



ADMINISTRATIVE

POLICIES AND PROCEDURES MANUAL

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SUBJECT  
UNIVERSITY ENDOWMENT POLICY

SUB-TOPIC

**PURPOSE AND SCOPE**

Endowments are a critical element in The University of Texas at Dallas' ability to maintain quality in its academic and research efforts.

The University recognizes that each endowment is unique and that exceptions may, from time to time, be appropriate. The policies in this section are designed to permit maximum flexibility in securing additional endowments.



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**ENDOWMENT POLICY GUIDELINES**

**Administrative Policy**

- A. A written donative instrument should be obtained for each new endowment fund established. This instrument would preferably include language encouraged in The Investment Policy and Payout and Reinvestment Policy sections of these Guidelines as well as the following:
  - 1. a statement that these funds shall never become a part of the Permanent University Fund or the general funds, and that they are restricted for use at The University of Texas at Dallas;
  - 2. a statement allowing any person or entity to make additions to the endowment provided that the additions are made subject to the provisions of the native instrument; and
  - 3. a statement that if, in the opinion of the University, future circumstances change so that the purposes for which the endowment is established become illegal, impractical or no longer able to be carried out to meet the needs of the component institution, the University may ask the Board of Regents of The University of Texas System to designate an alternative use for the endowment payout to further the objectives and purposes of The University of Texas at Dallas, giving consideration to the donor's special interest as evidenced by the original purpose of the endowment.

In cases where no donative instrument is obtained, the solicitation letter or document sent to the donor(s) may be used as evidence of donative intent and purposes. Should the donor request or require that the donative instrument be signed by the University, the document may be signed only after acceptance of the endowment by the U.T. Board of Regents.

- B. The University of Texas at Dallas will not under any circumstances (1) furnish property appraisals or valuations to donors for tax purposes, or (2) knowingly participate in a transaction in which the value of a gift is inflated above its true fair market value to obtain a tax advantage for a donor. It is the responsibility of U.T. Dallas to follow the appraisal and reporting requirements as detailed in the **Internal Revenue Code**.



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**ENDOWMENT POLICY GUIDELINES**

Investment Policy

- A. The Office of Asset Management of the U.T. System shall invest all endowment funds donated to U.T. Dallas which are under the sole control of the Board of Regents of the U.T. System. No matching funds or other funds of U.T. Dallas may be held or managed by a party selected by the donor unless specifically approved by the Board of Regents. No endowments shall be accepted in which the donor directs the investment transactions or holdings or may approve (other than by specific investment restrictions in the donative instrument) investment policy or strategy.
- B. Restrictions by the donor on the sale or timing of the sale of donated property should be viewed as an investment restriction and should be actively discouraged. However, any such restrictions which are approved should be included specifically in the donative instrument in order to insure that the agreement is understood by all parties.



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**ENDOWMENT POLICY GUIDELINES**

**Payout and Reinvestment Policy**

- A. The payout from an endowment shall not exceed received cash income unless otherwise specified in the donative instrument. Income shall be defined as dividend, interest, and other income, but shall exclude net appreciation, both realized and unrealized. Certain charitable remainder trusts and life income funds may be accepted which do not comply with this policy during the period in which the payout recipient is not U.T. Dallas.
  
- B. In order to insure that the University has the ability to manage income and reinvestment policies, wording in the donative instrument should be encouraged which specifically allows the following:
  - 1. income earned and received during a year to be retained in the endowment and expended for the purposes of the endowment in subsequent years, and
  
  - 2. the designation of some portion of income from the endowment as a permanent addition to the principal of the endowment at the discretion of The University of Texas at Dallas.
  
- C. All payout from endowments supporting unfilled academic positions should be reinvested except for amounts necessary to fund costs relating to recruitment activities.



SUB-TOPIC

**ENDOWMENT POLICY GUIDELINES**

**University Student Property Deposit Endowment Fund**

Section 54.5021 of the Texas Education Code provides that any student's general property deposit unclaimed for four years after the last date of attendance is forfeited and may be used as directed by the Board of Regents to award scholarships to needy and deserving students, support a general student union program, or establish a University student loan program. Accordingly, the Board of Regents of The University of Texas System has established the U.T. Dallas Student Property Deposit Endowment Fund.

The U.T. Dallas Student Property Deposit Endowment Fund shall be administered in accordance with the following policies and procedures:

1. Beginning in fiscal year 1990, or thereafter, funding for this endowment shall be provided through annual transfers to the U.T. system of forfeited property deposit funds.
2. At least ten percent of the annual income from the endowment fund will be reinvested in the corpus. The remaining income will be used to provide scholarships to needy and deserving students through the Office of Financial Aid.
3. The corpus of the Fund may be invaded if deemed necessary in the judgment of the President for the sole purpose of meeting existent student scholarship commitments and/or maintaining a similar level of future scholarship funding.