



Western Carolina University Endowment

As is the case across the national higher education landscape, Western Carolina University’s endowment represents a dedicated and permanent source of funding that aligns with the fulfillment of the university’s teaching, research, service, and engagement mission and dedicated to improving individual lives and enhancing the economic and community development in Western Carolina and beyond. WCU’s endowment is integral to its financial health, and the endowment-per-student ratio represents a key measure of institutional viability.

Contributions to the WCU Endowment

Donors may establish specific endowed funds as part of WCU’s overall institutional endowment through individual charitable commitments of \$25,000 or more. Assets of individual endowed funds are pooled and invested as a single, university portfolio.

Such charitable commitments are structured so that the contributed amounts are sustained in perpetuity. A portion of the earnings from the invested assets are expended for the purpose or purposes agreed upon by both the donor and the university. The balance of the investment earnings accrue to principal and allow the fund to grow over time and, as a result, produce increased earnings.

WCU’s endowment spending policy provides for a total 5 percent of the endowment’s 12-quarter rolling average market value to be awarded, discarding the highest and lowest quarter’s value as of June 30. The total spending allocation is then divided by the number of units each individually funded endowment has invested within the overall investment pool.

Upon reaching the minimum endowment threshold of \$25,000, awards supported by the fund may begin within the second academic year following the first annual valuation determining investment earnings.

The spending policy is based on a total return approach to maintain stable cash flow over an extended period of time, to protect funds against inflation, and to preserve and grow the purchasing power of the endowment.

Example:

Investment Pool Valuation and Award Schedule FY 2016 and FY 2017				
Donation given in:		Minimum Endowment Level: \$25,000 If fully endowed with donor agreement, enters Investment Pool:	Valuation Date:	For award in:
Quarter Beginning	Quarter Ending			
July 1, 2015	September 30, 2015	October 1, 2015	June 30, 2016	Fall 2017- Spring 2018
October 1, 2015	December 31, 2015	January 1, 2016	June 30, 2016	Fall 2017- Spring 2018
January 1, 2016	March 31, 2016	April 1, 2016	June 30, 2016	Fall 2017- Spring 2018
April 1, 2016	June 30, 2016	July 1, 2016	June 30, 2017	Fall 2018- Spring 2019
July 1, 2016	September 30, 2016	October 1, 2016	June 30, 2017	Fall 2018- Spring 2019
October 1, 2016	December 31, 2016	January 1, 2017	June 30, 2017	Fall 2018- Spring 2019
January 1, 2017	March 31, 2017	April 1, 2017	June 30, 2017	Fall 2018- Spring 2019
April 1, 2017	June 30, 2017	July 1, 2017	June 30, 2018	Fall 2019- Spring 2020

WCU's Endowment Compared to Select UNC System Institutions for FY13
(Latest data available)

Select UNC Institutions	Total Gross Scholarships and Fellowships	Value of Endowment Assets
North Carolina State University	\$144.7M	\$769.4M
University of North Carolina at Greensboro	\$76.4M	\$224.6M
University of North Carolina at Charlotte	\$88.8M	\$146.5M
East Carolina University	\$82.4M	\$144.7M
Appalachian State University	\$51.1M	\$78.6M
University of North Carolina at Wilmington	\$40.1M	\$73.8M
Western Carolina University	\$32.3M	\$54.5M
University of North Carolina at Pembroke	\$23.3M	\$18.2M

Endowed Scholarship Funds Q&A

What is an endowed scholarship fund?

An endowed scholarship fund is a permanent fund held within the WCU Foundation and invested as part of the larger university endowment. The principal is never spent. Instead, it is prudently invested according to the University's Endowment Investment Policy. Every year, a percentage of each scholarship fund's investment earnings is awarded to students according to the donor's wishes and as formalized through the gift agreement co-signed by the donor or donors and WCU.

How do I name an endowed scholarship fund and establish award criteria?

Endowed scholarship funds are created and named by the donor or donors. Often these funds are named in honor or in memory of someone of importance and significance in the donor's life or for the donor or donors themselves. Whatever names are chosen, these scholarships are awarded for the benefit of the student recipients based on a variety of criteria, including financial need, merit, and/or geography among others. Clearly, there are advantages associated with criteria that provide WCU with the maximum flexibility in making these awards while also meeting the interests of the donors. Scholarships also may be provided to student-athletes. No fund may discriminate among applicants on the basis of race, gender, religious preference, or ethnic origin.

How much is required to endow a scholarship?

Donors work with the University and its development staff professionals to understand each donor's goals for their scholarship. A minimum of \$25,000 is required to start an endowed scholarship, with the need for higher level fund amounts to more fully address the needs of WCU students.

How can I support students meeting my scholarship's criteria before the first awards are made, given that earnings are not available until the second academic year following the first annual valuation?

Prior to the availability of earnings from a given endowed fund, awards can be made through additional, outright gifts designated for these purposes.

Please Note: If the donor is planning to make an outright gift, WCU needs to know of these intentions no later than August 31 of a given calendar year in order to identify a student or students for the following academic year. The funds themselves need to be received no later than February 1 of that same calendar year in order for the scholarship awards to be made.

Are there any fees associated with my endowed fund?

A 1 percent fee is charged to the fund annually. This is assessed on the fair market value of the fund on June 30 of each year. No administrative fee is charged until the fund reaches the endowment threshold

Endowment Illustration based on 2015-2016 Tuition and Fees

The amount of the annual award is based on 5 percent of the endowment's 12-quarter rolling average market value, discarding the values of the highest and lowest quarters as of June 30. Distributions from each endowment fund are then based on their unitized values within the overall pool.

	Annual Award	Endowment Required
Full Scholarship In-State Tuition, Fees, Room, and Meal Plan	\$16,531	\$330,625
Full Scholarship In-State Tuition and Fees	\$8,630	\$172,600
Half Scholarship In-State Tuition and Fees	\$4,315	\$86,300
Quarter Scholarship In-State Tuition and Fees	\$2,157	\$40,670
Full Scholarship Out-of- State Tuition, Fees, Room, and Meal Plan	\$26,924	\$538,486
Full Scholarship Out-of-State Tuition and Fees	\$19,023	\$380,460
Half Scholarship Out-of-State Tuition and Fees	\$9,512	\$190,240
Quarter Scholarship Out-of State Tuition and Fees	\$4,756	\$95,120

For illustration purposes, the required amount for an endowment is computed by dividing the annual amount by 5 percent.