The Power of an ETF Endowment Explained

This chart shows the results over time of a $50,000 endowed gift placed with East Tennessee Foundation (ETF) in 1986, when ETF began. Using ETF’s actual returns, grant payout rates, administrative fee rates and real inflation rates, it illustrates that, starting with our first full year of investing in 1987, the fund would have achieved the following milestones, as of December 31, 2020:

1. More than $123,000 in total grants paid out over the 34-year existence of the fund
2. Remaining fund balance of over $104,000
3. Inflation-adjusted remaining fund balance of over $44,000, as measured in “1987 dollars”, when a dollar went a lot further than it does today

While historical performance cannot guarantee continued future performance, this illustration demonstrates how ETF’s endowment funds are managed toward a primary goal of preserving the fund principal while adjusting for inflation (so the principal remains intact to continue producing income in perpetuity) and while funding annual grants at an appropriate level.