



PMIEF Endowment Policy

PMI Educational Foundation Level: #1

Effective Date: 22 January
2017

Responsibility Of: PMIEF Development
Manager

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1. Purpose:

The purpose of this policy is to establish guidelines pertaining to the acquisition and implementation of endowments obtained through the fundraising efforts of the Foundation.

2. Policy Statement:

Endowment funds represent a special reserve of money and / or assets, often including some form of stipulation or restriction on the use of the earnings generated by the endowed fund. The stipulations may be as general as for use in “unrestricted scholarships” to varying degrees of specific criteria to be closely observed in the use of the generated funds.

For the purpose of this Policy Statement, “endowment fund” shall refer to any fund, or any part thereof, not wholly expendable by the PMI Educational Foundation (PMIEF) on a current basis under the terms of the applicable gift instrument.

From the point of view of PMIEF, the terms of the endowment should be written to allow the most flexibility. However, the donor must be comfortable and satisfied with the terms of the agreement. Both parties must understand exactly what is expected from the donor and PMIEF as stated in a Gift Letter or Memorandum of Understanding.

All new endowments will be invested in instruments conducive to the appreciation of capital and guided by PMIEF investment policy guidelines. Endowment by nature begs for a long term approach so the endowed fund will not only fulfill its purpose of generating annual income to be used for its stated purpose, but will also go beyond that level so as to produce earnings that can be added back into the principal (the corpus) to promote growth in principal and provide a hedge against inflation

The amount of endowment fund earnings that PMIEF may expend is to be set periodically by the PMIEF Board of Directors. This Endowment Policy sets spending as determined by the Investment and Spending Policy. If a donor restricts PMIEF from expending the appreciation for a period of time while the principal of the fund is building, these funds may not be spent. Only the donor or their designees may alter this restriction.

Types of Endowments

1. **Pure Endowment:** These endowments are intended to be permanent and the principal (the corpus) is never to be invaded.
2. **Quasi-Endowments:** The principal of these endowments may be used upon the approval of the PMIEF Board of Directors by 2/3-majority vote.



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3. **Term Endowments:** These endowments are usually set up for a specified time period, usually 3-10 years. It is understood that all of the principal will be withdrawn from the investment pool within the stated period of time. The PMIEF Board of Directors will determine whether PMIEF will accept endowments of this type on a case-by-case basis.

For academic scholarships, an endowment fund will only be established in the amount of US\$65,000 or greater. The objective is to achieve an annual payout of US\$2,500, subject to market conditions that vary over time, and to have multiple year scholarships.

For professional development scholarships, an endowment fund will only be established in the amount of US\$25,000 or greater.

The Endowment Agreement should specify the plans, if any, for withdrawing principal. If the Endowment Agreement does specify these plans and PMIEF accepts them, funds can be withdrawn from Quasi-Endowments without returning to the PMIEF Board for approval.

Endowment Acceptance, Approval, and Restrictions

The acceptance or approval of any endowment and any restriction(s) on the use of a gift or endowment must also conform to the PMIEF Gift Acceptance Policy and the PMIEF Grants and Scholarships Approval and Spending Policy. Additionally, any endowment is subject to review, as necessary, by PMIEF General Counsel.

Named Endowment Funds

Endowment funds are invested according to policies established by the PMIEF Board of Directors. Endowment gifts may be used to establish a special endowment fund or may be added to an existing endowment fund.

Persons interested in establishing a named endowment fund should be encouraged to consult with PMIEF prior to making the gift so that the donor's intentions are appropriately established in writing. Negotiation of any named endowment agreement on behalf of PMIEF shall be recorded over the signature of the PMIEF Chief Operating Officer.

In designating an endowment gift for a specific purpose, the donors are to be encouraged to:

- Describe that purpose as broadly as possible;
- Avoid detailed limitations and restrictions; and
- Provide a clause granting the PMIEF maximum flexibility to make use of designated funds in a manner most consistent with the interests of the donor and with the interests of the PMIEF. This is particularly true in those cases in which future programmatic or other developments may make it impossible to apply the endowment proceeds to the purpose for which they were designated originally.



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Gifts to establish named endowment funds for specific purposes must meet the minimum dollar requirements set by the PMIEF Board of Directors. The principal amount of the original gift need not meet the minimum dollar requirements if the donor agrees to fully fund the endowment at the minimum dollar requirement within a specified period of time of less than 5 years. Minimum dollar requirements may be changed from time to time at the sole discretion of the PMIEF Board of Directors.

On a select, case-by-case basis, “challenge” endowment funds may be established by a donor without agreeing to fully fund the endowment at the minimum dollar requirement. The purpose of a challenge endowment fund is to create an opportunity for multiple, unrelated donors to contribute to a fund that is intended to serve a specific purpose. Any donor who contributes to a “challenge fund” will do so with the understanding that, if the minimum dollar requirement is not met within a specified period of time, the fund may be closed. Any contributions to a closed challenge fund may be combined with other existing endowment funds or applied to other programs at the discretion of the PMIEF Board of Directors.

The minimum dollar requirements established by the PMIEF Board of Directors for a named endowment fund shall not apply to any named endowment fund(s) already established at the time these policies are adopted.

PMIEF reserves the right to review the minimum amounts required for named endowments periodically and to amend the minimum amount required to ensure that endowment proceeds are sufficient to fund the intended purpose(s) of the endowment. If and when PMIEF acts to increase the minimum amount required to establish a particular named endowment fund, such action shall not be retroactive to funds already established and named.

If the minimum amount required to establish a named endowment fund is not met within the agreed upon pledge period, PMIEF and the donor must determine, if possible, a mutually acceptable extension period. If an extension cannot be made, or if the minimum amount is still not met after the extension period has expired, PMIEF can no longer honor the donor with the naming opportunity.

If the endowment fund is for a scholarship, a term endowment can be established using the corpus to the fund scholarship for a fixed number of years depending on the size of the corpus and the annual award.

The maximum total annual award(s) from each fund shall be based upon the spending policy established by the PMIEF Board of Directors.

The amounts established herein for endowment fund objectives are absolute minimums and will



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be “open-ended funds” (available for additions to the corpus) unless otherwise restricted by the donor and approved by the PMIEF Board of Directors.

At the request or based on the needs of the donor, equivalent currency conversions for the endowment fund levels will be provided however, all contributions to PMIEF are to be made in US dollars.

3. Policy Distribution:

Internal: PMIEF Board, PMIEF COO, PMIEF and PMI Executive Staff as needed, PMIEF and PMI finance and accounting staff as needed.

External: Utilized by PMIEF Board Directors and PMIEF staff as needed in dealing with prospective donors.

4. Related Documents

Document Name	Document Type (Procedure, Form, User Guide, etc.)
PMIEF Gift Acceptance Policy	Policy
PMIEF Grants and Scholarships Spending Policy	Policy
PMIEF Investment and Spending Policy	Policy

5. Revision History

Action (Creation, Revision, Review)	Effective Date	Changes/Approvals
Creation - PMIEF Endowment Policies and Guidelines	December 2006	The original Endowment Policy
PMIEF Endowment Policy	29 July 2008	Named endowment funds will only be established in amounts of \$50,000 or greater



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Action (Creation, Revision, Review)	Effective Date	Changes/Approvals
PMIEF Endowment Policy	21 August 2014	Reformatted by Secretary using updated PMIEF policy template and new logo. Modified minimum endowment text so endowments may be established in amounts of \$25,000 or greater.
PMIEF Endowment Policy	18 August 2016	Modification to set the spending as determined by the Spending Policy
PMIEF Endowment Policy	22 January 2017	Modified minimum endowment text so endowments may be established for academic scholarships in amounts of US\$65,000 or greater and for professional development scholarships in amounts of US\$25,000 or greater.

6. Glossary

Term	Definition