

Endowment Investment Options

	Endowment Fund At East Texas Communities Foundation	Investment Account at a Brokerage Firm
Access to Funds	Ordinary Distribution of up to 5% per year. Extraordinary Distribution (over 5%) per year requires approval by - 2/3 vote of Non-Profit Board and - majority of ETCF Board.	Unrestricted
Investment Management	Experienced ETCF Investment Committee, guided by nationally recognized independent consultants. Three different portfolios for three different investment goals (growth, moderate and conservative). Active evaluation of investment performance of each portfolio, with periodic adjustments as necessary to ensure a reasonable return with minimum volatility and risk given the investment goals.	Nonprofit employees and Board must create process to determine investment portfolio, and then monitor and evaluate investment managers and performance.
Independent Investment Advice	ETCF has an independent investment consultant that guides our local Investment Committee members. Fees are based on total value of the fund, not trades or which managers they recommend. Individual managers selected by investment consultant are not affiliated with the consultant.	Size of endowment may limit access to independent consultants
Access to Fund Managers	By aggregating numerous funds, ETCF is able to offer broad investment alternatives through numerous fund managers.	Access limited due to amount of funds available to invest.
Ability to Change Investment Strategy	ETCF offers 3 portfolios: conservative, moderate and growth. Nonprofit Board can recommend which portfolio to invest funds in initially, and can recommend changes thereafter.	Yes
Fiduciary Obligation to Invest Funds Carefully	Obligation transferred to ETCF	Obligation remains at Nonprofit Board.
Tort liability protection	Yes	No
Donor confidence that donations will be managed professionally.	Yes	Depends on qualifications of Nonprofit Board members, their willingness to commit the time required and their ability to effectively communicate those facts.
Gives donors option to contribute to a permanent fund for the benefit of the Nonprofit.	Yes	No
Administrative Fees/Costs	Annual fee based on balance: 1.0% on the first \$500,000 75% on the next \$500,000 .50% on the next \$2,000,000 .25% on the balance over \$3,000,000	Personnel costs required to create process to determine investment portfolio, and to monitor and evaluate investment managers and performance.
Investment Fees/ Costs	Approximately 0.75% to 0.8% per year	Brokerage firm fees of approximately 1.5% – 2.0% per year.