

# WHAT IS AN ENDOWMENT?

## ENDOWED FUND

An endowed fund is a permanent fund that is established by a donor to help ensure the long-term sustainability of nonprofit organizations by providing a permanent source of support. Endowed funds are pooled and invested to achieve long-term growth by balancing principal protection with distributions. Contributions to endowed funds may be eligible for Endow Iowa tax credits.

**There are two other types of funds you may consider:**

## NON-ENDOWED FUND

Unlike endowed funds, a non-endowed fund does not operate in perpetuity. This means the assets generated by these gifts are not permanent nor invested. The principal balance is immediately available for grant distribution. A non-endowed fund can become an endowed fund at any time upon request. Contributions to non-endowed funds are not eligible for Endow Iowa tax credits.

## QUASI-ENDOWED FUND

A quasi-endowed fund offers flexibility while still being exposed to the stock market for investment purposes. Quasi-endowed funds are a good option for donors with a goal to distribute the funds within a 3 – 10 year time horizon. A quasi-endowed fund can become an endowed fund at any time upon request. Contributions to these funds are not eligible for Endow Iowa tax credits but are eligible for federal and state dedications.