

# Endowments

## Endowment Levels

Endowments at Advocate Charitable Foundation are primarily a human process—empowering people to help others today and tomorrow. People create endowments for a hospital or program of Advocate Health Care to perpetuate their personal vision and to enable the continuation of exemplary medical care for years to come.

Gifts to endowments are held in perpetuity. We invest endowment funds for long-term stability and growth, and make a portion of earnings available for spending to support the purpose of the endowment. The remaining income is added to the principal as protection against inflation. As a result, a person who makes an endowed gift today may be confident that it will grow and continue to support its intended purpose in the future.

Minimum support levels for various types of endowments are intended to provide adequate income to achieve the donor's intent—now and in the future.

**General Endowment:** enhances the quality of patient care or provides charity care. (Minimum: \$25,000)

**Endowed Lectureship:** supports a regularly occurring lecture featuring an outstanding health care expert. (Minimum: \$50,000)

**Professional Development Endowment:** funds all or a portion of the costs for an Advocate Health Care medical practitioner to further his or her academic or continuing education. (Minimum: \$50,000)

**Endowed Research Program:** supports medical research endeavors including comparative-effectiveness studies, quality-improvement projects and clinical trials. (Minimum: \$100,000)

**Graduate Education Endowment:** is used to supplement the educational costs of medical residents and fellows. (Minimum: \$250,000)

**Endowed Fellowship (Academic, Clinical, or Research):** funds a fellowship in an Advocate hospital or program. (Minimum: \$750,000)

**Endowed Chair:** provides leaders with supplemental discretionary funds for clinical, educational, or research purposes. In addition to supporting quality health care, it honors the recipient's distinguished service to the medical profession. (Minimum: \$1,250,000)

**Distinguished Clinician Award:** An endowment may be a conduit to recognize professional excellence in the field to which the endowment pertains by the creation of a named award; the endowment must have a minimum of \$100,000 in principal, unless otherwise approved by the Foundation president. The terms, conditions, and selection process for the award are memorialized in writing and are subject to approval by the Foundation president.

## Questions and Answers about Endowments

### **What is an endowment?**

An endowment is a gift arrangement that provides long-term support for hospitals or programs of Advocate Health Care. This is because gifts to endowments are invested and only a portion of the earnings are made available for spending. Donors may establish endowments through Advocate Charitable Foundation for a specific Advocate hospital or program targeting a variety of purposes including research, education, operations and clinical endeavors.

### **How is an endowment funded?**

Endowments are funded through outright gifts, pledges, donations of securities or other noncash assets; as well as through a variety of planned gifts, such as bequests, charitable gift annuities, charitable trusts, and beneficiary designations in retirement plans, financial account, and insurance policies.

### **Who is responsible for endowments at Advocate?**

Advocate Charitable Foundation is the philanthropic fiduciary responsible for all donations to all Advocate hospitals and programs, including gifts designated for an endowed fund. Endowed funds are invested to ensure support over a long period of time. Endowment funds are comingled with Advocate Health Care investments and reported separately. The Foundation distributes income in accordance with donor restrictions as well as with Advocate policies.

### **How much is available to spend on program each year?**

Typically, 4% of the average market value of the prior three years is transferred to a related spending fund each year in January. This spending fund is the money available for use for the purpose(s) of the endowment. Earnings—interest, dividends, and capital gains—in excess of 4% are retained in the endowment and reinvested. In this way, the endowment can grow. The percentage transferred is determined by the Foundation's Board of Directors.

### **For more information:**

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