

# *Cornell's* **ENDOWMENT**

**OUR  
COLLECTIVE  
INVESTMENT  
IN THE  
FUTURE**



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*The best way to  
predict the future  
is to **CREATE** it.*



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Imagine **THE FUTURE** of Cornell College

We don't often pause to think about what the future will be like beyond the span of our own lifetimes. Will access to a high-caliber education be widely available? Will children in upcoming generations have the same opportunities we have enjoyed? Will educational institutions be ready to support a more diverse population? These questions cannot be answered with any certainty, but one way you can create the positive future you want to see for generations to come is by investing in Cornell's endowment.

Endowments are particularly powerful because they deliver a dependable, perpetual source of funding. This ensures that the college can continue to provide a vibrant and full range of programs and services such as scholarships and financial aid for our students, funds for the benefit of academic programs, and support for our distinguished and dedicated faculty members.

A gift to our endowment is an investment in shaping the future of Cornell College and the generations of students yet to matriculate to the Hilltop. Each gift makes a significant difference in the lives of our students both today and tomorrow.

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What is an **ENDOWMENT**?

Cornell College’s endowment is composed of hundreds of restricted and unrestricted funds established by donors for various purposes and is the core of Cornell’s financial foundation, contributing essential funding to all facets of the campus.

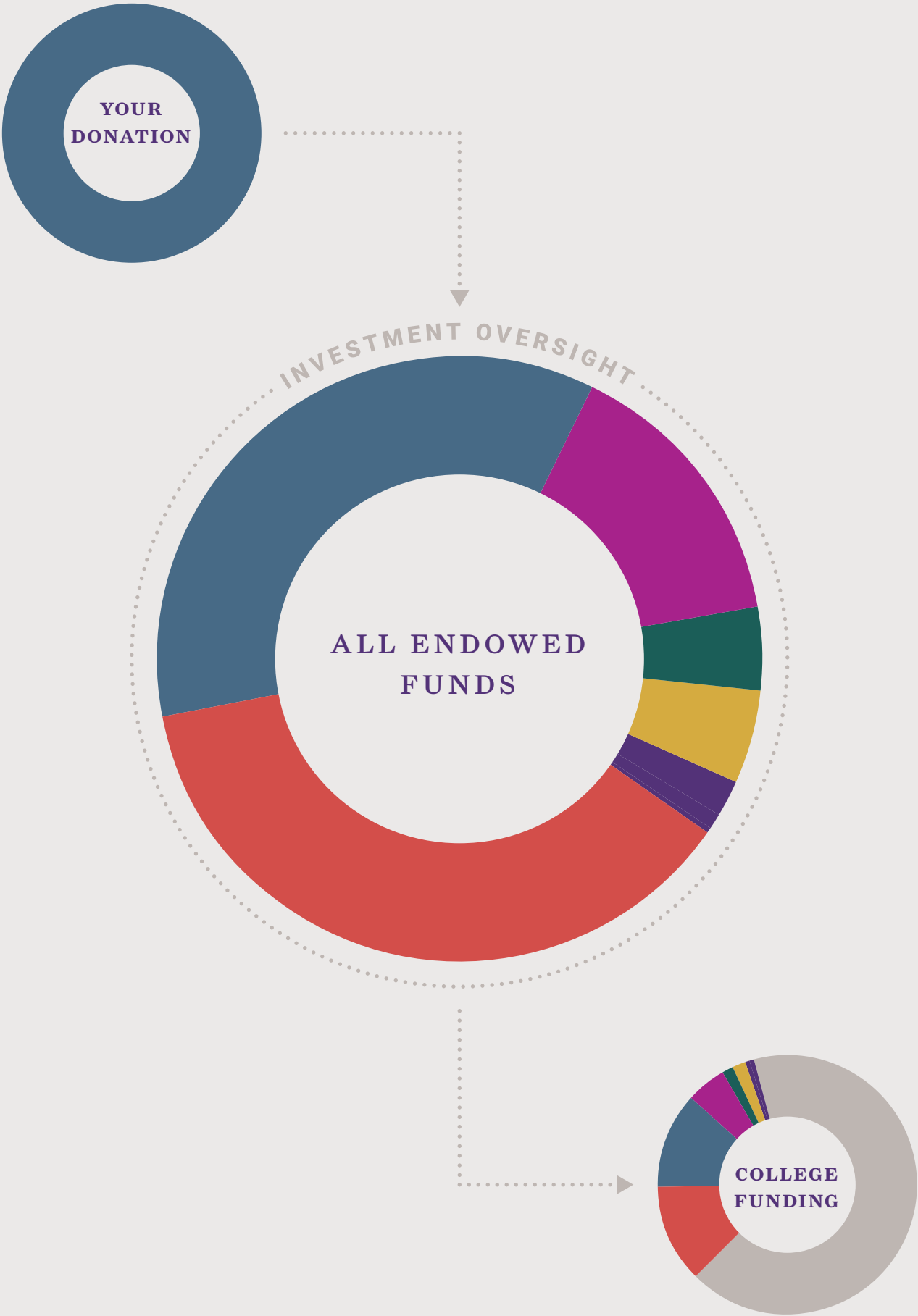
These endowed funds are unique in that while the gift is pooled for investment purposes with other endowed gifts, it is accounted for and managed as a separate fund. The pooled investment is then managed by a team of highly-qualified individuals that serve on our Investment Committee, which is a standing sub-committee of our Board of Trustees.

Per Board policy, a percentage of the endowment called the ‘spend rate’ is distributed to the college each year per the guidelines of each fund’s restrictions. The actual calculation of the overall distribution to the college is based on the 12-quarter trailing average market value of each fund making up the endowment. The remaining earnings are reinvested to ensure long-term growth and sustainability, thus maintaining the fund’s spending power far into the future. In this way, an endowment is intended to be a perpetual gift.

Endowed funds can be approached two ways.

A **restricted fund** is a type of endowed fund that has been designated for a specific purpose, such as academic scholarships or experiential learning.

An **unrestricted fund** is the most valuable type of endowed fund because it provides the college leadership flexibility in applying the monies to the areas of highest need, which may be very different tomorrow—and almost surely different 20 years from now—than they are today.



## *Why should **YOU** invest in the future of Cornell through the endowment?*

### **The Endowment positions Cornell for future success**

Endowments provide a consistent and perpetual income stream that supports students, faculty, research, and academic programs both now and in years to come. Endowments also provide the stability that the college needs to weather the uncertainties of the future, to recruit and retain exceptional students and faculty, and to deliver critical funding to support academic initiatives.

### **Endowments are for long-term planning**

Cornell's endowment has increased in market value substantially through the years, and while future returns cannot be guaranteed, endowments in general are designed and invested accordingly to provide stable, long-term growth on the initial investment. Because the time horizon is substantially longer for an endowment than it is for a personal account, investment strategies differ from those deployed for an individual investor. Cornell's investment committee actively monitors both the risks and returns of the endowment in collaboration with our professional investment advisors and adjusts the overall investment strategy when necessary.

### **Growing the endowment is a crucial priority**

The Endowment is an integral part of Cornell's overall financial health and wellness. Considering the college's age and caliber, there are ample opportunities for the current generation of Cornellians to invest and expand the endowment in order to continue the rich tradition of the liberal arts experience at Cornell. Ensuring that the endowment continues to grow through new outright and estate gifts as well as investment returns provides a twofold benefit: we will generate increased resources for programs, and we will bolster our long-term financial stability and competitiveness as a nationally-ranked liberal arts college.

Considered a measure of an institution's long-term strength, growing the endowment is essential if Cornell is to remain a dynamic and successful liberal arts college in the future.

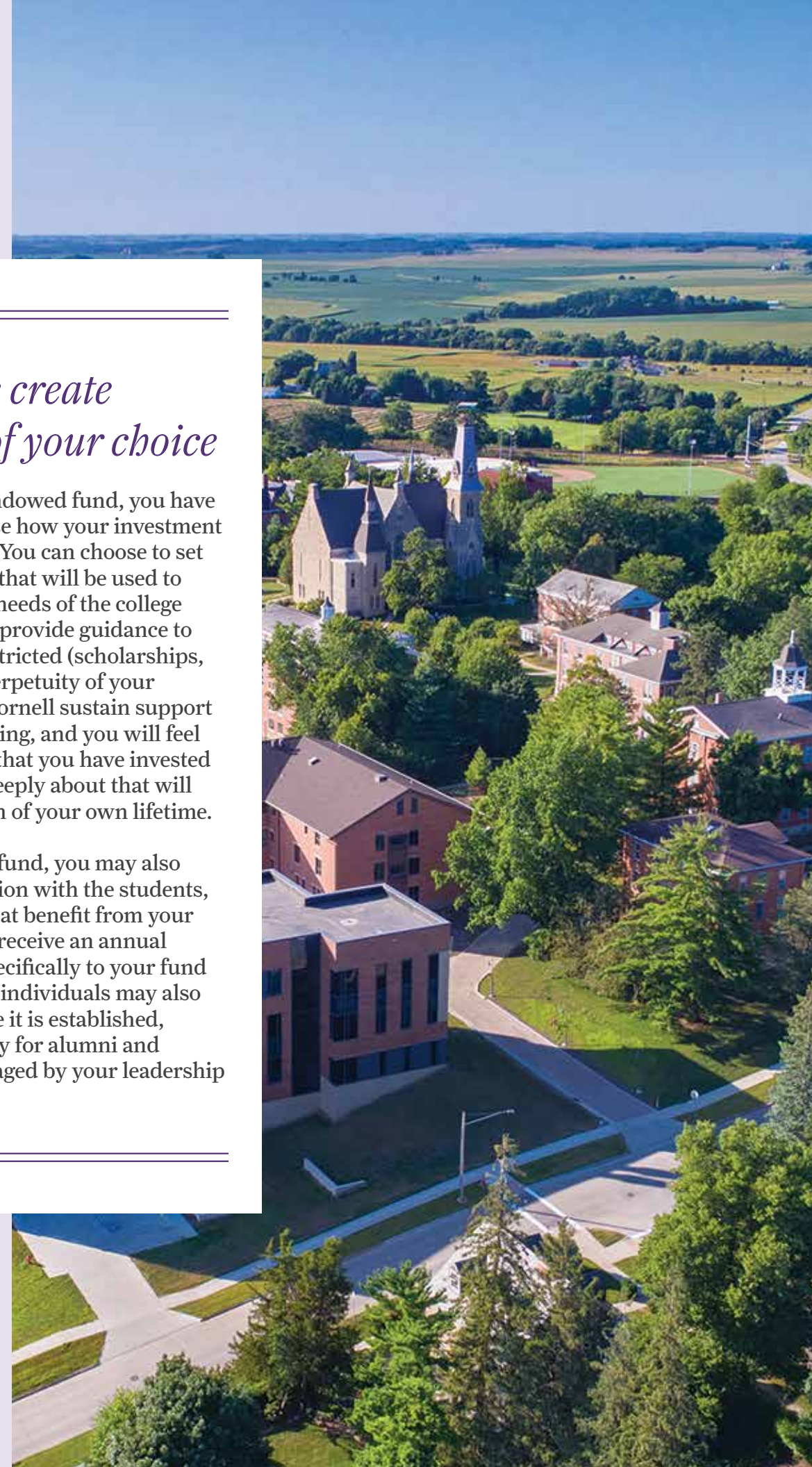
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## *Endowed gifts create the **LEGACY** of your choice*

When establishing an endowed fund, you have the opportunity to choose how your investment will support the college. You can choose to set up an unrestricted fund that will be used to meet the ever-changing needs of the college in the future, or you can provide guidance to how the fund is to be restricted (scholarships, internships, etc.). The perpetuity of your endowed gift will help Cornell sustain support in the area of your choosing, and you will feel satisfaction in knowing that you have invested in something you care deeply about that will last well beyond the span of your own lifetime.

Through your endowed fund, you may also build a stronger connection with the students, faculty, and programs that benefit from your generosity, and you will receive an annual donor report tailored specifically to your fund and its initiatives. Other individuals may also contribute to a fund once it is established, providing an opportunity for alumni and supporters to be encouraged by your leadership to the college.

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# Designing **YOUR** legacy

There are many different types of endowed funds that donors can create. All designations and restrictions must be approved based on IRS, federal, state, and college policy, which requires that preferences be reasonably broad so as to maximize flexibility in awarding. When you speak with a member of Cornell’s development staff, they will help you find an area that aligns with your interests and the college’s priorities and policies.

Examples of possible fund designations based on current priorities of the college are:



Craig M. Teague, PhD,  
Richard and Norma Small  
Distinguished Professor

## Scholarships & Financial Aid

99% of Cornell students receive financial assistance from the college to reduce the cost of his or her education. Endowed scholarships can mean the difference between a student attending Cornell or choosing a different college. These perpetual sources of scholarship support help the college attract and retain talented students of all backgrounds by making a Cornell education as affordable as possible.

## Faculty Support

Cornell’s greatest asset is its faculty. Accomplished and dedicated, Cornell professors teach on the Hilltop because they want to help students reach their potential as scholars, individuals, future employees, and citizens. One way to recruit and retain talented faculty for Cornell students is through named, endowed chairs. These positions create a permanent source of funding for the salary and faculty development of a professor. Most often created to recognize outstanding faculty within a department that has special meaning for the donor, these prestigious positions bring honor to the professor as well as to Cornell.

## Experiential Learning

At the start of the 2020 academic year, Cornell launched its new Ingenuity core curriculum, which was created as part of a strategic initiative to develop a new way to think about the liberal arts. The curriculum invites our students to engage with interdisciplinary knowledge and skills in ways that are directly applicable to real-world experiences. A key component of the new core curriculum is *Ingenuity in Action*, which encourages students to apply what they are learning in the classroom to the real world through internships, research, or community projects.

Creating an endowed fund in support of one or more of Cornell’s Ingenuity in Action categories—Civic Engagement, Creative Expression, Global Connections, Leadership, Professional Exploration, or Research—is a key priority for the college as we look to increase the size and scope of our endowment.

## Unrestricted Fund

Unrestricted support is the most valuable type of contribution that alumni and friends can provide to Cornell. When donors choose to give unrestricted dollars—whether as an annual gift or a special gift for the endowment—they are providing the college the opportunity to apply those funds to our highest priorities in any given year. Unrestricted endowed funds strengthen Cornell’s financial foundation and provide us flexibility to strategically fulfill our mission.



# How is an endowed fund ESTABLISHED?

Generally, the process for endowing a fund is as follows:

- Work with a member of the college’s development staff from our Office of Alumni & College Advancement to discuss options that best fit your intentions.
- There are over 600 funds in the endowment with the average size of those funds at approximately \$130,000; however, with a minimum gift of \$50,000, you can establish an endowed fund at Cornell. Flexible funding options allow you to reach the minimum threshold over time (see page 12).
- The use and purpose of the endowed gift is documented in an Endowed Fund Agreement between the donor and the college. Once established, your endowed fund will be designated per your wishes and for the purposes outlined in the Endowed Fund Agreement.
- Your endowed fund is prudently invested along with all endowed funds at Cornell. The Endowment’s investment portfolio is well-diversified to provide healthy long-term returns for the college while minimizing losses during market downturns.
- Each year after your fund is established and has completed an initial earnings period, a percentage of your endowed fund’s balance is transferred for use according to the designation in your Endowed Fund Agreement. Investment returns in excess of the distributed amount are retained in the fund, along with the principal, to help encourage future growth of the fund.

## EXAMPLE OF AN ENDOWED FUND

John & Jane Cornell work with a development professional to create an endowed fund to establish a scholarship with an initial charitable gift of \$100,000.

The principal gift of \$100,000 is invested alongside the other endowed funds at Cornell.

Once fully funded and established, a percentage of the prior 12 quarter average value of the fund (e.g. 5%) is distributed to support scholarships at Cornell on an annual basis. In this example, the potential scholarship could ultimately equal \$5,000, though the actual amount varies each year due to market returns, the size of the fund, and the distribution or ‘spend rate’ policy as set by the Board of Trustees.

Thus, the John & Jane Cornell Endowed Scholarship Fund distributes a portion of the earnings to Cornell students for scholarships each year while the remainder of the earnings is retained to continue the growth of the fund.

This cycle continues in perpetuity, providing a permanent and consistent income stream for scholarships at Cornell College.





## *Flexible* **OPTIONS** to *create an endowment*

There are several ways by which you can establish an endowed fund. The first and simplest is through an outright gift of cash or appreciated stock. Additionally, we offer two flexible options for funding your own endowed fund. By establishing a multi-year pledge, you can fund your endowed gift in installments over the next several years. Many donors elect to establish their endowed fund over the course of five years.

The second option is to establish your endowed fund through your estate or a combination of an outright gift (or multi-year pledge) and an estate provision. Either way, you will be impacting the lives of Cornell students that will carry on in perpetuity.



### ONE-TIME GIFT

YEAR 1  
\$50,000

\$2,500\*  
*annual college  
use disbursement*

### MULTI-YEAR PLEDGE

YEAR 1  
\$10,000

*optional annual gift  
for immediate use*  
\$2,500

YEAR 2  
\$10,000

\$2,500

YEAR 3  
\$10,000

\$2,500

YEAR 4  
\$10,000

\$2,500

YEAR 5  
\$10,000

\$2,500

\$2,500\*  
*annual college  
use disbursement*

PERPETUITY

### ESTATE PROVISION

*optional annual gift  
for immediate use*  
\$2,500

\$2,500

\$2,500

\$2,500

\$2,500

ESTATE  
RELEASED  
TO CORNELL  
\$50,000

\$2,500  
*annual college  
use disbursement*

\*Annual disbursement amount varies over the initial  
2–3 years as determined by 12-quarter trailing average

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### ENDOWMENT NAMING OPPORTUNITIES

Professorship ( <i>new position</i> )	\$2,000,000
Professorship ( <i>existing position</i> )	\$1,500,000
Cornell Fellow*	\$100,000
Scholarship	\$50,000
Experiential Learning Fund	\$50,000
Faculty Development Fund	\$50,000
Other Designated Endowment	\$50,000

*\*The Cornell Fellows program is the college's premier internship program and a part of the experiential learning component of Ingenuity in Action. For more information on this program, please visit [cornellcollege.edu/fellows](http://cornellcollege.edu/fellows)*

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## *Ready to get* **STARTED?**

Once you decide to create an endowment, a member of Cornell's development staff will work closely with you to help define the features of your endowment to meet both your wishes and the needs of the college. For more information about creating an endowment, please contact the Office of Alumni & College Advancement at the information below.

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600 First Street SW  
Mount Vernon, IA 52314-1098

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**Office of Alumni & College Advancement**

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