



# The Moline FOUNDATION

## What Is an Endowment?

Endowments are money donated by a non-profit organization then invested. The [investment](#) return funds the nonprofit operations or grows the endowment principal.

Endowments are investment vehicles that generate income for non-profit organizations for the purpose of supporting the community. Endowments become a [trust](#) fund.

A nonprofit organization with an endowment, will invest this money to generate a return that can help fund its various needs. Endowments typically have a board of trustees that make decisions regarding the endowment, an investment committee, and an investment manager. ("What Is an Endowment? - SmartAsset")

The principal remains untouched with endowments, despite the return. A modest endowment return is 5%. The idea is to provide a steady stream of capital to the organization on top of other donations and income.

Most endowments cap the amount they will spend from their investment returns every year. Returns above the threshold go back into the endowment for purposes of reinvestment. When returns fall below that mark, the organization may use the [principal](#) to cover costs.

Endowments are a current way for donors to support a cause. However, a significant advantage of donating to an endowment is that donations are always [tax deductible](#). As a result, endowment donations

often fit in with donors' financial planning decisions. ("What Is an Endowment, and How Do They Work? - Yahoo!")

## What Are the Different Types of Endowments?

There are four distinct types of endowments:

- Unrestricted endowments are funds used at the discretion of the organization. Both the principal and the earnings go towards the needs of the organization.
- Restricted endowments are more limited than their unrestricted counterparts. The Donor stipulates the use of the principal and earnings.
- Term endowments: the principal amount remains in perpetuity.
- Quasi-endowments express purposes, such as educational scholarships or a museum. Quasi-endowments share significant similarities with restricted endowments.

Whatever your goals are, The Moline Foundation is here to guide you as you make this lifelong decision. Thank you for considering us to be your guide. Create a Named Endowment today and permanently support your causes for the good of all.



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