What is an Endowment?
A donor designated gift, where the principal is invested in perpetuity. Also includes Funds Functioning as Endowment (FFE), which are the result of allocation of donor funds or reallocation of campus funds with the intention that the principal will be invested in perpetuity or until such time as all or a part of the FFE designation is rescinded.

What is an Endowment Payout?
A calculated amount per The Regents or Campus Foundation policy-determined rate that is taken from the value of the principal of an Endowed Fund each year and provided for expenditure to meet the specified donor or campus use.

Annual Endowment Payout Process
- In July period, Campus Budget Office (CBO) will create a budget journal “July 1st Adj. Budget” to book an estimate of the annual endowment payout
- In September/October, UCOP will send the actual endowment payout. General Accounting (GA) will:
  1. Reverse CBO’s estimated “July 1st Adj. Budget” journal
  2. Process a budget journal for the actual endowment payout
  3. Process a financial journal for the actual endowment payout

The endowment payout is a reflection of the interest earned in the prior year.

Endowment Payout Management
The annual payout generated by any UC San Diego endowed fund, whether Regents or Foundation-held, should be expended within two fiscal years of receiving the payout.

Benefitting departments should budget for the use of Endowment Payout in their annual processes and review the uses for adherence to donor and campus allocation agreements, and PPM 410-5 Policy on Timely Expenditure of Endowment Payout and Expendable Gifts.

How is an Endowment Invested?
The Regents have received and manage endowed gifts directly for the benefit of each campus, including UC San Diego, and those funds are invested by the Treasurer’s Office of the Regents in their General Endowment Pool (GEP).

The Foundation’s endowment is separate from that of The Regents, and is invested based on a policy approved by its Board of Trustees, and carried out by its Investment Committee. The Foundation uses both UC pooled funds and separate investments for its endowments.

Per UC General Endowment Pool Investment Policy Statement, the total return expenditure (spending) policy for eligible assets in the General Endowment Pool is 4.75 percent of a 60-month moving average of the market value of a unit invested in the GEP. In addition, there is an endowment administration cost recovery rate of 0.55 percent to recover reasonable and actual costs related to the administration of gift assets invested in the GEP.

Endowment Payout Fund Ranges:

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<th>OP FUND RANGES</th>
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