



KEAN UNIVERSITY  
FOUNDATION

# Kean University Foundation Fees and Assessments

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*Frequently Asked Questions*



The Kean University Foundation imposes small fees or assessments on gifts and on our endowment. The purposes of these assessments vary. Some assessments are used to recoup specific charges by third party vendors per contract(s) for various services. Others recoup expenses incurred by the Foundation during the ordinary course of business. The Kean University Foundation also applies these assessments and fees to create a revenue stream to help cover a portion of its operating expenses.

Periodic reviews of the fees mentioned herein are subject to approval by the Kean University Foundation's Investment Committee.

### ***How does the Kean University Foundation work with Kean University?***

The Kean University Foundation works closely with Kean University, but is an independent non-profit foundation that is legally separate from the University. The Foundation is the primary fundraising organization that raises private resources for the University, and ensures that gifts are used in alignment with donor intent. The Foundation exists solely for the benefit of Kean University as it continues to provide its students with a world-class education.

### ***How is the Kean University Foundation funded?***

The Kean University Foundation's operating budget comes from five (5) primary sources:

- An agreed upon amount paid by Kean University to the Foundation for fund development services;
- Interest on short-term and entrepreneurial investments;
- An annual assessment on the market value of each individual endowment fund. The endowment administrative fee as of April 1, 2020 is one percent (1%). This assessment is paid out annually and is calculated based on the thirty-six (36) month rolling average of the endowment's fair market value;
- A one-time gift fee of five percent (5%) from contributions to endowed funds and ten percent (10%) from contributions to current restricted (operating) funds; and
- A smaller percentage of the operating budget comes from unrestricted gifts, which are used where the need is greatest.

### ***Why are there administrative fees?***

In order to continue to build a culture of philanthropy, investing in the development, outreach, and operational efforts of the Foundation is paramount. The Foundation is challenged by how we "fund" our development efforts and how we keep our expenses as low as possible. The Foundation plays a pivotal role in raising, managing, and distributing resources that will help the University achieve its mission.

During 2020, the Foundation's Investment Committee performed a comprehensive review of our funding model and how we compare to our peers. The Investment Committee recommended reinstating the Foundation's annual endowment fee, which is currently one percent (1%).

Underwater endowment funds and organizations that have written established policies prohibiting fees will not be assessed. A fully funded distribution is the highest priority in the administration of managed funds. In the event that reserves are insufficient, priority will be given to the spending distribution. If reserves are insufficient to fully fund the spending distribution, or if assessment of fees would erode the endowment principal, the fee(s) will not be assessed.

The advancement fees improve the capacity to grow private giving to Kean University. To be effective, fundraising requires financial resources to offset direct operating costs related to soliciting, processing, and stewarding private contributions. Revenue generated by advancement fees will help offset these costs and provide the resources necessary to reach out to more alumni, friends, and business partners to encourage philanthropic support.

### ***How is the gift fee applied?***

Upon receipt of a gift, the Kean University Foundation will deduct a one (1) time gift fee from the amount donated. While the fee will have only a minor effect on individual funds, its collective impact will encourage sustained growth in private support across the University.

Effective April 1, 2020, the gift fees are as follows:

- A one (1) time gift fee of five percent (5%) from contributions to endowed funds and ten percent (10%) from contributions to current restricted (operating) funds;
- For gifts greater than \$5,000,000, the gift fee will apply only to the first \$5,000,000 of the total gift. The maximum amount of the gift fee assessed on a single gift shall not exceed \$250,000 for endowed gifts or \$500,000 for restricted gifts. This policy may not apply to gifts and pledges processed before end of business on April 1, 2020.

### ***I'd like the impact of my gift to be a specific dollar amount taking into account the gift fee. How do I calculate the gift fee?***

As an example, if you'd like your \$100,000 gift to be restricted, you would take \$100,000 divided by ninety-five percent (95%) which is \$105,263. Your gift of \$105,263 would be received by the Foundation and the five percent (5%) receipting fee would be applied, leaving a \$100,000 gift to the Kean University Foundation. In this example, your tax-deductible gift amount is \$105,263.



### ***Is the gift fee charged in addition to my donation?***

Not at all. The gift fee is automatically deducted from the amount you choose to donate. You are not expected to increase your gift amount to pay the fee, although some donors may choose to do so. Five percent (5%) of your total gift will support programs across the Foundation, and ninety-five percent (95%) will directly benefit the area of the Foundation's mission you chose to support. You will receive full donor credit and tax credit for one-hundred percent (100%) of your total donation.

### ***Do other universities have advancement fees?***

About seventy-five percent (75%) of peer institutions with endowment assets below \$100,000,000 apply similar fees, with those fees generally ranging between four percent (4%) and ten percent (10%).

### ***Does the advancement fee affect tax deductibility of contributions?***

The fee does not affect the tax deductibility of gifts and you will receive full credit for the total contributed amount.

### ***Does the gift fee apply to pledge payments?***

For all pledges processed on or after April 1, 2020, payments will be assessed the gift fee. For pledges processed before the close of business on April 1, 2020, some payments may not be subject to the gift fee.

### ***What about gifts made by credit card or gifts of stock?***

The gift fee applies to gifts made by credit card and gifts made by transfer of stock or securities. To simplify these transactions for our donors, and to benefit the area where these gifts are designated, the Kean University Foundation will absorb any credit card processing fees assessed for those credit cards processed by the Foundation, as well as any processing fees associated with the transfer of stock or securities.

### ***Does the gift fee apply to recurring automatic contributions (credit card, EFT, payroll deduction, etc.)?***

Yes. The gift fee will apply to all recurring gifts established on or after April 1, 2020. For recurring gift payment plans established before April 1, 2020, the following will apply:

- Recurring gifts that are continuous – no end date/amount: The gift fee will apply to each gift transaction that occurs on or after April 1, 2020;
- Recurring gifts with a stated end date/amount that were initiated prior to April 1, 2020: These are payments on an existing pledge. As such, the advancement fee may not apply to payments on an existing pledge started on or before April 1, 2020.

### ***Will the donor be able to create the endowment with a gift that after the fee is applied is below the minimum required amount?***

Yes. Endowment minimums are based on the donor's total gifted amount, and not the amount invested net of the advancement fee. For those endowments established on or after April 1, 2020, the market value of the fund at inception will be net of the gift fee, but the donor will receive full credit for the total contributed amount and the endowment will be established.

### ***What about matching gifts?***

Yes. The gift fee does apply for matching gifts.

### ***Does the gift fee apply to in-kind, non-cash, or real estate gifts?***

If an in-kind, non-cash, or real estate asset is sold and the net proceeds benefit the Kean University Foundation, then the gift fee will be collected from the net proceeds received in the sale of that item. If the in-kind contribution or service is not sold, then the gift fee will not apply.

### ***Can the gift fee be waived?***

The gift fee cannot be waived, but there are specific instances where the fee may not apply. For example, a gift fee will not apply for a private foundation that has a written policy stating it will not pay gift fees. A gift fee will not be applied to non-cash gifts (in-kind, service, real estate) that will not or cannot be sold. Payments for pledges established on or before April 1, 2020 may also be exempt from the gift fee.

### ***Can a donor increase their gift amount to cover the gift fee?***

Yes. A donor may choose to increase their gift amount to offset the gift fee to ensure that more of their contribution is directed to the area they wish to support. Beginning April 1, 2020, gifts made to the Foundation online will also feature an option to include an additional gift to cover the respective gift fee.

### ***What about planned gift assets?***

Planned gift assets include charitable gift annuities, charitable remainder trusts, charitable lead trusts, etc. Fees are charged to the appropriate trust or annuity pool directly. If assets are invested in mutual funds, the mutual fund expense ratios will be treated as a separate assessment charged to the gift annuity pool or trust principal.

### ***Where can I find more information about fees?***

Transparency is very important to us. Contact us at any time. P: 908-316-8920, F: 908-316-8921, E: [kuf@keanfoundation.org](mailto:kuf@keanfoundation.org)



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