

Endowed and Non-endowed Funds

For individuals looking to make a long-term impact on the well-being of our community, the Hawai'i Community Foundation (HCF) offers a variety of gift options, including endowed and non-endowed funds.

Choosing an endowed fund

An endowed fund offers a way for donors to fund a cause they believe in, forever. Permanent gifts provide the peace of mind of knowing that the community issues and organizations you care deeply about will be funded on a regular and sustainable basis, both now and long after you are gone.

Donors recognize that endowments are particularly important when lean economic times hit, as they provide a base of funding that may allow HCF to support community issues, even when annual donations dry up for a time. This is a way to support an organization's sustainability and ensure that the work continues indefinitely.

Choosing a non-endowed fund

Many donors are motivated to give during their lifetimes, but are not seeking perpetuity. A non-endowed fund enables you to be responsive to immediate community needs with the full value of your fund.

Sometimes, starting out with a non-endowed fund helps a donor test the waters. It is a good alternative for those who may not have the minimum amount required to create an endowment, or for those who would like to provide grants for only a certain number of years. Often, HCF donors who start out with a non-endowed fund ultimately build it into an endowed fund.

The primary difference between an endowed fund and a non-endowed fund is the permanency.

Creating an endowment is like planting a 'ulu tree that will provide fruit every season for years to come.

What is the difference between an endowed fund and a non-endowed fund?



Endowed fund

The capital that is donated to an endowed fund is invested and never spent. Instead, we make income available to grant yearly awards to charities or causes that support a donor's interests. Because the capital is never touched, an endowment can last indefinitely.

Non-endowed fund

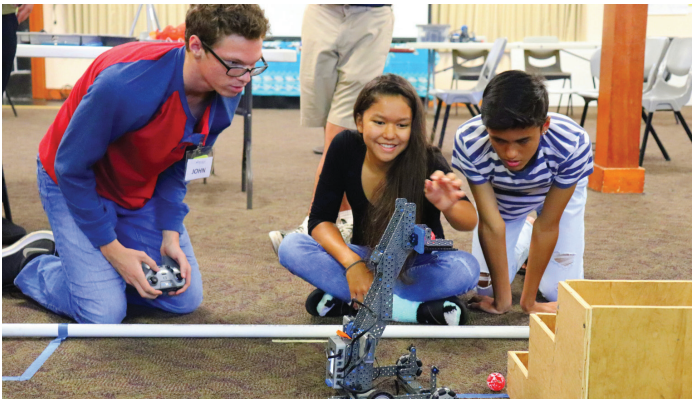
Uses the capital that's been donated, as well as any interest and earnings, to support a charitable purpose that the donor has chosen. When all of the capital has been administered through grants, the fund ceases to exist.



How do the funds work?

For all of our endowed funds, HCF adheres to a payout policy intended to preserve the growth of the fund's assets and ensure a steady stream of earnings to meet community needs. The annual amount available for your endowed fund's grantmaking is 4 percent of the fund's assets, based on the average balance of the fund over 48 months. You may provide for a grantmaking amount in addition to the endowment when the fund is established. Otherwise, grantmaking will begin 4 to 12 months after the endowment is established, which allows the principal sufficient time to generate funds to be used for perpetual annual grantmaking.

Non-endowed funds are structured to allow donors to use principal for grants; the full value of the fund is available for grantmaking at any time and is not subject to HCF's 4-percent payout policy. Non-endowed funds are typically invested in money market vehicles. Endowed funds are placed in a range of investment vehicles with a potential to earn higher investment returns.



What are the benefits of creating an endowed or non-endowed fund through HCF?



HCF is the No. 1 choice for many donors because of the benefits that come from our decades of experience and management in the following areas:

» HCF BENEFIT: GIFT PLANNING EXPERTISE

While some larger charities have development staffs, many smaller ones do not. HCF has the expertise to facilitate sophisticated gift plans such as charitable trusts and gifts of more complicated assets, including real estate, insurance, partnership interests, and personal property. We will ensure that your gift is in compliance with federal and state requirements.

» HCF BENEFIT: INVESTMENT MANAGEMENT

HCF's well-established investment practices align with each fund's purpose and demonstrate a track record of solid performance. A committee composed of board members and assisted by staff, as well as an independent investment monitor, oversees the investment activities of HCF.

» HCF BENEFIT: LASTING IMPACT

Most of us believe our favorite charities will continue to serve our community forever. Sadly, history has shown that is not always the case. HCF has the built-in flexibility to redirect endowed funds to a similar purpose if the original purpose or beneficiary ceases to exist. This flexibility assures your legacy endures forever and will not be used to pay off the debts of an agency in financial trouble. Non-endowed funds can also maximize impact by utilizing HCF's community expertise in the placement of grants or by pooling gifts with other HCF donors.

How do I get started?

For additional information and to maximize the impact of your giving, contact us at **(808) 566-5560** or **donorservices@hcf-hawaii.org**. A philanthropic advisor can help you make the most of your philanthropic plans.