

Foundation Board of Trustees

Leaving a Legacy: How to Establish a New Fund



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Do you have a great idea
for a legacy project or scholarship? ...or
perhaps a student competition or
other initiative?

Have you considered
how the activity might be funded?

Take your idea to any Foundation member or
Headquarter staff member. They will work with you
to explore opportunities.



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The Approval Process

Step 1:

A Headquarter staff member and the Foundation Treasurer work

with you to develop:

- A concise description of the activity.
- The implementation.
- A specific funding plan.



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The Approval Process (continued):



Step 2:

The proposed activity is submitted to the appropriate committee and then to the Board of Trustees of the Society along with the Foundation Board of Trustees for approval.



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The Approval Process (continued):



Step 3:

If needed, a committee to administer the activity is identified or developed to manage the purpose (or activity) of the fund.



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The Implementation Process

~ begins as soon as the funding requirements, approvals and details have been met ~

- Complete the details for the activity one year preceding the date of first presentation.
- Choose and design the recognition item, if one is a part of the activity.
- Attend the announcement/presentation to the recipient, if possible.



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Considerations:

Title of activity

Targeted educational or scientific purpose
of the activity

Who is eligible to make use of the fund for the activity?



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Considerations:

How will the potential users be:

- informed about the availability of the fund and the process to apply?
- approved and chosen?



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Considerations:

How will the outcomes expected be:

- evaluated,
- communicated
- monitored

to assure they are used directly for educational and scientific purposes?



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Endowed vs. Capital Funds

Endowed Fund is established to support the activity into perpetuity by using only the income from the fund and never the original principal (known as a Board-Designated Endowed Fund or B-DEF).

OR

Capital Fund is supported by annual or periodic contributions so that the activity can be carried out for two successive years



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Funding an *Endowed Fund*

- Minimum contribution level to establish a named fund is \$25,000 - sufficient to provide an annual spending rate of \$1,000
- amount = total annual cost of the activity + necessary administrative costs



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Funding an *Endowed Fund* (continued)

- required contribution for a B-DEF is based upon spending a maximum of 4% annually from the balance of the fund once it is fully endowed

This provides enough additional returns to maintain the purchasing power of the fund to offset inflation over time.



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Funding an *Endowed Fund* (continued)

Examples of Funding Requirements :

- A \$1,200 scholarship requires about \$45,000.
- A program that requires total annual funding of \$4,000 would need a \$100,000 contribution to become endowed.
- An award with a plaque requires about \$30,000



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Funding an *Endowed Fund* (continued)

During the endowment accumulation period the fund is an *Endowed-In-Process Fund (EIPF)* and it:

- Does not earn returns.
- Is not exposed to investment risks.
- Is not charged fund-raising costs.



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Funding a *Capital Fund*

Supported by annual or periodic contributions so that the activity can be carried out annually

Sufficient balance in the fund for two years of the activity



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Funding a *Capital Fund* (continued)

To establish a named capital fund:

initial contributions given or promised must be sufficient to carry out the activity for a minimum of five years



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Funding a *Capital Fund* (continued)

- annual spending rate = annual cost of the activity + administrative costs
- limited only by the balance in the fund plus enough for the next year if the purpose is to continue
- minimum total contribution to establish a named capital fund = \$10,000.



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Funding a *Capital Fund* (continued)

Capital funds:

- Do not earn returns.
- Are not subject to market fluctuations.
- Are not charged fund-raising costs.



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Current funds support:

- 23 Annual awards
- 5 Student competitions
- 2 Undergraduate scholarships
- 22 Programs to support the work of ASABE

Nearly \$70,000 is provided annually from these funds to support the Society's mission.



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*For a complete list of our funds, go to
asabe.org/foundation/foundation-funds.aspx*

Contributions of any amount
to any of our funds
are always welcome and appreciated.



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If you need *more information*
or have questions, *contact*
Society Headquarters at
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foundation@asabe.org



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