed to ensure its effectiveness and alignment with University objectives.

Investment Management

- The University's endowment assets are invested in a diversified portfolio that may include various asset classes, such as equities, fixed income securities, alternative investments, and real estate.
- The investment strategy is guided by the principles of prudence, diversification, and a long-term investment horizon, with the goal of maximizing total return (income and appreciation) consistent with an acceptable level of risk.
- The University may engage external investment managers to assist in the management of endowment assets, adhering to established investment guidelines and oversight processes.

Administration & Oversight

Office of Advancement and External Engagement



The Office of Advancement & External Engagement is responsible for the overall administration of the Endowment Program, including:

- Cultivating and soliciting endowment gifts.
- Negotiating and preparing gift agreements.
- Ensuring compliance with this policy and all applicable University policies.

Office of Business Affairs



The Office of Business Affairs is responsible for the financial management, accounting, and reporting of endowment funds.

Board of Trustees



The Board of Trustees provides oversight of the Endowment Program, including:

- Approving the Endowment Policy and any revisions thereto.
- Establishing the Endowment Spending Policy.
- Monitoring the performance of endowment investments.



Important Notice: These policies are subject to change and should not be considered a substitute for professional legal, financial, or tax advice.

Office of Advancement Contact Information

<i>Division</i>	<i>Phone</i>	<i>Email</i>
Chief Advancement Officer	757-727-5356	<i>marc.newman@hamptonu.edu</i>
External Engagement	757-727-5002	<i>evelyn.graham@hamptonu.edu</i>
Donor Relations	757-637-3129	<i>gary.hunter@hamptonu.edu</i>
Corporate & Foundation Relations	757-728-6177	<i>andrea.tatum@hamptonu.edu</i>
Advancement Services	757-727-5327	<i>trina.locke@hamptonu.edu</i>
Alumni Affairs, Annual Fund & Family Engagement	757-727-5717	<i>matthew.white@hamptonu.edu</i>
Planned Giving	757-727-5286	<i>susan.perkins@hamptonu.edu</i>
Grants	757-727-5356	<i>elvin.dowlingcanady@hamptonu.edu</i>

Policy Review

This policy shall be reviewed and updated periodically to ensure compliance with best practices and University policies.

Disclaimer

Hampton University reserves the right to modify, amend, or revoke these policies, guidelines, and procedures at its sole discretion, at any time, and without prior notice. While every effort has been made to ensure the accuracy and completeness of this document, it is intended for informational purposes only and does not constitute a contract or binding agreement. The University retains ultimate authority over all matters related to gifts, endowments, planned giving, scholarships, naming opportunities, and all other fundraising activities. Donors and prospective donors are encouraged to consult with their own legal, financial, and tax advisors regarding their charitable contributions.