



# ENDOWMENTS AND PAY-DOWN TRUST FUNDS

Endowment funds and pay down trust funds are essential financial instruments used by Assiniboine Community College Foundation Inc. to secure long-term financial stability and support ongoing initiatives. Understanding the differences, uses, and benefits of each is crucial for donors considering their philanthropic options.

## PERMANENT ENDOWMENT FUNDS

These funds are designed to last indefinitely, with only the investment income used for funding operations, student awards, or specific projects. Permanent endowment funds can be named after the donor, or someone the donor wishes to honour, creating a lasting legacy in that person's name. The recommended minimum investment to start a permanent endowment fund at the Assiniboine Community College Foundation Inc. is \$50,000. Minimum recommended amounts vary depending on the donor's desired usage.

**Uses:** Endowment funds are primarily used to provide a stable revenue source for organizations. This funding can support scholarships, bursaries, awards, faculty positions, lectureships, research or capital projects, and operational expenses, thereby enhancing the institution's mission.

**How They Work:** Contributions to endowment funds are invested, and the returns generated are used to fund the organization's activities. The principal amount remains intact and only the interest is used for the intended purpose.

**Benefits to Donors:** Establishing an endowment fund offers donors the opportunity to create a lasting legacy. Donors can dictate the fund's purpose, ensuring their contributions align with their values. Additionally, endowments can provide tax advantages, as contributions may be tax-deductible, and they allow donors to engage with the institution, often leading to recognition and involvement in future initiatives.

## PAY-DOWN TRUST FUNDS

Pay-down trust funds at Assiniboine Community College Foundation Inc. are funds where the principal and interest are paid down over time. Pay-down trust funds can also be named after the donor, or someone the donor wishes to honour. The recommended minimum to establish a named pay-down fund at Assiniboine

Community College Foundation Inc. is \$50,000. Minimum recommended amounts vary depending on the donor's desired usage.

**Uses:** Pay down trust funds are primarily used to manage assets effectively while providing income or support for specific causes. They can also facilitate planned giving, allowing donors to make significant contributions to their chosen charities over time.

**How They Work:** In a pay-down trust, assets are transferred into the trust which are then invested. Income and/or principal is paid out for the designated purpose over a set period. The principal can be structured to be fully expended by the end of the trust term, allowing the donor's wishes to be realized without permanently tying up resources.

**Benefits to Donors:** Donors establishing a pay-down trust fund can maximize tax benefits while providing immediate or future support to their chosen purpose. These funds can facilitate estate planning, potentially reducing estate taxes and allowing for a more strategic distribution of wealth.

Both endowment funds and pay-down trust funds offer unique benefits to donors and the organizations they support. While endowment funds emphasize long-term financial health and stability, pay-down trust funds provide flexibility and immediate impact. Understanding the intricacies of each can empower donors to make informed choices, ultimately enhancing their philanthropic efforts and ensuring their contributions have lasting effects.

**Shape future generations of students; shape your future.**



Founded in 1997, the Foundation is a non-profit charitable organization registered with Canada Revenue Agency and provides charitable tax receipts.

For more information on leaving a legacy and the Foundation's Planned Giving Program, please contact Beth Proven at (204) 223-5708 or email [provenb2@assiniboine.net](mailto:provenb2@assiniboine.net).